

THE LEASEHOLD ADVICE CENTRE

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'The Right To Manage' It's your right – Don't throw it away

The Commonhold and Leasehold Reform Act 2002 is legislation which provides an opportunity for the flat owners, to run their own affairs and to make their own decisions about the management and upkeep of their flats, including the insurance, repairs, service charges etc. by means of The Right To Manage - 'RTM'.

The landlord's consent is not required & even where Landlords may be absent the Leaseholders should be able to secure the management via RTM. There is no need to prove mismanagement by the landlord or the current managing agent to implement the right. Basically it means that the lessees (via what is known as an RTM Company which they set up & own) have control & in a number of cases will no doubt save considerable sums on repairs, maintenance, management fees, insurance premiums etc, etc, & possibly enhance the saleability & value of their property. Where the landlord has collected service charges in advance but not yet spent them all and is holding the remainder in a trust account, he is under an obligation to hand over all the unspent sums including any reserve account or sinking fund, so any monies that you have paid & are held by the Landlord are required to be returned to you. 'Management functions' are 'functions with respect to services, repairs, maintenance, improvements, insurance and management'. These would usually include;

- ✓ repairs, redecorations and maintenance of the structure of the building and the common parts
- ✓ services such as lighting, cleaning, gardening etc. where appropriate
- ✓ insuring the building
- ✓ collection of service charges, accounting etc
- ✓ complying with statutory requirements relating to the management
- ✓ the day-to-day running & management of the block

Most leases contain provisions requiring the consent of the landlord to which can include sub-letting, assigning the lease and making alterations to the flat. The power to issue such approvals passes to the RTM company, although the company must keep the landlord informed and give notice to the landlord

How we can help

We have had direct experience in property management, leasehold property etc. for over 20 years & have many experiences of Landlords levying high service charge demands, carrying out either unnecessary or simply inappropriate repairs which were estimated at exorbitant costs & levied service charge demands for thousands of pounds. We believe that the formation of an RTM Company forcing the management to be taken away from the Landlord would, in these circumstances, save significant sums of money & possibly also increase the saleability of your properties.

Likewise, it may well be that your Landlord / management company simply are not 'maintaining' the building & therefore the lessees having control will mean that things get done when they should & in a manner determined by them. Where the landlord has collected service charges in advance but not yet spent them all and is holding the remainder in a trust account, he is under an obligation to hand over all the unspent sums including any reserve account or sinking fund, so any monies that you have paid & are held by the Landlord are required to be returned to you.

Even for those blocks that may already have the management rights, an RTM Company also allows for the insurance of the building to be taken away from the Landlord. There could be significant savings & benefits to such insurance being placed in the 'open market' rather than at the choice of the Landlord who may not fully have the interests of the Lessees at heart.

However, as with the majority of legislation for the inexperienced it can be a complex task & procedures must be followed exactly as laid down, otherwise the management will not be secured. There are various Notices which may need to be prepared / completed (some being in a prescribed form) & served upon which strict time limits apply. If these time limits are not followed then the application will automatically fail. In addition a specific RTM Company needs to be correctly formed. If done incorrectly this could also result in the application being unsuccessful.

We provide a very full & substantive service for clients and do not simply provide a 'DIY' type paper pack where leaseholders end up doing a lot of work themselves. We would also make the point that in our opinion the various procedures, especially preparation & service of Notices should only be carried out by experienced professionals who specialise in the field as it is not uncommon for claims to fail & for leaseholders to be liable for costs where the procedures laid out in the legislation have not been complied with adequately.



Unlock Control & set yourself free

Qualification Requirements

The building must be self-contained (or if part of another building, be capable of being redeveloped independently);

- The building must include at least two flats;
- At least two-thirds of the flats in the building must be let to 'qualifying tenants'*;
- The building can be part-commercial but the non-residential part must not exceed 25% of the total floor area.
- *A 'qualifying tenant' is a leaseholder whose lease was originally granted for an original term of more than 21 years. There is no requirement for any past or present residence in the flats, nor any limit on the number of flats which can be owned by one person.
- The right to manage may only be exercised by a right to manage company and the members of the RTM company must comprise a sufficient number of qualifying tenants.
- The required minimum number of qualifying tenants must be equal to at least half the total number of flats in the building although where there are only 2 flats in a building both must participate & be members of the RTM Company.

N.B. - The Right To Manage cannot be exercised where a local housing authority is the immediate landlord of any of the qualifying tenants of flats contained in the premises

Our Charges & Services

The fees** quoted are to be calculated on a 'per flat' basis, being the total number of flats in the building & all are subject to VAT at the prevailing rate. All charges are specified in writing to you and are fixed. There are no 'extras' in any way at all & we do not charge an hourly rate for this service so leaseholders know exactly where they stand regarding our fees from the very outset.

We would provide, on CD Rom a copy of Part 2, Chapter 1 of the Act itself, which also has a fully detailed & descriptive manual detailing in simple easy to understand terms exactly what the process is from beginning to end. We would request from the Lessees the basic information needed for us to prepare the necessary paperwork. In addition to preparation we will also serve **ALL** the various Notices required. We will deal with the formation of the RTM Company which so far as possible would even include completing the forms for you. Our fees** vary depending upon the size of the block, and include all costs relative to the formation of the RTM Company. We do not charge an 'hourly rate' & all fees are clearly specified in writing, are entirely 'fixed' with no extras or additions in any way. Upon instructions, we will send you a form to provide us with the basis information required. Initially, we will automatically check your entitlement / qualification strictly based on the information you have at that time supplied to us without charge. Should, for any reason we consider you do not qualify at that specific point then no charges will be made whatsoever.

*Subject to qualification requirements which are detailed above.

This website is not meant to describe or give a full interpretation of the law, nor does it cover every case. If you are in any doubt about your rights and duties then seek specific advice. Lessees exercising this right, by law will be responsible for the Landlords 'reasonable' costs in consequence of a claim notice given by the company in relation to the premises. Please ensure you carefully read our [Terms & Conditions](#) to which this website & our services are subject

Contact Us

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Putting you & your lease first

