

PRESIDENT'S REPORT

Mr. Alan Burge

In May 2017 we saw the departure of our administrator Millennium Levante (ML). At the time they were under increasing pressure to carry out the role of secretary-administrator to the professional standard expected by the new board of presidents.

Whilst I feel we are in a much better position than we have ever been, at the time this was not an outcome that we wanted, and certainly not to be left without any administrator at 30 days' notice.

We sought legal advice and after a few attempts by ML to manage a few Level 3 gardens, we appointed an interim administrator Admiburgos who currently act as administrator for all levels of the Community of owners and the Urban Entity.

Admiburgos have worked hard to unravel the accounts and contracts inherited. The flow of information was slow from ML - the first piece of data was handed over on the last day of the notice period and not a day before. We effectively had no handover period or mobilisation time for Admiburgos, they started cold on the last day of ML's notice period. This was not in compliance with the Murcia College of Administrator's requirements for handover and we were days away from issuing legal proceedings against ML months later when we were still outstanding required data which should have been handed over in good time.

We still do not have accurate historic accounts and debtor's information is incomplete

Regardless of the difficulties of mobilisation, which most residents would have been unaware of, Admiburgos managed to hold things together for us as the number of visitors built-up quickly for the summer of 2017.

We also saw the departure of Pepe Vílchez and Fede Mesa was appointed as Level 2 president for the level 2 community of Jardin2 to replace him following an EGM. Fede has been a welcome addition to the board.

Over the past 6 months we have worked hard to understand the contracts we have inherited and how we can best manage the resort moving forwards. Up until the departure of ML we did not have full copies of contracts and were always kept at arm's length from any contractor or service provider.

We established many committees and immediately started to try and engage with owners more. Some items like the community website took longer than we anticipated but we are now in a position where each level 3 president can communicate direct with owners of their level 3 community. This has not been fully rolled out yet due to the proximity of the AGMs but will be completed shortly after.

Financially we are not in a good position and this has to a large extent been hidden from owners over the past few years.

As you can see from the accounts we currently owe money to suppliers, we have substantial debt from owners along with the debt from Polaris World. This year we must reduce the amount owed to suppliers to ensure we continue to be provided with goods and service. We also need a much tougher line with debtors and we must unfortunately look to write off bankrupt debt we now know we will never receive.

We also need to continue reviewing all of our contracts and examine where cost savings can be made whilst ensuring we still spend enough money to maintain the resort to a good standard that will attract more visitors, owners and eventually investors to develop the remainder of Condado de Alhama.

For summer 2018, water for irrigation will be a serious issue for the resort. The Urban Entity and water committees are looking at all options to make us self-sufficient with our own irrigation pipe as well as reducing our requirements for irrigation water. In the long term this will also generate savings from the 350,000-400,000 euros we spend on irrigation water each year.

The painting continues for a further 2 years for the inner ring, as we agreed to paint the resort over 4 years. But we must address the quality issues before painting recommences.

We also recently discovered that we are paying for insurance cover that we would never as a community be able to claim against. We must take out insurance that provides the level of cover the community of owners need but ensure the cover is appropriate.

Our internal rules need to be reviewed and a committee has been examining these. We need urgently to address the issue of dog fouling, dogs off their lead and excessively noisy dogs left out by owners.

But of the most importance is to ensure we continue to collect the community fees and address the shortfalls we have right now. We cannot wait to address these later this year or in 2019. This year the community needs a serious cash injection. This must be from a combination of austerity measures, examining and questioning the contracts we have and also unfortunately an increase in community fees. Failure to address the cash-flow issue now could lead to the downfall of our much loved community and devaluing of our assets as owners of properties – it is that serious.

COMMUNITY FEES

Mr. Alan Burge

Over the past 6 years there has been no increase in the community fees, whilst the costs of contracts and utilities has risen by about 2% each year. So about 13% increase in costs over this period. In effect we reduced the community fee by around 13% and now increasing them will be very unpalatable for everyone.

There are a number of reasons why the community fees this year must increase

- 1) Community Debtors are increasing and we must ensure we cover all of the costs to ensure we can continue to pay our service providers.
- 2) Polaris Debt – We know Polaris are now in administration. It is unlikely we will receive much from the 700k owed by Polaris and we must be preparing to write some or all of this off.
- 3) Poor cash flow – We are behind with payments to contractors. This is a result of not previously increasing fees and hiding the problem from owners
- 4) Our Administration costs will rise – We have competitively tendered the Administration of the resort and from this we now know the true cost of providing professional administration. It is worth pointing out that the new administrators will not be permitted to provide ancillary services as this represents a potential conflict of interest to the resort.
- 5) Reserve – We have previously never held the correct reserve in accordance with the Horizontal Property Act. The previous administrators used reserves every year for essential services rather than increasing fees. We need the correct 5% in compliance with our obligations. We must be legal and we must plan as much as possible to maintain our reserve so that next year we do not need an additional 5%.
- 6) The budgets and accounts have for the first time been reviewed properly. There are a few adjustments that mean a few residents may pay a few % more or some a few % less. This is necessary to ensure that everyone is being charged the correct amount in compliance with the statutes and coefficients.

PAINTING – Item 2

Mr. Mark Ambridge

The committee first met in September to look into ongoing issues with the painting contract and also a damp issue in the voids under the apartment blocks.

There are numerous reported issues with the quality of painting work by the contractors, concerns over quality of product used, number of coats used, preparation of surface prior top painting all of which have been part of an ongoing investigation between presidents, contractor and both previous and present administration.

Earlier in the year we sent a questionnaire to owners asking for feedback in order to gauge the issues we are having.

