

What is a "Right to Manage Company"?

Whilst Flat Management Companies are widely used for either owning the freehold interest in a development of flats or apartments or managing the maintenance for block of flats, many such groups of residents wish to take advantage of the provisions of The Commonhold and Leasehold Reform Act 2002 which sanctions various benefits for leaseholders.

A major benefit here is the power that Act places on leaseholders to extend short leases and to take over the management of their premises in place of the landlord.

A Right to Manage Company use Articles of Association prescribed by Government for the particular purpose for which the company is designed and must be a company limited by guarantee.

As with any specialised business entity that is based on complicated and involved legislation, it is highly advisable to consult professional advisers before making such a commitment. As always, we will be happy to answer your questions and recommend suitable advisers where necessary.

Key Points

- A form of company limited by guarantee
- Allows leaseholders to purchase freehold in properties or acquire the rights to manage a property under the Commonhold and Leasehold Reform Act 2002
- Applies where a building is sub-divided into two or more flats or tenancies
- Uses prescribed Articles of Association