

Santa Ana del monte

Residents Cooperative

Report of Meeting with HdT 15th April 2009

Dear All

Tony Malpass kindly invited David and I to attend the meeting which took place at San Jose offices in Orihuela last week. Once again many thanks Tony for giving us yet another opportunity to liaise directly.

For the benefit of the newer members of SARC. I would explain that David and I live on the outskirts of Jumilla and have done for a number years. We speak, read and write Spanish, reasonably well. We live and socialise within the Spanish community rather than an expatriate one. Broadly speaking, and pertaining to this area of Spain only, we understand, as far as is possible for us, the different culture and also the differences between our way of thinking and theirs. We are still learning. We are creditors of Herrada del Tollo having put a deposit down on a property in 2003/4. We have also had the sleepless nights, anxiety and ups and downs that all concerned have had. We also appreciate the fact that everyone involved has different circumstances which complicates matters in regard to needs and wants. David and Linda Needham

This is the fourth meeting we have attended.

I emphasize also that this meeting related mainly to Herrada del Tollo.

Tony asked questions regarding El Pinet which some members had requested answers too. He has contacted those people direct with answers given.

Other questions Tony asked relating to recent rumours were answered openly but we have been asked to keep these confidential due to the fact that they do not relate to Herrada del Tollo and do not affect the same.

I confess that this is a difficult report to write as much of the positiveness, that we came away feeling, came from the general attitude and body language of those that we spoke to and in the building in general. The discussions were far more open and noticeably less guarded. This seemed significant to us as the Spanish people are by and large spontaneous.

Almudena started the meeting by saying that since our last meeting, as far as the courts are concerned, nothing has changed. They can only present to the court, working with the administrators, a proposition which is 100%, in terms of financing, for the completion of the Urbanisation.

The Administrators are working very hard at investigating alleged discrepancy's, mainly concerning amounts due to creditors. This can be a small amount or a larger amount. For example:- IVA related or an amount paid to an agent which does not show in the Herrada del Tollo accounts. A separate 'Informe' is required by the judge for each one, of which there are approximately 350. She explained that the original 'Informe' was a provisional and that the Judge has given the Administrators, together

with Herrada del Tollo, more time in which to deal with these discrepancy's and present the final 'Informe'. There was no set date at this time. It is unlikely to be in June or July. The Judge to date has cancelled 30 contracts signed by Herrada del Tollo. All have been classed as Ordinary Credits and the Administrators cannot see that any other future credits would be classed any differently as the Judge will not make different rules for different people. I think but am not 100% positive that all of these contracts had bank guarantees.

The current situation is as follows:

New negotiations have started with two prospective investors. One is a Spanish Company and the other is a Spanish National Bank

Herrada del Tollo and the Administrators are very comfortable with the current negotiations taking place and believe that all being well, once an agreement is reached and the Judge is satisfied that the financing is 100% secure, it is estimated that it will take 10 to 15 months to complete the first phase of properties. They have spoken with the Golf Course designer and he has stated that, depending on the time of the year, it will take him 6 to 9 months to complete the first 9 holes. The land is very fertile, the landscaping is already done, so he has agreed to do this. Herrada del Tollo are aware that the completion of the first phase properties must include, at the very least, the first 9 holes of the Golf course and this is their intention.

The current thinking is that the remainder of the houses which Herrada del Tollo have permission to build, would be completed within 2 years together with the second 9 holes. However, this is flexible and dependant on many variables. The second 9 holes may be completed sooner.

This is a rough idea of how the process may develop in the future:

As it states in the current 'Informe' Herrada del Tollo will need to contact all purchaser creditors in order to negotiate a modification of the contract or *novation* of the contract's conditions and set the new completion date. This will be in the form of a letter to individuals or to their chosen legal representatives where this is the only address available.

This letter will ask you if you wish to continue with your purchase or whether you require your money back.

Should you wish to have your money back, the conditions will be set out also in this letter. However, as has been stated at previous meetings this would not come in a lump sum and will be paid back over a period of time. Nor would the whole amount be returned.

These letters have not been written, as yet, and **there is no time scale** as much depends on the current negotiations taking place.

Tony asked questions:

- **Land sale in Calasparra.**

Yes, land is in the process of being sold for a new recreation ground. The money from this is being used to maintain Herrada del Tollo running costs/assets. For example: The gardens and trees at SADM, staff wages etc., all is being overseen by the Administrators.