1. ¿estas contento con la pintura?
nada satisfecho Decepcionado Neutral Satisfecho Muy satisfecho
★ ★ ★ ★ ★
2. ¿Dejaron tu casa limpia y ordenado todo?
un desastre algunos detalles pequeños a mejorar limpio y ordenado todo
★ ★ ★
3. ¿Has tenido alguna incidencia después de que pintaran?
sí y aún pendiente de resolver sí, pero se solucionó ninguna incidencia
★ ★ ★
4. cuál es tu valoración:
son un desastre pueden mejorar ok excelentes
★ ★ ★ ★
otros/others (especifique/please explain)
<input type="text"/>

Painting, questionnaire of satisfaction: Please respond now if your painting is complete, or you can respond later after it has been done

1. Are you happy with your painting?

very unhappy unhappy neutral happy very happy

★ ★ ★ ★ ★

2. Was your property left clean and tidy?

it was a mess some minor issues tidy and clean

★ ★ ★

3. Were there any issues after the painting was finished?

Yes, still outstanding yes, but it was resolved no issues

★ ★ ★

4. Rate your overall satisfaction

very dissatisfied poor ok excellent

★ ★ ★ ★

otros/others (especificue/please explain)

Checks have also been carried out by the paint manufacturers on several occasions to determine paint thickness and number of coats and although we cannot disbelieve the reports of owners the reports do confirm thickness and number of coats where random samples were taken

In late September a member of the committee and vice L2 president had a meeting with the paint supplier to query these results. His observations follow:

"I had a meeting today with Ramon from the paint supplier Valentine, regarding the specification and method of application of the paint being used by Pintalac. This was quite informative in respect of the following points:

1/ I questioned the paint thickness and was told by Ramon that they had a report of a survey they undertook showing the original paint thickness prior to painting which he is going to forward over to us. He said it was hard to determine how much of the base layer of paint was applied by Pintalac as the report could show this as a combination of the original paint plus any additional coats applied by owners prior to the painting commencing.

2/ When asked about the choice of paint he stated that out of the 4 products trialled on J1 his product Valstone 2 would have been in colour the whitest out of the 4. We need to ask the questions as to why this product was chosen over the originally specified paint

Going forward the only way to determine if Pintalac are applying the correct amount of paint in 2 coats would be to take core samples of unpainted apartments to give us a base line of current paint depth to work from and then take further samples after they have completed the works."

Another issue with the painting contract is related to damp in the voids, briefly we paused painting on the gardens and moved contractors to the penthouse blocks to continue the program, as there are presently thought to be no issues with damp in penthouse voids. This did cause issues with the painting fund, not only hindered by debtors to the fund but also meant painting out of sequence from the original schedule meant funds were being used far quicker than we would like.

Financially we have a situation where the painting fund was not managed as agreed by Milenium. At the AGM they confirmed that payments would go into a separate bank account, but this was not the case and they were paid into a general account. Because of this lack of visibility, we have now spent more on the painting than the payments received, meaning at the end of summer we had to make a decision to pause painting until the funds were replenished

Due to this decision to suspend painting due to lack of funds we received a Burofax from Pentalac requesting information as to why painting was suspended and threatening legal action unless the situation could be sorted.

A meeting was held with Sebastián, the representative from the company Pentalac, and with the technical architect Fernando, to see how this matter could be moved forward. We explained to them about the problems that existed, that the Community had a deficit, the quality of the works, etc... In this meeting it was agreed to stop the painting works until after the General Meetings, it was also agreed that Pentalac would send contractors back to carry out remedial works on the apartments with issues; the aim is to be able to have time to coordinate this with the works in the voids and that after February, the painting programme could resume.

We can now confirm that once all the above issues have been rectified the painting programme will restart end of February /beginning of March.

It has also been decided that as we will have a new maintenance contractor employed by the administrator at our disposal, one of the daily tasks we would like to see him carry out is checking on the progress of painting and see that all protocols regarding said task are carried out including preparation, number of coats etc. to ensure we get the quality of work we require

VOIDS – Item 3

Mr. Mark Ambridge

During August, 3 members of the board of presidents, Alan Burge, Mark Ambridge and Neil Simpson spent some time visiting issues in voids and climbing under apartment blocks to see the issue requiring attention.



Under 1 block we discovered what could only be described as a 300mm deep lake, reinforcing the point that regular inspections going forward will be necessary.



Figure 1: Water under N1.

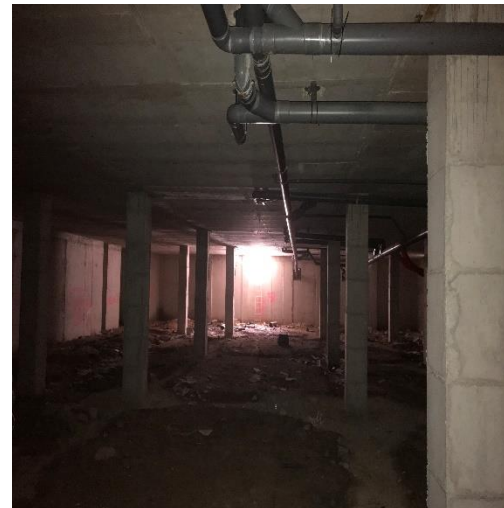


Figure 2: Underbuild on N8.

It should also be noted that many garden blocks have been built with no access to voids and so at some point further cost to excavate and install access to these voids maybe be deemed necessary, since we need to know what is happening under these blocks as well.

As you may be aware the architect Fernando identified an issue with damp in the voids that was sent with the AGM call last year, a trial rectification works was carried out on 1 block each in j1 and n8, the trial has been successful although there are a number of outstanding issues with the quality of work carried out, notably some of the ventilation grills are already showing signs of corrosion.



Figure 3.

It should also be noted that although moisture in voids is an issue it does not affect the paint guarantee, as this only covers paint above 80cm from ground and the damp is not an issue at this height.

