



## May 2011 Report

On the 20<sup>th</sup> May 2011 Anthony Malpass met with Almudena and the following information was given or discussed:

### SJI

#### **Finance:**

The situation at El Pinet was discussed first and it was explained that finance had been agreed with BBVA. This will enable SJI to proceed with the build of section M1, which will contain 136 properties, garage spaces and commercial units. Crucially, this will also enable some HdT purchasers to have the opportunity to transfer to an El Pinet property.

#### **Commercial units:**

There are several parties interested in purchasing commercial units at El Pinet and Almudena explained that SJI wishes for the units to be purchased to open a business providing necessary services to the development. Therefore, **the company is negotiating carefully with those expressing an interest to try to ensure that such businesses are opened.**

### HdT & SJI

#### **Deposit transfer:**

**If any one wishes to transfer their deposit it is important that they discuss this with SJI/HdT carefully.** Remember that the taxes and other purchase costs cannot be covered by the deposit already paid, that there may be a mortgage to pay off and that you would need to identify your level of compensation. There will only be a limited number of properties available for transfer and therefore we ask for any **SARC members who wish to transfer to a SJI to contact us ASAP, as we will be compiling a list of members seeking a transfer, with their contact details and will give this to HdT.**

#### **Fractional ownership:**

**Several SARC members have asked about the possibility of combining deposits with other purchaser to buy a joint property.** This would enable them to have a larger property and to spread the costs of upkeep etc and decrease the additional amount of money that each purchaser would need to spend. SARC have been looking into this and have had a solicitor draw up a joint ownership agreement as an example of some of the issues that need to be made clear between co owners. This document has been shared with HdT/SJI and is in the appendix.

## HdT

### **Shepherd:**

Annoyingly this issue is still awaiting the court in Madrid to sit and close the case, removing the temporary hold on the town hall issuing the final build licence. (The shepherd and HdT may have reached an understanding but the case still has to be ruled on in the court). Almudena explained that HdT and the Jumilla Town hall are doing all they can and that this should be resolved soon

### **Plans:**

HdT are using this time to go over the plans of the new phases in SADM and this includes:

- The hotel is being designed to enable a smaller build for the first phase which can then be extended as the development grows.
- The club house/ social club is similarly being designed to enable an initial smaller building to be built and then extended to its final planned size in a logical, functional and attractive manner.
- The possibility of communal pools in the villa area for the use of villa owners was discussed. It is felt by SARC that some villa owners may prefer to forgo the cost of having their own pool and may welcome a villa owner's pool in their section. Almudena said that HdT architects are going to make a study of the cost and the possible places where the pools can be built and then they will be confirm whether this is feasible.

### **Purchase contracts for those who wish to sell their option:**

Anthony asked Almudena about the clause that would be placed within the purchase contracts for those purchasers who wish to have the opportunity to sell their property on but not to buy the property themselves. It was asked for the clause to identify the date at which if the property has not been sold on that the purchaser can decide to either become a creditor and receive a refund of 65% (as per the settlement agreement) or to purchase the property. SARC have tried to ensure that purchasers have as much flexibility as possible and HdT have been supportive of this.

### **Court action:**

A court case against HdT due to the failure to adhere to financial regulations has resulted in Damian, the Managing Director (MD) of HdT being barred from holding any office for 2 years and a fine was given. **Almudena has now taken over the**

**position of the MD of HdT and has said that the company is working on improving practices and being more open and communicative with purchasers.**

### **Solicitors:**

Unfortunately there appear to be some solicitors who are still suggesting courses of action that will cost purchasers more money and seem to have a very low probability of being of any help. **We are aware that some purchasers are being asked to pay a fee to have their contracts cancelled. This seems a pointless exercise as all contracts still have to be discussed with each purchaser and those who do not wish to purchase do not have to.** Anthony has asked that all who have had their contracts cancelled, for whatever reason, have the opportunity to have the same options and choices as the rest of the purchasers and Almudena thought that this would be appropriate.

Another solicitor is trying to hold the banks liable for the purchasers deposits and attempting to use the general bank guarantee document that the banks issue to identify the value of BG's that they will cover. The solicitor has been asked by both Anthony and Almudena ( who met with the solicitor) to give a clear indication to purchasers' of the **probabilities of outcomes, how long any action would take, the total cos, the liabilities for the banks costs** in the event of losing and examples of case law to support such an action. The SARC concern is that purchasers may undertake a course of action with a low probability of a positive outcome, which may take several years to complete and with the possibility of an additional legal bill at the end. It is up to each purchaser to do as they feel is best for them but we strongly suggest that they weigh up both the best and worst case outcomes and the probabilities of each happening before making such a commitment.

### **Comment/Opinion**

The news that BBVA is financing the continuation of the build at El Pinet is welcomed not just because it enables those who live at El Pinet to have their development completed nor just because it will enable some purchasers at SADM to transfer to a property there, but also because this should create confidence in the SJI group of companies and thus help HdT to continue with SADM as soon as the shepherd issue is finally put aside.

SARC will keep in close communication with HdT regarding the shepherd issue and as soon as we have news, we will get it out to our members ASAP. We also hope that the example of a shared ownership agreement will be of interest and help to our members and any purchasers considering making a joint purchase.

SARC ADM 31 May 2011