

Understanding Right to Manage (RTM)



Right to Manage (RTM) allows a 'no fault' opportunity to challenge the management and maintenance of the common and shared part of a building or development.

This is significantly cheaper than an outright freehold purchase since the freeholder is not being compensated for loss of the asset. Although some may see it as 'second best' compared with buying the freehold, where management quality is by far the biggest concern, it can be the most sensible option.

In order to exercise the right, 50% or more of the long leaseholders need to join forces and serve the Notice claiming the Right to Manage.

The first step of this process is to incorporate a Right to Manage Company ('RtM Company'). Once this is done, a formal Notice is served on the freeholder by the company and a handover date is specified. Assuming that the process is followed correctly, the freeholder then has to hand over all management functions stipulated within the leases to the RtM Company on the handover date.

The process has the advantage that it generally means that (if followed correctly) it is possible to change the management of your building without buying the freehold. However, the process can be open to challenge on technical grounds and it is therefore essential to ensure that expert advice is obtained.

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