

Hacienda Riquelme Golf Resort Debtors report 17.09.12

There are currently 419 apartments which are in arrears totalling 580690.17€

Cam are responsible for 13 apartments totalling 14,112.86€

Tenedora have 72 apartments totalling 11,146.80€

Since we now have 334 privately owned apartments in various stages of overdue debt, I have implemented a far more aggressive and robust debt collection procedure based on the following:

New debts

If an owner's community fee remains unpaid 30 days after its due date, Resortalia will send an e-mail (or registered letter if no e-mail address known) advising that should the payment still not be received in another 15 days, the debt will be sent to debt recovery agents with no further warning. The e-mail will include advice that they will be charged the penalty premium, interest from the original due date and all debt collection costs.

Interest

Interest will be added to all overdue accounts on the 31st December each year and compounded thereafter. For any new debts, interest will not be charged until 45 days after the due date but will then be calculated from the original due date.

Repayment schedules

If an owner with an overdue debt wishes to make a repayment offer, we will accept the offer subject to the following limits:

The total of the overdue amounts, penalty premiums, accumulated interest and all the current year's payments must be cleared within 12 months from the date of the owner's offer to settle.

If any payment becomes due but is not received on the due date, the offer will be immediately rescinded and the owner's debt immediately sent to debt recovery agents with no further warning. There will be no second chances.

All payments received will be offset against the oldest dated debt to provide some protection against any subsequent default.

Penalty charges

Although some S-C Ps have been known to void the penalty surcharge, this is not within their remit under the statutes and the HPA and will not be tolerated in future. Penalty charges are technically applicable 15 days after the due date but I have accepted that there may be extenuating circumstances and decreed that interest penalty charges will be applied 45 days after the due date. There will be no right of appeal.

Internet and TV

Any debt that is more than 45 days overdue will also cause the cancellation of apartment's TV and internet provision. These services are not covered by our statutes so are within our capability to curtail. When the debt is up to date, we will notify A2Z that upon payment to them of the re-connection fee by the debtor, they may re-connect.

Bad Debts

So far we have not written off any bad debts so no community fees have been adversely affected by non-payments within the sub-communities. At some future time, we will certainly have circumstances when we will have no chance of recouping debt and we confirm that these bad debts are debited to the sub-community's account – meaning that the owners of each sub-community will end up covering the cost of the bad debts within their own block.

It makes sense that all owners pressurise their S-C Ps to be on top of their own debt position.

Recovery of debt from new owners

Under Spanish law, in the event of a sale, any debts relating to a property are passed to the new owner. Unfortunately for us, the recoverable debts only go back for two years so in order to optimise the recovery position, we will always endeavour to match any payment received from an indebted owner against that owner's oldest debt. Obviously, current community fees received from a new owner must be applied to the debt accruing from the change in ownership.

Banks

Cam and Tenedora eventually pay the community fees for all the apartments which they have taken on directly from PW. Given the state of the economy, it is no surprise that these payments are always late.

They are also paying the community fees for properties which they have repossessed from owners but do not pay for any of the original owner's arrears. For the sake of clarity, the banks are not legally liable for the community fees until the repossession process is complete. However, experience to date suggests that when they sell these properties, they do pay the total arrears – even if over two years old.

Nigel Bradbury

President, Hacienda Riquelme Golf Resort