- **Compensation for purchasers**

Tony explained that there had been changes in the exchange rate and the property market, although the decrease in prices varied, dependent upon the location of property. It appears to specifically effect properties not attractive to the indigenous Spanish population. He also said that the purchasers had gone through a lot of stress and worry and it would be welcomed if a discount was given to them. In response Almudena said that they had already been thinking of this, it had been factored into their plans and that the letters going out to purchasers would include incentives to continue with their purchase.

- **Spanish purchasers**

There has not been much contact from the Spanish purchasers, who make up approximately 45% of the purchasers at SADM and it appears that the majority will remain as purchasers.

FOOTNOTE

As I said above. I find it very difficult to put across the positive attitude during this meeting and how different that felt compared to those previously attended. Also it should be remembered that all, at the end of the day, has to be approved by the Judge.

This meeting took place on Wednesday 15th April. The following day I had visitors, much to my surprise, who have bought an old property to renovate but who also are purchaser creditors at SADM. and visit the site fairly regularly. They also noticed the different attitude of the staff in the showroom. They also mentioned that prospective investors were and had been on site. I verified this information ,as best I could, later that day. Apparently there were three 3 different groups. Russian, Spanish and representatives from a Bank.

In Spain generally. Local and National news agencies are reporting that banks are beginning to lend again. Up to 80% mortgages but with solid foundations. The banks in some cases are taking Developers unsold stock as payment for loans and have started to sell from their branches. The Government is beginning to purchase homes from some Developers stock and generally it is all beginning to move again. Albeit very slowly.

I sincerely hope the above is of some help to all regardless of your circumstances.

Tony Malpass, David and Linda Needham

Additional information 14/15 April 2009

On Tuesday the 14/04/09 Anthony Malpass drove up to SADM to see the state of the site and if it was still open, plus to find out how the building of the new motorway was proceeding:

The site office was open and a polite member of staff was seated at the reception desk. There was also a gardener on site, who was mowing the lawns and keeping the planted areas in good order: See the pictures taken on 14/04/09, below.



Man mowing the lawn



Main entrance at SADM

The fact that the office was open and that the site is being kept in good order is a positive indication that HdT are committed to SADM and that they seriously want to get the project back under way.

The New Motorway

Driving along the road leading to Jumilla after coming off of the motorway from Murcia City a considerable amount of road building could be seen heading towards Jumilla. The road building extended to approximately 1 Kilometre of SADM: See pictures taken 14/04/09, below driving from SADM towards Murcia.



Motorway work close to SADM



Construction work on the new motorway

Meeting with Solicitor

Anthony Malpass met with his solicitor/barrister on the 15/04/09, prior to the SARC meeting with Almudena later that day and the following is part of what was discussed:

- The solicitor felt that if 50% of the purchasers stayed with the project that a bank would fund it and that it would go ahead.
- He was asked how he thought the Spanish purchasers (who make up approximately 45% of the purchasers) would act regarding their properties. He replied that if he, as a Spanish person, was a purchaser that he would stay with SADM, as his deposit was there plus he would have his mortgage arranged and in the present financial climate he would stay put.
- He agreed that the new motorway would make SADM more attractive to investors and purchasers, plus would have a positive impact upon the value of the properties at SADM.
- He confirmed that the majority of his clients wished to have their properties (approximately 92%)
- He said that HdT was in a better position than SJ and that the administrators of HdT were pushing the process forward.

Comment/Opinion

From the report kindly written by Linda and David Needham plus their comments it would seem quite clear that there appears to be light at the end of the tunnel and the negotiations to refinance SADM look more positive. It could be that HdT are being more realistic in their negotiation, that SADM is attractive to investors for several reasons or that the credit crunch is beginning to ease. Whatever the reason, there are now positive signs indicating an increased probability of SADM going ahead.

It is important that purchasers continue to be patient and hopefully have the opportunity to agree to continue with their purchase. It may be a very painful and stressful journey that we are going through but when we have the choice to stay or go, please think carefully. If SADM goes ahead it will very probably be an even more attractive development, enhanced by the new motorway and the fact that the purchasers fought for their homes and their development to go ahead.

There are some who, for various reasons, need or wish to have their money back. It is by SADM going ahead that they can be repaid, resulting in a positive outcome for all. SARC has worked very hard to try to get a positive outcome for all and hopefully that is now going to happen.

In our opinion it still appears to be advisable to stay with our purchases.

Following are a few photographs of SADM taken during the October visit 2008





ADM
21/04/2009