

Who is Who in a Block of Leasehold Flats?



Freeholder – owns the land on which the building(s) is built. May also be the landlord. The freeholder is sometimes referred to as having a “reversionary interest”. This just means the freeholder has the right to take possession of the property on expiry of the lease term.

Landlord – either owns the building (as freeholder), has a long lease on it or is a 3rd party under the lease with obligations to manage the building and provide the services under the service charge. The 3rd party is most commonly a Residents’ Management Company.

Head Lessor – the landlord may grant a lease of the whole building to a party (company or individual) who then grants ‘under leases’ to the leaseholders of individual flats. In this scenario, the Head Lessor becomes the landlord of the individual flats.

Freehold Company – a company that owns the freehold, the shares in which are usually owned by the leaseholders. Often described as ‘having a share of the freehold’.

Residents’ Management Company (RMC) – a company set up to deliver the services on behalf of the landlord under the terms of the lease. The company is a party to the lease (as landlord) and all leaseholders are usually shareholders.

Right to Manage Company (RTM Co) – Right to Manage (RTM) is a group right for qualifying leaseholders of flats to manage their own building in which they live through a special company set up by the leaseholders for that acquisition.

Leaseholder – the person who has bought a lease which gives them the right to occupy the flat for a fixed number of years (“the term”), usually well in excess of 21 years and often as long as 999 years when originally granted. Can also be called ‘lessee’, ‘flat owner’, but usually referred to as ‘tenant’ in legislation.

Residents’ Association – a formation rather than a party to the lease and therefore will not be shown in the document. A residents’ association (which is an informal representative body of flat owners and sometimes tenants) is different from a RMC (which is a formal, legal person) even though the body of its membership may be similar or identical.

Managing Agent – a company appointed by the landlord to run and manage the building and any services. They will collect service charges from leaseholders in accordance with the terms of the lease. The service charges will include “Management Fees”, which are their fees for this service. This is usually only a very small element of the total service charge. The client of the Managing Agent is either the Freeholder, the landlord, the RMC etc.

Property Manager – the person who actually manages the building, usually an employee of the Managing Agent.

On site staff/caretaker/porter/concierge/estate operatives – the staff who work on the development (usually bigger buildings/estates) to help with the day to day running. They report to the Managing Agent.

Tenant – if the leaseholder sub-lets their flat on a short term tenancy (usually on an assured shorthold tenancy), the occupier is referred to as a tenant. Their tenancy agreement is for a minimum of 6 months but can be for several years. Some leases do not allow sub-letting.

Other Guides in the Series

- Your Guide to Leasehold
- What is a Lease?
- The Money – Service Charges and Ground Rent in Leasehold Homes
- Your Leasehold Home – Making a Complaint
- Common Misconceptions About Leasehold

Glossary



Common parts – those parts of the building enjoyed by everyone and not forming an exclusive part of anybody's flat.

First Tier Tribunal (Property) – part of the formal courts and tribunals system where judgements are made about service charge disputes.

Freeholder – owns the land on which the building(s) is built. May also be the Landlord.

Freehold Company – a company that owns the freehold, the shares in which are usually owned by the leaseholders. Often described as 'having a share of the freehold'.

Ground Rent – the annual charge payable to the freeholder for the continuing right to occupy the property. The amount payable will be set out in the lease. It may only be a nominal amount ("a peppercorn") or it may be reasonably substantial.

Head Lessor – the landlord may grant a lease of the whole building to a party (company or individual) who then grants 'under leases' to the leaseholders of individual flats. In this scenario, the Head Lessor becomes the landlord of the individual flats.

Landlord – either owns the building (as freeholder), has a long lease on it or is a 3rd party within the lease with rights to recover Service Charges towards the costs of maintaining the building and common parts and providing services.

Lease – a private contract between you and your landlord which sets out the rights and duties of both parties. Your lease will allow you to occupy the property for a fixed number of years: typically for 99 or 125 years when first granted.

Leaseholder – the person who has bought a lease which gives them the right to occupy the flat for a fixed number of years ("the term"). Can also be called 'lessee', 'flat owner', but usually referred to as 'tenant' in legislation.

Management Fees – The fees paid to managing agents or the costs directly incurred by the landlord, in managing the building and arranging the services. This is usually only a very small element of the total service charge.

Manager – may be managing agent or may be the landlord managing the property directly with their own staff.

Managing Agent – is a company appointed by the landlord to run and manage the building and any services. The cost of their services is covered by a management fee which is usually only a very small element of the total service charge.

Property Manager – the person who actually manages the building, usually an employee of the Managing Agent.

Reserve Funds/Sinking Funds – money collected towards future major works and replacements. Held in trust, on behalf of the building, to ensure money is available when the works are required.

Residents' Management Company (RMC) – a company set up to deliver the services on behalf of the landlord under the terms of the lease. The company is a party to the lease (as landlord) and all leaseholders are usually shareholders.

Service Charges – Service Charges are monies collected to maintain the structure of the building and common parts and cover the cost of any services provided. These include; repairs, cleaning, lift servicing, gardening, on-site staff, utilities, managing agent's fees, in fact any service that is provided under the lease.

Service charge year – the lease will state when the service charge year starts and ends. It will also state what accounting information the landlord should provide at the end of the service charge year.

Term – Your lease will allow you to occupy the property for a fixed number of years: typically for 99 or 125 years when first granted. This is known as the term. The remaining right of occupancy reduces year by year from the date when it was originally granted.