



Your guide to becoming a
RMC or RTM Director



Introduction

The aim of this booklet is to help Resident Management Company Directors (RMC) or Right to Manage Company Directors (RTM), especially first time Directors, gain a greater understanding of their role and responsibilities.

In virtually all circumstances the Directors of the RMC or RTM Company are unpaid volunteers. With the support of the Managing Agent, Directors will spend a considerable amount of their own time and effort on behalf of the other residents, by making key decisions and dealing with enquiries about all aspects of the development as they arise.

As a Director of your RMC or RTM you will be directly contributing to the successful and efficient running of your development and supporting all of the community that live there.

Included in this booklet is an overview of the role and some frequently asked questions.

Should you have any further questions, please do not hesitate to contact your Property Manager who will be more than happy to help.

For ease of communication the booklet refers to RMC, but implies to both RMC and RTM.

Operation of the RMC

The smooth running of the RMC is key to a well-run development. The Board of Directors of the RMC is made up of leaseholders that have been elected to legally comply with a range of company, housing and health and safety regulation and legislation.

As Managing Agents, we frequently take on the role of Company Secretary to reduce the workload placed on the Board of Directors and allow them to focus on the key requirements of the development.

The Board of Directors will make key decisions affecting the development and the way it is run in accordance with the lease. As the Managing Agent we work in partnership with the Board to guide decision making and provide an exemplary service which exceeds expectations.



Eligibility

The Memorandum and Articles of Association with the RMC set out how the Company should operate. It clarifies specific requirements for eligibility such as, only owners of a flat or house on the development can become a Director. Unfortunately, being a resident and not an owner does not qualify.

The following criteria must also be met to become a Director:

- ◆ You must be over 16 years of age
- ◆ You cannot have been previously disqualified
- ◆ You must not be an undischarged bankrupt

Benefits

A position as Director on the Board of the RMC will enable you to be part of a team that make decisions that will directly affect how the development is run, the resident community and the overall aesthetics. This may involve working on a variety of projects which cover internal redecoration of the communal areas or additional elements being added to the service charge budget that the lease allows for. This is an opportunity for owners of properties to be one of the key individuals that work on behalf of the other residents that can directly influence the management and operation of the development.

Key Responsibilities

There are various aspects to the role of Director of an RMC, here is a summary of the core duties:

- ◆ The Directors will manage the development through the RMC Company and will be required to learn about company procedures or to employ a third party to advise them on such matters
- ◆ Appointing Officers of the Company is a key requirement on an ongoing basis. The officers will have all the normal responsibilities of Company Directors
- ◆ There will be a need to attend AGMs, Board Meetings and General Meetings
- ◆ There will be a variety of technical matters to be dealt with, such as service charge budgets and accounts, specifications and legal requirements
- ◆ The company must be kept solvent
- ◆ There may be difficult and sensitive issues in dealing with neighbours or fellow owners.
- ◆ The Company and its Directors will be legally required to comply with a wide range of company, housing and health and safety law and regulation



Liabilities

Unfortunately running an RMC isn't a straightforward matter. It is important to be aware that Directors can be found personally liable for breaches in legislation and need to act within the Memorandum and Articles of Association.

There is a wide variety of statute and case law that surrounds running the RMC, as such Mainstay would advise to take out Directors and Officers insurance. Due to the complexity of the legislation surrounding RMC Directors our approach is to work in partnership with the RMCs we work with to ensure that the appropriate advice is provided where relevant.

Personal information about each Director is held confidentially by Companies House. Mainstay can work with you to field enquires about the development and discuss key issues with you as they arise. It is the choice of the Directors of the RMC on how they would prefer to operate.

If you require any further help or guidance with any aspect of becoming an RMC Director, please email Daniel Potter, Property Support Services Director danielpotter@mainstaygroup.co.uk.

Process for Application

There are two ways in which you can be appointed as a Director of the RMC.

1. You can be elected through a General Meeting of Company members.
2. An existing Director of the RMC can nominate you as a Director and be endorsed at the next General Meeting.

Once it has been agreed that you would become a Director of the RMC you will be asked to complete an APO1 form which can be completed online or in a paper format. Details of which would be supplied at the time of your application completion.





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