



Thoughts on Purchasers Options

The meetings that SARC attended and are reported upon the SARC website have given some cause for deep thought as to outcomes for purchasers at SADM.

Several key points have been noted that impact upon the decisions to be made regarding whether to continue with the purchase or to stay as a creditor and try to regain the money paid.

It can be seen clearly in the report that the deposits, although auditable and appropriately accountable are not all sitting in a ring fenced client account. This information was given with some discomfort by SJ/HDT but we needed to know the truth regarding the position of the deposits. When we attended the meeting we were not sure either way regarding the existence of a client account, as there had been two mutually contradicting postings on the EOS forum. We sought to clarify this and in doing so found that only a small proportion of the funds are kept in an account linked to bank guarantees.

Therefore, we are very concerned that if purchasers decide to try to get their deposits back that several factors need to be considered:

- ✍ Only a small proportion of clients money is in a clearly identified account
- ✍ Money can only come from the company trading out of difficulty or through liquidation of the company.
- ✍ If agreement can be made with creditors regarding debts the company can carry on trading.
- ✍ Liquidation of the company would take time and in the current economic climate not realise intrinsic value of assets.
- ✍ Staff, Government, Court/Administrators, Banks come before purchasers in line of payment.
- ✍ Any interest or compensation claim would come at the end of the line of payouts and as such is highly unlikely.

Taking these points into account we cannot see how it can benefit any purchasers to go down the route of trying to get back their money. We understand the wish to protect your investment in your property/ies but believe that going down the legal route will have small return, cost money and have lots of stress. As of yet no one has been able to give a good reason how it is beneficial to try to get your money back!

If on the other hand we support the continuation of SADM and we take up the offer to continue to purchase we can have, although it may have been delayed, our property. This is a much clearer and by far a better outcome for most if not all of SADM purchasers. It has been made clear to us that SADM is a legal development; the licences are there, the water is there, and that the location is desirable and not part of the coastal property bubble.

It would therefore, seem prudent for all purchasers to actively seek to get SADM built and ensure that liquidation of the company does not occur. We may not be happy with the situation that we find ourselves in caused, primarily by the credit crunch and banks, but we can try to ensure that our money is safe by getting SADM built.

With regard to solicitors it is essential to realise that if you decide to continue with your purchase the legal fees should be less and thus there could be a conflict of interests. Think very carefully about what you want and what is best for you, not your legal representative who is getting paid. If you do decide to continue with your (the purchase of your property) property, it would be a good idea to ask about a reduction in your legal costs, as you will not be going through a protracted legal procedure. Why for example pay 10% of your deposit if you are not pursuing a claim through the Courts?

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