The board decided to ask for a second opinion from a new technician in order to check if there is still damp in the trial blocks and also those not worked on yet. Also to check if the previous specifications are still being fulfilled; this will not be done in all the voids, just in a few of them. A new report was produced by a different technician, which has determined that above 80 cm (where the paint guarantee is covered from) there is still no impairment from the areas affected by damp in the voids. He has determined that it is advisable to carry out ventilation, as the structures could be damaged and in the next few years, ventilation will need to be carried out, confirming the original report.

It has to be noted that unlike the original report the second report has identified some worrying issues.

Because of the damp environment in the voids the steel strapping supporting some of the drainage pipes is starting to corrode. In 2 blocks exposed reinforcing in the concrete pillars you see in the pictures has also started to rust, the early stages of an issue referred to as concrete cancer, we must move to solve this quickly, by removing the rust then over painting the exposed metalwork with an epoxy solution to seal them from the damp environment. This will be in addition to any works carried out on ventilating the voids.



Figure 4.



Figure 5.



Figure 6.

At this present time and as we head in to our AGM we have included € 250.000 in the budget to be split over a 5 years period to begin to rectify these issues.

WATER – Item 4

Mr. Neil Simpson

Water Saving / Re landscaping:

As presented at the last AGM the resort need to landscape the communal grass areas outside the fence (verges and roundabouts) to produce saving in water and maintenance. Although the proposals presented look fantastic they were not costed and we have not got the money to proceed with this essential project. Most other resorts started on projects like this up to 7 years ago and Condado has lagged behind in moving the resort forward for the future with long term plans. The cost quoted from STV is approximately 880,000 euros producing a saving in water of approximately 80,000 euros a year.

We believe that the contract signed with STV and the extension to that contract is grossly inflated and not in the best interest of the resort. We instructed a lawyer to remove the situation and his conclusion was that although the contract is inflated it is not illegal and the repercussions of cancelling it could incur massive penalties to the community.

The idea is to renegotiate with STV to reduce the services provided at some times of the year and use the savings to implement the water saving landscaping. For example, we sweep the perimeter outside once a week, even the car parks and areas that are not used. We also empty the waste bins in the winter months far too often and this frequency can be at least halved. Together with other slight amendments it is hoped that the savings made will fund the works without having a visible impact on the community. This needs to be negotiated with STV and although we have ongoing discussions we have yet to reach an accord.

Raising fees to fund the landscaping required is not an option at present and the resort has other pressing financial problems that need addressing and getting the resort stable and financially viable is this year main priority.

CONTRACTS – Item 5

Mr. Alan Burge

Contracts historically signed by the community have been for long durations placing us in a position we would rather not be in. Many contain poorly drafted contract clauses, extended scopes we do not always need and excessively long durations without break clauses. All good for the contractors but not always the resort.

Some obvious examples of this are the painting contract, which once awarded was sub-contracted as we had no clause preventing this, and the STV contract for gardening and cleaning, signed with a duration of many years with a scope including road sweeping on 60% of the outer-ring we do not even use. We often hear residents complaining about these contracts, but the community has signed a contract and in most cases, we are stuck with the terms and conditions. If we break these contracts, there will be financial implications. So in future better 'due diligence' is needed before contracts are signed unchecked.

This year the board have agreed standard terms and conditions for any future contracts covering liability, design responsibility, sub-contracting and many standard clauses any reasonable contract should contain. We have also recently set up a committee reviewing each of the contracts in detail and involved residents in doing this. And in a further step which did not meet the agreement of all board members, we have agreed the community will not contract any of the presidents at level 1,2 or 3 for any paid work. This had been happening previously and apart from anything else must be a conflict of interest.

Currently our largest contract is with STV. We cannot continue at the current level of expenditure with them when we are months behind with payments and we have too many cleaners and gardeners carrying out tasks we don't necessarily need. The board have considered closely what options we would take, and there have been many questions raised about the legality of the contract signing, extensions and length of contract. We have taken advice from our lawyers and the Town Hall (since it is part paid by the Urban Entity) but the outcome was that there is nothing actually illegal with the contract. Therefore, it is unlikely we would win a case in court to have the contract nullified and probably very costly to the community to try.

We need to reduce the cost of the STV contract and therefore have prepared options that we ask the homeowners to vote upon regarding this. We have worked with STV to negotiate a saving for the remaining duration of the contract.

Voting options/proposal:

AS PER ADMIBURGOS VOTING OPTIONS

SECURITY (L1) – Item 6

Mr. Alan Burge

Securitas is one of our main contractors. We need to look at all contracts for sensible savings.

As discussed later, in common with other contracts the terms of the security contract were not considered to be in our favour or properly meeting our needs. The contract only allowed for a Vigilant (senior security guard) at certain times, not fulltime. Only a Vigilant can check details of visitors wishing to enter site. In October 2017 we improved our security procedures making sure that all visitors enter via the Canadas Sur entrance beside Al Kazar. To ensure we were able to check all visitors we upgraded the security on this gate to a fulltime Vigilant at a cost of 2,400e/month. The board agreed this as a short term measure until the AGM where residents would have a vote on this matter and other security measure.

We have three security entrances with varying use by owners.

Figures from 17/01/2018:

Gate	No.	%
Cañada sur (Al-Kazar)	471	67%
La Isla	130	18%
Alcanara (bottom near J1)	106	15%
Total	707	

As can be seen the majority of traffic uses the Canada Sur Al Kazar entrance, including all access for the Al Kazar and Golf course.

The entrance at La Isla also benefits from a Vigilant at night time. This is currently paid for from the L1 budget and all owners and business who pay toward the L1 budget pay towards this cost. The statutes of La Isla state that only an Auxiliary need to be provided and makes no mention of a Vigilant.

Voting options/proposal:

1 - Continue with fulltime Vigilant on Canada Sur gate so that security can stop, question and check identification of all visitors to site and book them in using the electronic access control system. The cost of this is 2,400/month until November 2018 when our security contract will be competitively tendered.

