

Santa Ana del monte

Residents Cooperative

January 2011 Report

On Friday 28th January 2011 the SARC committee had a long and constructive meeting with the Executive management of HdT and SJI at the company's office in Orihuela.

SARC

Anthony Malpass	Chair
Sue McGinlay	Representative for purchasers wanting a refund
Cristina Zamora Bleda	Representative for Spanish purchasers
Paul Hastings (via skype)	Representative for SJI purchasers

Apologies:

Brian Dornan	Vice Chair
Linda Needham	Secretary
Adrian Mclouglin	(due to issues with conference call dial in)

HdT/ SJI

Jose Agustín Rodríguez	General Director
Almudena Rodriguez	Sales Director
Antonio Bordonado	Finance Director

Review of 2010

After introductions Almudena reviewed what had occurred during the last year:

- **HdT** voted out of administration with a **52.5% yes vote**.
- **The 5 year feasibility plan for HdT started on the 25th October 2010.**
- **SJI** voted out of administration with a **yes vote of over 70%. The banks voted yes, which is a good sign of their confidence in the company.**
- Negotiations for finance for both SADM & el Pinet had been ongoing.
- HdT liaised with Jumilla town hall to progress the final build licences for SADM
- SJI liaised with the electricity company, Iberdrola regarding the laying of the power cable supply to el Pinet and with Elche town hall to enable Habitation licences to be provided.

Almudena also said that in the past HdT/SJI had not provided Bank Guarantees to all creditors or purchaser ring fenced bank accounts and that this behaviour was

common amongst developers. She said that this was wrong, that it would not happen again and that they had to accept the consequences for this failure.

Moving forward in 2011

The discussion moved on to what is currently taking place and what should be occurring during the coming year. A lot of information was given and this included the showing of plans of both SADM and el Pinet. HdT was discussed first, followed by SJI:

HdT

The Shepherd:

The shepherd issue was discussed at length, with input from all around the table. Almudena and **Jose showed the plans for SADM and the position of the shepherds land, which is on the periphery of the third phase.** The shepherd did not want his land to be part of SADM; however, the town hall had included his land within the development as it was part of the natural line. It was explained that HdT would be happy to reach an agreement with him but needed to also discuss this with the town hall.

As the High court in Madrid has put a temporary hold on the town hall giving SADM the final build licence until given proof of a full water licence, the matter of water was discussed. On the plans Jose pointed out the water source for SADM and said that the Jumilla town hall has offered water that could be made available by pipe. **Almudena gave a copy of the full water licence to the SARC representatives to see and this was read in full by Cristina.**

It was very clear that HdT had ensured that there was an adequate water supply before proceeding with SADM and that they now have a full water licence for phase 1 which covers 3000 properties. The full water licence has been presented to the court and it is expected that this should be resolved within, at the most 2 to 4 months. It should be noted that the water resources are more than adequate to cover phases 2 and 3 as well.

It was asked if Jumilla Town Hall could continue with the paperwork, in anticipation of the court action being dropped and to enable the paper work to be stamped and handed to HdT as soon as possible. It was confirmed that HdT and the Town Hall are liaising closely and moving forward as much as possible with paper work with this aim in mind.

Talks between the shepherd and HdT are ongoing with the aim of seeking an early resolution and resumption of the issuing of licences to build.

New Phase1:

The plans for the new phase 1 were shown and the sections to be built were identified on the plans plus the order in which they would be done. A large commercial centre would be built to provide an area where businesses providing services to residents could be established, plus two smaller commercial areas.

Importantly the sports facilities are in phase1 and their build is the responsibility of the Jumilla Town Hall. It was explained that HdT will build phase 1 in sections and the sections that are to be built were identified: **R4, R10, R14, R15 and R16.** In R14 HdT are planning to build Malva's, which are semidetached properties joined by the rear wall. There are some purchasers whose purchase contracts were for these properties and HdT wish to make them available both to them and any other purchaser who would like one, subject to availability. **It was pointed out that all of the foundations would be checked to ensure that they are fit for use and if any are not they will be dug up and replaced with new ones.** Anthony asked if the bottom section of R17 could be built as part of phase1 as he knew many purchasers whose properties were going to be there. Almudena replied that it is part of phase 2 and would not be built until after phase 1 is completed. **Anthony said that as he is in R17 he wished to make it known that he would move into the new phase1 and would urge others to do the same and follow his example.**

How the build will be financed was asked about and **it was made clear that there are two separate components of the build; the infra-structure and the properties.** The infrastructure includes the drains, the lighting, the roads and the 9 hole golf course, its build could commence without the finance for the properties being in place. It is due to commence in year 1 of the HdT feasibility plan. **Currently a large Spanish company wishes to build the infra structure in return for having land.** The build of the properties require finance, which, has been negotiated with several companies, however the delay in Jumilla Town Hall being able to issue the final paper work has prevented it being finalised but this should be resolved shortly. The first phase of the clubhouse would also be completed as part of phase 1.

