

YOUR MANAGEMENT COMPANY

WHAT IS A RESIDENTS' MANAGEMENT COMPANY?

At Shanly Homes we understand that homeowners want to have control of where they live and have peace of mind that the development they live on is being looked after as they want it to be.

We establish a residents' management company on each development whenever there are shared areas and facilities, which will eventually assume responsibility for the management of these areas and facilities. A development that has both houses and apartments may require more than one residents' management company to cater to their specific needs.

At the outset, we will usually appoint a professional managing agent to deal with these matters on behalf of the residents' management company.

WHAT IS A MANAGING AGENT?

A managing agent is a person or company appointed by a residents' management company to deal with the day-to-day management of the development, in accordance with the terms of purchase documents (such as the lease or transfer) and to comply with legal requirements.

For an agreed fee, a managing agent will collect financial contributions from homeowners, set annual budgets, obtain quotes, and best prices for maintenance and servicing work, instruct and deal with cleaning and gardening, and pay bills and insurances.

WHO RUNS THE RESIDENTS' MANAGEMENT COMPANY?

When residents' management companies are first established, the initial directors will be appointed by Shanly Homes. As each property on the development is sold, each owner becomes a member of the residents' management company.

Eventually, once all the properties at the development are sold, we will hand over full control of the residents' management companies to the homeowners. This usually requires at least two homeowners to be appointed as directors.

The resident directors will then have to assess how best to manage their development going forward, either through self-management, by retaining the existing professional managing agent or by appointing a new one.

WHAT ARE THE BENEFITS OF BEING A DIRECTOR OF A RESIDENTS' MANAGEMENT COMPANY?

Many homeowners find it rewarding to be a director of a residents' management company. As a director, you will have a greater degree of control and influence over its management arrangements and financial affairs, working alongside your fellow homeowners to ensure that the development is managed how you want it to be.

HOW TIME CONSUMING IS IT BEING A DIRECTOR AND DOES IT REQUIRE FINANCIAL KNOWLEDGE?

There is little active involvement because the appointed managing agent will deal with most day-to-day queries and arrangements.

Other than a willingness to read and understand simplistic annual company accounts, no financial knowledge is needed as the managing agent will deal with the bookkeeping throughout the year.

The directors' role usually requires participation in periodic meetings, whose frequency and number can be determined by the directors. This will include attendance at an annual general meeting. Residents' management company financial records must also be approved by the directors every year.

Usually, the term of a directorship is 12 months.

FURTHER RESOURCES

For more information on management companies and managing agents please refer to the useful resources and information produced by:

The Association of Residential Managing Agents (www.arma.org.uk)

The Leasehold Advisory Service, a government funded independent advice service for residential leaseholders (www.lease-advice.org)

Companies House (www.gov.uk/running-a-limited-company)