A- Yes

B- No

2 – Reduce security services to Alcanara (bottom gate) to make savings.

A- No

B- Yes

If YES, how should services be reduced:

A – Alcanara gate Closed 6 months from Nov. to Easter.

B - Shut from 23.00 to 07.00 all year.

C - Both A and B

SPEED CAMERAS – Item 6.5

Mr. Alan Burge

In 2016 the then board of presidents agreed to install speed cameras in a response to many complaints about residents and visitors speeding. ML had advised the presidents that the introduction of sleeping policeman (humps) would be too expensive and that the installation of plastic humps was not permitted, and presented an option for speed cameras. These were to be installed in conjunction with a new access control system called Smart City.

ML told the board that once the system was installed, either we as a community or the Alhama Town Council could then enforce the cameras with fines being issued. As previously reported, and with much regret, as we are a private community the Council of Alhama cannot enforce our private cameras and neither can we as a community issue fines.

The cost of the speed camera system is approximately 35,000 euros and the Level 1 president at the time signed a 5-year contract which included paying off the capital cost of the equipment. It is unclear how much support there was from the board for entering into this contract.

The current board has since met with Cable Murcia who installed the cameras. Cable Murcia state that they would need approximately an additional 35,000 euros to make the system compliant so that the Town hall could issue fines from it.

This is an example of multiple failures which we must not happen in the future.

- 1) No one verified the statements made by ML that we could use such a system to issue fines.
- 2) The contract was signed and not checked to ensure it was in the interests of the community. The contract should have been for an enforceable camera system rather than just the list of equipment supplied. The contract does not even mention speed cameras.
- 3) No clauses were added to the contract to protect the community from the contractor deducting sums owed from other contract with the community. If we cancel this contract Cable Murcia can withhold Internet and TV services. ie consolidate the debt owed to them.
- 4) Other options should have been investigated properly.
- 5) ML stated that Cable Murcia were the only contractor who could install such a system in Murcia and nobody else quoted for the works.
- 6) The process was managed by ML and not the presidents, and seems to have been rushed through to meet year end budgets.

Summary

It is unlikely we would benefit from trying to withhold payment for the system. The contract itself is a complete contract for access control and cameras. This would render our access control system inoperable and we would spend more than any saving in providing a replacement. If we tried to cancel part of the contract Cable Murcia could also be in a position to remove or restrict our TV and internet services.

Combined with the way the community is proposing to collect community fees, there remains options whereby we may be able to operate the system and impose a penalty on owners, residents and visitors who speed.

The system is now fully operational and commissioned.

Proposal:

If you are caught speeding faster than an agreed limit:

First time: A letter sent to the registered owner of the vehicle or employer if they are on the system as a business

Second time: Car is removed from automatic access for 3 months and a second letter sent

Third time:

Owners: The prompt payment discount to owners is removed.

Tenants: The discount to property owner is removed and it is for the owner to recover this from the tenant.

Companies: Letter sent to employer and person restricted from site where possible.

Voting options:

A- No do not agree

B- Agree

PROTOCOL SECURITY OCTOBER 2017

The security committee have been working on ways to improve and strengthen our security operations. As a result, the following changes will be implemented from 31st October 2017 which have been agreed by the security operations committee and the L1 board.

Car registrations for all visitors' vehicles will be cancelled on 31st October 2017 and all visitors will be asked to update their details.

All visitors or vehicles entering Condado that are not registered on our security system will be required to enter via the main security entrance (Cañadas) adjacent to the Al Kazar and La Isla entrance.

At the point of entry visitors will be required to produce photo ID and state the purpose for which they are visiting Condado and provide the necessary details to security.

If the vehicle contains any cats or dogs, then the owner must produce documentation to show that the animal is "chipped" and is fully inoculated in accordance with Spanish Law.

Failure or refusal to comply WILL result in that vehicle being refused admission to the resort.

Upon completion of the registration process each vehicle will be issued with a visitor's card and instructed to display this card on the front windscreen.

On leaving Condado they must exit via the visitor lane, where they will be stopped and must return the visitors card.

Note: Visitors wishing to enter La Isla will also be required to register first at the Cañadas gate.

In addition, to allow us to refresh the security system, ALL OWNERS, RENTERS and EMPLOYEES of a registered company who have a vehicle and/or pet registered on the system will be required to update this information before the 30th of November 2017, the date when all current car registrations will be cancelled.

Owners – Will be required to provide updated information of vehicles and pets. Vehicles will be registered on the system for a maximum of 12 months, after which this information must be renewed.

Renters-Tenants - Will be required to provide updated information of vehicles and pets and also show a valid rental agreement for the property. Vehicles will be placed on the system for a maximum of 12 months or the length of their agreement, whichever is shortest, after which this information must be renewed.

Employees of registered companies – Will be asked via their employer to provide updated information of vehicles. Vehicles will be placed on the system for a maximum of 6 months or the length of their contract, after which this information must be renewed.

Rental cars – It is important that rental cars are registered separately to ensure they are not allowed to return with new users and given automatic access to Condado. They will be registered for a maximum of 2 weeks or the lease period specified if shorter.

After the 30th of November 2017 any car not registered will initially enter as a visitor until it can be registered under one of the other categories, if appropriate.

Owners and tenants can register their car details by visiting the Administration office or emailing alhama@admiburgos.com to request a form.

ELECTRICITY SAVINGS – Item 7

Mr. Neil Simpson

Over the past years a small percentage of the resort has been switched to LED's but 70% of the gardens and all the inner ring are still to be converted.

The cost of changing all the bulbs is significant. We have asked one company for a proposal that will allow us to pay for the bulbs over a period of time using the energy savings to cover the cost of bulb replacement.

The advantage is two fold, one that our cost on electricity is greatly reduced and second the lifetime of the bulbs is greatly increased ensuring a reduction in cost of bulb replacements.

Once we have obtained quotes from other companies we hope that we can implement a bulb replacement program next year with no expense to the community.