Sue asked if the new legislation that new properties needed to have solar power would apply to phase1 of SADM. It was explained that it would be up to the Jumilla Town Hall to decide whether they wished to permit the properties to be built under the original specification or to enforce the new legislation. **If solar power is necessary it would be in the form of a solar hot water system for the properties,** which, Jose said is the minimum legal requirement. Antonio added that he had taken **this possibility into account in his costing.**

The SARC representatives asked about Habitation licences for the properties and mentioned that purchasers would not be comfortable completing on a property that did not have one. Almudena said that the **Town Hall's have begun to issue them more quickly, for it is only when the habitation licence is granted that the property becomes liable for council tax.** Cristina, who lives in Jumilla pointed out that the Jumilla Town Hall is taking about 2 weeks to issue Habitation licences.

The involvement of the purchasers in decisions affecting the community areas, for example whether to have grass etc or paved areas around swimming pools was stated as being welcomed. **HdT said that having a purchaser group to liaise with would make getting purchasers opinions easier and help them to improve communications with the purchasers.** HdT admitted that communications had been poor in the past but they wished to improve them and were starting by creating a new HdT website upon which to place updates for purchasers. **Almudena also said that HdT would continue to liaise with SARC and provide any documents that SARC asked for, with the only condition being that commercially sensitive**

documents are not made public or placed on the SARC website. (Plans of SADM and el Pinet have been provided and will be placed on the SARC website)

Arriba Homes:

Anthony asked about Arriba Homes as **there are SARC members who have purchased through this company and are currently receiving no information from Arriba Homes.** Almudena acknowledged that both she and SARC have been trying to speak to Arriba Homes to clarify the position of those who purchased through them and still wished to continue with their purchase. The problem these purchasers have is that their contracts are with Arriba Homes and it is Arriba Homes who have the contracts to purchase from HdT. **Anthony asked if it would be possible for HdT to look favourably on any of these purchasers who wished to continue with a purchase, for example with lower pricing etc.** Almudena said that in principle HdT would be open to doing this for Arriba Home purchasers but it would **depend upon the individual's purchase etc.**

Agents:

The general behaviour of agents was mentioned by the SARC representatives in relation to both HdT and SJI purchasers. **It was mentioned that some agents had been good and kept in touch with and supported their clients** but it was felt that **others had not been very honest** with purchasers and had not been passing on information to their clients. **Almudena agreed that this had been a problem and that the company was looking into how to improve this with any future agents.**

HdT pre UK meetings questionnaire:

Almudena informed the SARC representatives that HdT had put together a questionnaire that they planned to send out to HdT purchasers **to commence the process of identifying what options purchasers wished to take up.** Anthony informed his colleagues that as the Chair of SARC he had given some suggestions to Almudena about the content of the questionnaire. Almudena read out the questionnaire and this enabled Paul to hear its content and comment upon it with the rest of the attendees. All **SARC representatives thought that its content and the information that it would collect would be helpful to both the company and the purchasers.** Paul said that he thought the questionnaire would also be applicable to the SJI purchasers and that it should be sent out to them as well. **The questionnaire will be going out very soon with a dead line for replies of March 15th 2011.**

The UK meetings will follow at a later date and the HdT and SJI meetings may be held at different times.

The discussions then proceeded to SJI and its developments.

SJI

Playa Golf:

It was explained that SJI intended to give the unsold properties at Playa Golf to the banks to cover the outstanding mortgage debts.

Albatera:

Anthony asked what the likelihood of Albatera being commenced soon was. Almudena said it could be years before any build was commenced and that this was due to the politics in the Valencia regional government.

SADM:

SJI have a section on SADM upon which about 130 properties are to be built after the build at el Pinet is completed and is part of the SJI feasibility plan. Please note that does not refer to the building of HdT properties at SADM only those of SJI on the SJI owned section.

