

## Commercial Property: Rent Recovery

### The Commercial Rent Arrears Recovery (CRAR)

The Commercial Rent Arrears Recovery (CRAR) method of enforcement came into force on 6 April 2014. CRAR replaces the common law self-help remedy of distress for arrears of rent, which is now abolished.

The CRAR procedure is only available to commercial property. Where part of the property is lawfully let, sub-let or occupied as a dwelling, CRAR is not available. Mixed use property is not subject to CRAR.

CRAR applies to leases in writing only and is available for arrears in rent, VAT and interest on rent, but not service charges and insurance rent.

Under CRAR landlords can instruct certified enforcement agents to take control of the tenant's goods and sell them to recover the equivalent value in rent arrears. Before exercising CRAR enforcement, the tenant needs to be given seven clear days' notice of the landlord's intention to exercise enforcement. Although there is no prescribed form for exercising CRAR there is certain required information which needs to be included in the notices.

Landlords should consider how to deal with any other breaches by the tenant and be aware that the exercise of CRAR means the right to forfeit is lost.

In most cases any terms under an existing lease which refer to distress will be automatically read as if it referred to CRAR.

**If you would like to discuss any of the matters raised in this newsletter, please contact:**

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*The information in this newsletter is not meant as a substitute for advice on particular issues and is written in general terms. You should seek specific advice before taking any action based on the information in this newsletter.*

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