After the bulbs have been paid for over 2 to 3 years the expected saving to the community is estimated to be over 30,000 euros each year.

BOLLARDS – Item 7

Mr. Mark Ambridge

In early September the Bollards Committee was formed to determine possibility of either starting a program to replace all bollards resort wide with new improved versions or a program to carry out repairs to existing bollards.

Very early on in the process it was discovered bollard replacement would be expensive, the average price obtained for suitable replacements with either a better light spread and closer to ground or of a vandal proof construction would be in excess of € 175 per bollard, and with resort funds at present unable to cope with such expense it was decided very quickly that this would need to be a job for later, possibly next 5 years or so once resort finances were in a better position.

The task now is to find a suitable and durable repair for the existing bollards.

Last year a suitable bracket had been sourced along with a price for replacing the existing bollards if not repairable with a like for like bollard.

The issue with the bracket is the possibility of electrolytic corrosion between the two differing materials, so a solution is required, one option is to sleeve the bracket with a section of plastic tube, similar to 100mm soil pipe to place a division between the two materials and so the committee and board have determined this to be the best solution.

There is an issue site wide with a small number of bollards of differing sizes, these have already been replaced hence the size difference. The best solution when repair to these is required is simply to replace with correct size bollard so that if needed in future repair with a standard bracket can be made.

It should be noted although image shown is of silver finish; the bollard is actually available in black finish as already on site.



Figure 1



Figure 2

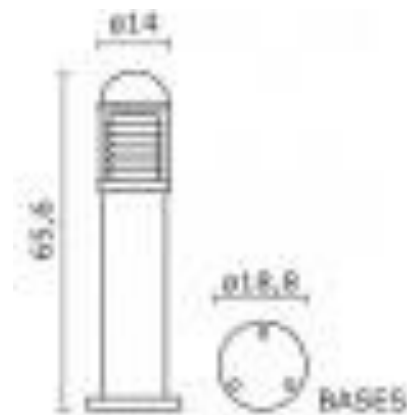


Figure 3

A price from the manufacturer to purchase 200 new identical bollards and also 200 bollard brackets has been requested.

The cost for the bracket without the sleeve including fitting free of charge by STV as part of the gardening contact is €13.71.

A sum of € 15.00 including the sleeve for 200 units has been allowed in the proposed budget for the resort.

Bollard units from local supplier are € 40.00 per unit with a minimum purchase of 100 units, so a sum again for 200 units has been allowed in the proposed budget.

POOL GATE – Item 11

Mr. Neil Simpson

We have discovered that the new pool gates that were fitted are not compliant with the law and some of the workmanship on the gates is not up to standard.

The company that fitted the gates have reached an agreement with us to change the locking mechanism, repair self closers and alter the gates to make them compliant with the law. At present we are waiting for the company to finish the work before we release funds that have been withheld pending a satisfactory conclusion.

REMOVAL OF NON-ESSENTIAL SERVICES FROM DEBTORS – **Item 13**

Mr. Alan Burge

Voting options/proposal

1- Removal of Cable TV and Internet for debtors

A- Yes

B- No

2- Removal of automatic vehicle access to site for debtors (including tenants and renters of debtors)

A- Yes

B- No

3- Removal of right to access the pool on garden - This is difficult to enforce without introduction of wristbands and additional staff to monitor which we are NOT proposing. This proposal relies on other residents notifying security if debtors use the pool facilities, letters being sent to debtors reminding them that they are not permitted to access the pool areas.

A- Yes

B- No

4- Notice being issued to renters or holiday makers on first arrival to security, who are using debtor's apartments informing them they are residing in a debtor's apartments and are not permitted to use the pool facilities.

A- Yes

B- No

5- Restrict gardening services within debtor's properties to absolute minimum.

A- Yes

B- No

AGM IN AUGUST

Mr. Alan Burge

Whilst we understand that there is a greater number of residents on site at Condado during the summer, moving the AGM to this period also presents a number of problems.

- 1) Spanish tax year and our financial year is January to December
- 2) We would need to run an 18 months or 6 months budget to align with AGM or still call and EGM residents meeting in Feb to agree accounts and budgets.
- 3) As the site is busy during this period, this will place an unnecessary stress on the administrators
- 4) We would need additional staff in August to cover the AGM.
- 5) Due to more attending we would need a bigger venue than the Condado Club – adding cost
- 6) The presidents, who give their time for free, would have a significant work load in Summer
- 7) For those not local to Condado or not on site at the date set for the AGM flights would be around 10 times more expensive.

Estimated additional costs 12,000euros

The board recommends the AGM is agreed for February and an informal information meeting is held in Summer.

ADMINISTRATION – Item 20

***Mr. Alan Burge
Mr. Ian Whyte
Mr. Neil Simpson
Mr. Bob Whitty
Mr. Federico Mesa
Ms. Carmen Córdón***

As most people will be aware, the previous administrators resigned at very short notice during the year. Following a short selection process Admiburgos were appointed as temporary administrators. They took over very quickly and despite being severely hampered by lengthy delays in data handover and incomplete information being provided have done a very good job and have provided a fairly seamless handover.

A full tender process was subsequently undertaken overseen by an Administration Tender Committee. Eight companies responded with varying degrees of professionalism and completeness. Their responses were graded using a scoring matrix. The top two were clearly ahead of the rest and were the only viable alternatives to Admiburgos. Admiburgos had completed a comparable response at their initial appointment and continued to score highest of the three.

The three then submitted full tender documents. During interviews it became clear that one was not likely to be able to manage our resort so was excluded. The other two were both excellent candidates and fairly closely matched financially. After detailed analysis the tender from Admiburgos was judged to provide the best value for money. Additionally, the service they have provided over the last eight months under very challenging circumstances means they have a proven track record with Condado and their appointment would avoid the potential disruption of a further change of administrator.