El Pinet:

HdT are waiting for Judge to make the Official notification to creditors regarding the outcome of the vote (There is a period of 15 days after the closing of the vote in which queries about the vote can be made). When the Court releases the Official bulletin announcing that SJI are out of Administration, the actions in the Feasibility Report, for Year 1 can commence. Until then SJI remain under the supervision of the Administrators but they **estimate that by the 1st March 2011 SJI to be out of Administration**

More than 300 families are currently living on El Pinet and the residents have water and electricity supplies on the builder's supply

Almudena said that the electricity company has been paid to lay the cables and should be doing so within the next 2 – 3 months and this will help with the issuing of the habitation licences by the Elche Town Hall. It was also stated that the current build is over 95% complete and that the final layer of tarmac applied after the surrounding building is complete. **Almudena reported roads, street lighting etc almost complete and that the green areas would be finished.**

The SARC members asked about the finance to complete the build at el Pinet and were informed that this should soon be signed with BBVA once SJI are officially out of administration and that the build would proceed in sectors. Some of the properties are very close to completion and will only take a short period of time to complete. SJI provided a plan of el Pinet indicating the sectors to be built and how many months it would take to complete them after the build on them had commenced.

Once the court announces that SJI are out of Administration the completion works for 135 Units in M1 commences and the properties in M11, M15 and M17 are near completion.

SJI are preparing a Questionnaire to be sent to creditors seeking an up to date position on the objectives of creditors i.e.: waiting 5years, pooling credits, seeking other assets etc.

SARC enquired as to the state of the swimming pools at el Pinet and the issue of ownership and guarantees. It was explained by Jose and Almudena that the pools had been handed over to the community and that they had guarantees for 3 or 5 years for various components. Jose mentioned that pools had been left empty or partially filled and this had caused problems with tiles. Anthony said that pools should not be left empty as this could cause structural problems and result in leaks. (This was knowledge gained from being the representative of his local open air pools user group). **SJI said that they would look into seeing what they could do to help.**

SARC also enquired about comments seen on EOS el Pinet forum about the el Pinet community association “borrowing” several thousand Euros from SJI, resulting in a debt to SJI for the property owners. Almudena said that SJI had not lent any money to the community association but when SJI went into administration the administrators said that SJI should no longer pay for electricity and water at el Pinet and to stop the payments. SJI argued that this was not acceptable and payments were continued despite SJI not being liable and became a debt due to the community.

Purchasers Questions:

Members were asked if they had any questions that they wished to be asked of HdT and many of them were answered in during the course of the meeting. Questions that were not answered follow:

Combining deposits: If purchasers wish to combine deposits from the properties they were buying or purchasers wish to combine their separate deposits to buy a joint property **they can do so. Note that the HdT will need to study each case individually.** However, it is important to know that **when combining deposits that they cannot cover any outstanding mortgage on a property, taxes or legal costs.** (Similarly if downsizing **no part of the deposit can be used for taxes etc**)

Spanish residents special property purchase bank accounts: In Spain it is possible for residents to place funds for a property purchase in a special bank account which is tax exempt. If the money has not been used to buy a property in 4 years then tax becomes due on the money. Antonio said that **HdT would provide a standard letter for purchasers with these account to inform the tax office that it was due to HdT being in administration that a property had not been bought and that the purchase is continuing. This should enable those with these accounts to not have their funds taxed.**

Concrete Silo at SADM: Almudena was informed that some purchasers had noted that the concrete manufacturing silo at SADM had disappeared and were worried by this. Almudena explained that it had been vandalised and had been removed and sold off plus that **it was now cheaper to buy ready mix concrete** rather than make it themselves. It was also mentioned that the SJI Grupo Company that was set up to make and supply concrete had been closed down.

Comment & Opinion

The SARC committee found this to be a very useful and positive meeting and were pleased to being given access to documents and plans of both SADM and el Pinet. SARC will keep in touch with HdT to ensure that the membership is informed of any news ASAP. **The committee believes that progress is being made in line with the feasibility plan and look forward to the commencement of the build.**

Regarding the solar power, it is felt by the committee that it would be welcomed if the properties did have the solar hot water system fitted as this would keep down the cost of bills. This would also prevent the properties from being dearer to run than any built at a later date and ensure that they are an attractive proposition for resale.

The committee hopes that purchasers can clearly see that all points of view are represented on the committee and that SARC is working to try to ensure a positive outcome for ALL purchasers, no matter what outcome they prefer. It is further hoped that more purchases will join and be part of the purchasers group and be able to participate in any future consultations etc

SARC Committee Feb 2011