

These notes refer to the Commonhold and Leasehold Reform Act 2002 (c.15) which received Royal Assent on 1st May 2002

COMMONHOLD AND LEASEHOLD REFORM ACT 2002

EXPLANATORY NOTES

SUMMARY

Part 2 - Leasehold Reform

Summary

Background

Chapter 1: Right to manage

26. This Chapter introduces the new right for leaseholders of flats to manage their own building. It sets out the qualifying conditions for exercising the right and provides that eligible leaseholders must set up a qualifying company, known as a RTM company, in order to exercise it. It specifies on the face of the Act, and through a power to make regulations, the constitution of the company, including its memorandum and articles of association and entitlement to membership. It sets out procedures for exercising the right to manage and for the subsequent management of the building. It includes safeguards to protect the legitimate interests of the landlord and any other occupiers of the building (e.g. tenants on short residential leases and commercial occupiers). It also provides for the termination of the right if the leaseholders wish to do so, or if the RTM company fails to manage the building properly or becomes insolvent.