Therefore, the committee recommended the appointment of Admiburgos as the permanent administrator. This was unanimously supported by the board of presidents.

The board now seeks ratification of the recommendation to appoint Admiburgos.

A – Agree

B - Disagree

URBAN ENTITY SUMMARY

Mr. Neil Simpson

As you will know it has been a difficult year for the resort, so the best I can report is that we have spent the last six months trying to reorganise and start the planning for the long term future

First let me explain what the Urban Entity is. The resort is split into 2 sections the Community and the Urban Entity, each with its own set of accounts and budgets. The community includes the gardens and private housing and the commercial areas - Al Kasar and Condado Club, the rest is the Urban Entity, that is everything outside the fence, all the inner roads and the unbuilt areas of the complex. The expenses of the Urban Entity are mainly gardening including water, maintenance, waste Collection, road cleaning, La Isla Lake and now a percentage of the administration fees. The Urban Entity has an annual budget of approximately 1.35 million Euros a year. The community of owners pay approximately 75% of this amount with all other making up the rest, the council pay for and maintain the lighting of the outer ring.

The biggest changes you can see on the Urban Entity is the new park outside La Isla. This park was built with the money left in the bond from Polaris.

The bond needs some explaining, in effect it is an insurance policy held by a bank to cover any essential things that were not finished by Polaris when they left the resort. This bond is controlled by the council with input against any claim from the community. The bond was for up to 5 million euros but as with all insurance this was the maximum liability and each item claimed has to be justified by the claimant.

The council together with previous presidents and administration decided that the drainage system and water collection systems on Condado were not up to standard and needed a complete overhaul and this was claimed and agreed by both parties. You will now see that the works on this are nearing completion and all this was supervised by the council.

The second item that the council decided to claim for was a park on the Urban Entity Land outside La Isla. The council in collaboration with previous presidents and administration decided that this was an essential part of Condado that should have been built by Polaris. The amount was agreed and the Park is now complete. The design of the Park was agreed by the council and the board at the time, all aspects of its construction were managed by the council. We have been informed by the council that the cost of maintenance of the park should be paid for by the community. This it seems has been previously agreed, the board now needs to renegotiate this as the park is not for the use of Condado residents but the community of Alhama de Murcia as a whole.

MAINTENANCE SUMMARY REPORT

ANNUAL GENERAL MEETING FEBRUARY 2018

NARANJOS II

Admiburgos

With the aim of informing owners, a summary-report has been prepared by the administration on maintenance incidents dealt with during the Admiburgos period in 2017, in other words, between 1st June and 31st December of the aforementioned year.

A significant number of incidents in the community have been dealt with, and we have been advised of these in various ways:

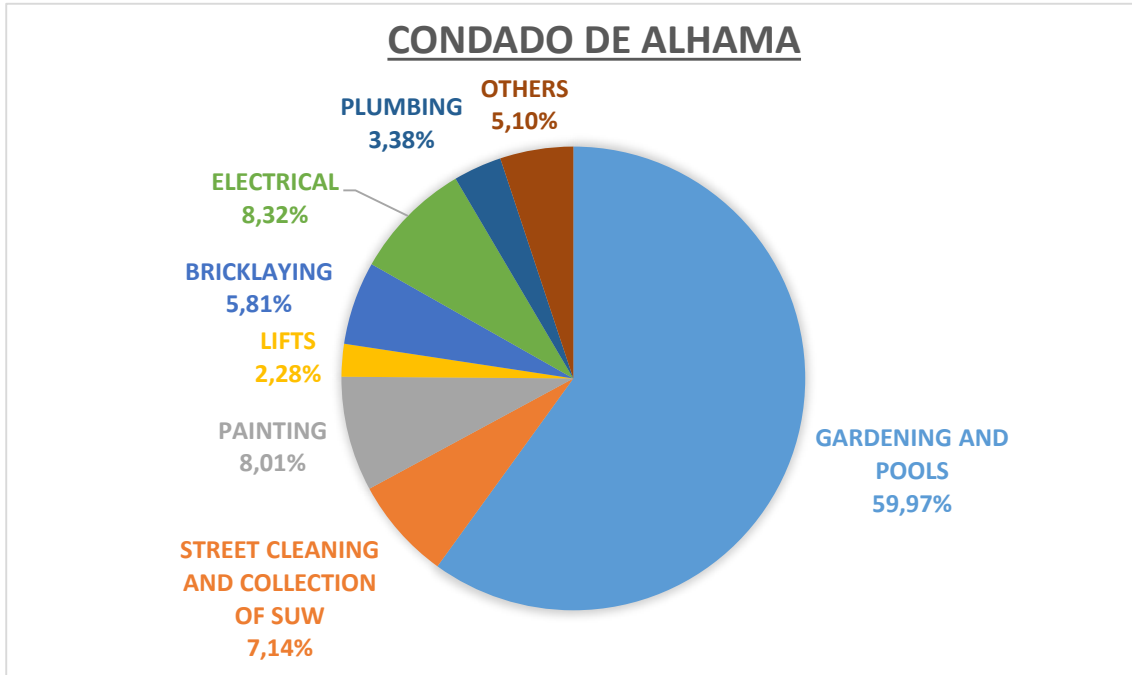
- by a large number of owners,
- by the security team,
- by workers in the community,
- by other supplier companies
- and by staff in the administration.

For this reason, through organised management, all companies who are contracted with the community have been able to resolve incidents related to this contract as soon as possible. These are the maintenance companies with a contract with the community in 2017:

- STV: Gardening, Pools, Street Cleaning and collection of Solid Urban Waste (SUW), Cleaning of buildings.
- Pintalac: Painting of facades.
- Schindler: Lifts.

