

DO YOU WANT TO BE IN CONTROL OF YOUR SERVICE CHARGES?

Are you sick and tired of paying high management charges and excess service charges year after year? Then here's news for you:

You have the 'Right to Manage' your block (RTM).

Right to Manage (RTM) - will allow qualifying leaseholders to collectively take over the management duties for INSERT PROPERTY NAME

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 required minimum number of qualifying tenants must be equal to at least half the total number of flats in the building, i.e. 50% of the leaseholders.

Leaseholders following this route will be able to have a greater degree of control over the level of service charges set, be able to appoint their own choice of managing agents, and select their own insurers. And even if they do not exercise the right, the new power will strengthen their hand in working with their landlord.

The RTM strengthens leaseholders' rights against unreasonable charges levied under their lease and improve the way in which Leasehold Valuation Tribunals (LVTs) work to address disputes between leaseholders and landlords.

The process is relatively simple. The landlord's consent is not required, nor is any order of court. There is no need for the leaseholders to prove mismanagement by the landlord. The right is available, whether the landlord's management has been good, bad or indifferent. Forming the RTM company can be done by a solicitor, by a company agent or by the qualifying leaseholders themselves.

The right is exercised by the service of a formal notice on the landlord. After a set period of time, the management transfers to the right to manage company (the RTM company), which has been set up by the leaseholders. Once the right to manage has been acquired, the landlord is also entitled to membership of the company.

Clearly, it makes sense for the leaseholders to take general control of the upkeep of their most valuable assets - the flats - but to do so will bring with it duties and liabilities. In acquiring the power to make approvals and to enforce of the covenants of the leases, the leaseholders become wholly responsible for all decision-making in terms of budgets and reserve funds, standards of management and provision of services, repairs and major works, and with the overall function of the building.

Having said all this, the right to manage is an opportunity for those owning most of the value in the building - the leaseholders - to run their own affairs and to make their own decisions about the management and upkeep of their flats.

RTM is not a route to do-it-yourself management. We will still have a Managing Agent, but one of our choice and with whom we have a contract on our terms and the terms of the lease. At its most basic, the right to manage is simply a transfer of responsibility and decision-making. There is only a transfer in the practical day-to-day

management of the building if the RTM company decides there should be. One of the major motivations may be to save money on maintenance and repair works. While this is a sensible objective, the RTM company must adopt a responsible attitude to the long-term maintenance aspects - the building remains in the landlord's ownership and the flats remain the leaseholders' principal financial assets. The RTM company cannot save money by reducing essential services or by allowing the block to deteriorate. The covenants in the lease (which will not be changed in the exercise of the right) should specify service provision and require the property to be maintained as it becomes necessary, not when convenient.

The RTM company will be required, like any other landlord, to comply with a government approved code of management practice. While compliance with the codes is not mandatory, failure to do so is one of the grounds for an application to the leasehold Valuation Tribunal to appoint a new manager or to end the right to manage.

However, there are important issues to consider and a substantial amount of work to be done before service of the notice, if the takeover of management is to be successful. We urge you to consider this option, which is only in your favour, fill in the attached form and send it to the address provided on the form.

Each member of the RTM company will be liable for the landlord's reasonable costs arising from service of the notice to exercise the right to manage.

The **Leasehold Advisory Service** provides free and independent information on this subject.

Leasehold Advisory Service (LAS)

LAS offers free advice to leaseholders, landlords and others on the law affecting residential leasehold property.

Address: 70-74 City Road,

London, EC1 Y 2BJ

Tel: 0845 345 1993

Email: info@lease-advice.org

Web: www.lease-advice.org

Thank you for reading this letter and we look forward to receiving your form within 15 days. If you have any queries please do not hesitate to contact the undersigned or put you comments on the Form.

Kind regards,

INSERT PROPERTY NAME Residents Association