Right to Manage (RTM) flowchart

1

Do we qualify to take control of the management of our block?

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Do we and our leases qualify?
Qualifying flat owners of at least half of the flats in the building must take part. To be a 'qualifying tenant', flat owners must have a long lease, most commonly a lease originally granted for more than 21 years. It also includes leases:

- Providing a right of perpetual renewal
- Terminable on death or marriage or an unknown date
- Continued under the Local Government Housing Act 1989
- Held on a shared ownership basis where staircased to 100%.

Flat owners may not count as 'qualifying tenants' where they have:

- Local housing authority as a landlord
- A business lease.

NO → **RTM unavailable**

↓ YES

Does my building qualify?

- It must be a self-contained building or part of a building. Do any parts fly under/over other "buildings"?
- The building must contain at least 2 flats held by qualifying tenants.
- Two thirds or more of the total number of flats in the building must be held by qualifying tenants.
- Not more than 25% of internal floor area can be in non-residential use.

↓ YES

Congratulations! You qualify for the right to manage.

Procedure to exercise right to manage

2

Set up RTM company (statutory format)

↓ YES

Do you need management information from the landlord to prepare for exercising the RTM?

YES → **Serve information notice**
(you can apply to County Court if you do not receive a reply from the landlord within the 28 day time limit)

↓ NO

Do all of the qualifying tenants in the building want to join in at this stage?

NO → **Invite those qualifying tenants who have not committed or responded to participate in the RTM claim** (Using prescribed form of notice)

↓ YES

Is there anything else to consider before serving the claim notice? Yes:

- Exercising right of access (available where reasonably required in connection with any matter arising out of the claim notice).
- Are you ready to take over the management of the building from the Acquisition Date (have you chosen managing agents and any contractors that you require to replace those previously engaged by the landlord, in the provision of essential services e.g. lift maintenance)?
- Have you set up a kitty to fund these expenses, prior to receipt of payments from the non-participants and any uncommitted service charge fund to avoid the RTM company being unable to carry out its functions on day one?
- Do flat owners own or benefit from shared rights to use any external areas and do you seek to take management of them?
- Collating information from all the flat owners including the participants as to the service charge contributions they have paid to the landlord so you can work out the uncommitted service charge figure ready to press for this and challenge any discrepancies in the landlord's figures when received (application to LVT in that case).
- Have you calculated the voting rights that will apply to each of the members of the RTM company?
- Service charge contributions due from the landlord in respect of any un-let units.
- Buildings insurance ready to go on risk?

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Serve claim notice
(You must specify a period of at least 1 month for the landlord to serve its counter-notice and at least 3 months from then as the date on which management is to vest (the Acquisition Date). Invitation notices must have been served on the last of the non-participating tenants at least 14 days ago).

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Counter-notice served by the landlord disputing RTM

YES → **RTM company can apply to LVT to determine the issue**
Deemed withdrawal of notice if you don't apply within 2 months

↓ NO – on the Acquisition Date

Congratulations! You now have control of the management of your building.

- New contracts need to commence where appropriate.
- Landlord has to pay over any uncommitted service charge fund.
- Landlord must serve notice of the RTM on its contractors and give you notice of those contracts (contractor and contract notices).
- Serve information notice (s93) where landlord (or management company in lease) has information which the RTM company reasonably requires in connection with the RTM.