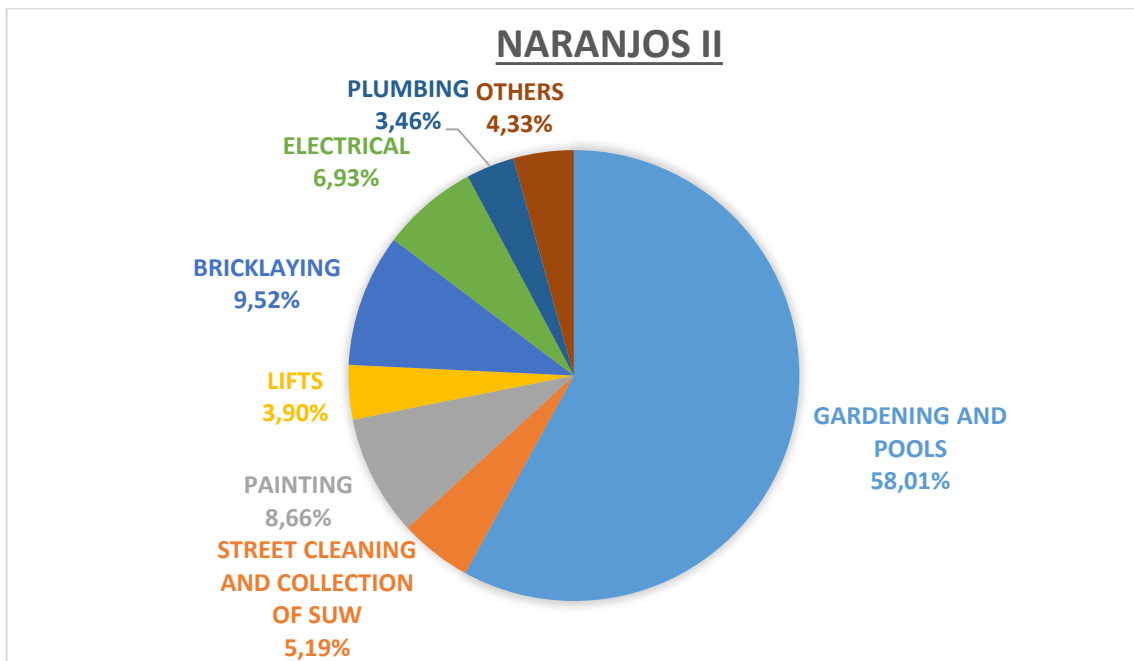
On the other hand, regarding incidents related to companies without a contract, this has been dealt with in such a way that these are all resolved as efficiently as possible, both financially and time-wise, and in accordance with the highest level of technical professionalism. These incidents include bricklaying, plumbing, locksmith and electrical works, among others.

Additionally, with the aim of having an indication of the works carried out in 2017, a graph-summary regarding the number of resolved incidents in Condado de Alhama during the abovementioned dates is shown below:



In total, from June to December 2017, 1274 incidents have been resolved in Condado de Alhama.

Furthermore, the graph-summary for the level 2 community of Naranjos II is as follows:



In total, from June to December 2017, 231 incidents have been resolved in Naranjos II.

Many other incidents have been resolved since the start of the new year. Therefore, to provide you with updated information, we would like to inform you that, at the date the summons is sent, the following incidents awaiting resolution are shown by category:

GARDENING AND POOLS	10
STREET CLEANING AND COLLECTION OF SUW	0
PAINTING	4
LIFTS	0
BRICKLAYING	14
ELECTRICAL	12
PLUMBING	0
OTHERS	3

The majority of these have already been forwarded to the correct supplier to be carried out as soon as possible, and until they are resolved, they will remain pending in our system. Those with a contract are dealt with much more quickly than those that do not have a contract, as these are smaller repairs and at the same time they require more supervision from the administration to ensure greater efficiency as well as attempting to keep all the respective level 2 or 3 presidents informed at all times (depending on the seriousness of the problem).

It must be said that there are urgent and important incidents, which we try to resolve as soon as possible to avoid bigger problems.

The maintenance department will continue working and making a strong effort to achieve the greatest possible efficiency so that the majority of residents are happy.

DEBTORS' REPORT

ADMIBURGOS PROTOCOL OF ACTION ON DEBTORS

The steps taken to reduce debts in Condado de Alhama are the following:

- Sending emails once a month to owners to have returned community or painting payments, notifying them of this and informing them that it will be added to the next payment.
- Sending emails to owners with direct debits which have been cancelled for having returned two consecutive community payments. They are provided with the community's bank details so that they can clear the debt, and it is suggested that they reactivate the direct debit or register for a new one.
- Sending emails and making telephone calls informing owners who do not pay by direct debt about pending community fees and seeing how this problem can be resolved as quickly as possible.
- Sending payment plan emails for debtors with large debts.
- Follow-up for debtors with payment plans.
- Disconnection of TV and internet services for debtors.
- Bank debt: updating of debt on a monthly basis. Bank managers are contacted to clear the debt. Minutes, tax code, bank account details and statements are usually sent so they can clear the corresponding debt. They are informed of properties that have an embargo and court action, as well as the legal costs of this.
- Follow-up of bank property debt and changes of owners.
- Bank debt certificates.
- Active search for debtors for whom we have no telephone number or email address, including in the properties themselves.
- Analysis of registration notes in order to assess the economic-financial situation of each debtor.
- Contact via registered letter for those owners for whom we have neither an email address nor a telephone number.
- Contact via burofax with debtors liable to be taken to court by the community.
- Preparation of documents for community lawyers to bring actions.
- Possible contact with collection agencies presenting a good offer to the community.

DEADLINES FOR ACTION

The majority of actions for collecting owner debt as described previously are carried out on a continuous basis through the day-to-day business of the team in the Admiburgos legal department.

Below are shown the deadlines for those actions which are most commonly carried out:

ACTION	DEADLINE
1. ADVISE OWNERS OF RETURNED PAYMENTS	NO MORE THAN 15 DAYS AFTER RETURN OF PAYMENT
2. ADVISE CANCELLATION OF DIRECT DEBIT	NO MORE THAN 15 DAYS AFTER TWO CONSECUTIVELY RETURNED PAYMENTS
3. DISCONNECTION OF TELEVISION AND INTERNET	THE FOLLOWING DAY AFTER 2 WHOLE QUARTERS WITHOUT PAYMENT (AT THE START OF THE THIRD QUARTER)
4. ANALYSIS OF THE ECONOMIC AND FINANCIAL STATUS OF THE DEBTOR	30 DAYS AFTER PUBLICATION OF DEBTORS IN THE MINUTES OF THE AGM
5. BUROFAXES AND REGISTERED LETTERS TO THEIR USUAL ADDRESS	60 DAYS AFTER PUBLICATION OF DEBTORS IN THE MINUTES OF THE AGM
6. START LEGAL ACTION	90 DAYS AFTER PUBLICATION OF DEBTORS IN THE MINUTES OF THE AGM

It must be said that these deadlines are approximate as they rely on many factors such as the number of debtors, the duration of banking procedures and the registration status of each debtor, among other processes.

As the main aim is to reduce debt, we understand that all these processes and deadlines will be made more efficient if that aim is achieved.

FREQUENTLY ASKED QUESTIONS

When a direct debit payment is made, what process is followed?

The direct debt details are entered into their file in the database, and the 2 quarterly payments (community and painting) start to be charged to each owner until our accounting team detects some owner bank payments which cannot be made for various reasons, which could be because they do not have enough money in their bank account, or because they have neglected to transfer money into their Spanish account, which is the most frequent occurrence. As a result of this notice, many owners who are informed pay in the next few days, or inform us that they have already transferred into their accounts and that we can charge them twice the next month. This is the most effective method and solves the problem of many "small debtors" who go unnoticed, but nevertheless exist.

How many months of non-payment can occur before they are contacted?

No more than 15 days elapse before the monthly fee is generated (first working day of the month), as every month, both for ordinary and painting fees, we receive details from our accounting colleagues regarding owners whose banks have rejected the payments due to lack of funds, and that same day, we inform them of this by email, or, if they do not have email, via a telephone call.

In this way, they are informed twice from quarter to quarter (ordinary and painting fees) for the first two months, and on the third month of the quarter without payment, the owner is informed that not only has their payment been rejected once again, but their direct debit has also been cancelled and a debtor process will commence, where they must contact us in order to catch up with the situation as soon as possible, paying either by bank transfer, card, or a new direct debit.

What is the method of contact and what is the message?

For reasons of efficiency, the main methods of contact are email and telephone. However, there are other methods, which we use frequently, such as ordinary and registered post (as a minimum, they are sent a registered letter to their usual address outside the community), or in person if they pass by the resort office, or by a visit to their property in cases where this may be required.

Formerly, they were notified in their property in the community, in the letterbox or under the door, but due to poor results from these notifications, which accumulated, and many properties were not inhabited, this ceased on a regular basis, except on occasions when presidents advised us that the debtor owner was regularly seen around his property in the community.

This type of claim is made on a day to day and persistent basis, as every month there are new owners who, for various reasons, have failed to pay their fees. The great majority of these, when advised, respond by paying up, and are very grateful for having been informed so quickly

without waiting until the holiday period when they come to the community, by which time they would have run up a large debt.

The message is clear: we inform them of their debt, we explain the consequences if they do not pay it, as well as the benefits of being up-to-date, plus the community account number and our contact details for any clarification or assistance.

Below are shown examples of an email that we usually send:

“Estimado señor _____

Nos ponemos en contacto con Usted para comunicarle que el pago del último recibo de las cuotas de Comunidad ha sido nuevamente rechazado por su banco.

*Lamentablemente debemos proceder a la **desactivación de su domiciliación bancaria** debido a estos constantes rechazos y siguiendo instrucciones de la Comunidad de Propietarios Condado de Alhama.*

A partir de este momento y hasta la regularización de la situación solo podremos admitir pagos por transferencia bancaria o por tarjeta bancaria en nuestra oficina.

El importe total adeudado es de _____ €

Adjuntamos los datos bancarios donde poder realizar la transferencia, así como el extracto de sus pagos a la Comunidad de Propietarios Condado de Alhama. Por favor, recuerde indicar su nombre y número de vivienda en el concepto de la transferencia.

Nombre del Banco: SABADELL

Titular de la Cuenta: CDAD PROP _____

Numero IBAN: ES _____

Código SWIFT: BSAB ESBB

Dirección: Plaza Santa Isabel, 5 30000 Murcia

Una vez solucionado el impago, le rogamos que se ponga en contacto con nosotros para restablecer la domiciliación bancaria o indicarnos la forma de pago que va adoptar para futuros pagos.

Agradeciendo su colaboración en este asunto para una pronta resolución,

Reciba un cordial saludo”

“Dear _____

We are writing to inform you that your bank has once again rejected our request for payment of your community fees and has levied a charge for this action.

*Unfortunately we have had no alternative but to **deactivate your direct debit mandate** due to these constant rejections and following instructions from the Community of Owners of Condado de Alhama.*

From now on, until the situation is resolved, we can only accept payments by bank transfer or bank card in our office.

The total outstanding amount is _____ €

The community bank account details are attached, as well as the statement for your payments to the Community of Owners of Condado de Alhama. Please remember to include your name and plot number on the transfer payment advice.

Name of Bank: **SABADELL**

Account holder: **CDAD PROP _____**

IBAN Number: **ES _____**

SWIFT code: **BSAB ESBB**

Address: **Plaza Santa Isabel, 5 30000 Murcia**

Once this situation is resolved, please contact us in order for us to reactivate your direct debit or indicate the method of payment you will use for future payments.

Thanking you for your cooperation in the prompt resolution of this matter.

Kind regards"

What methods of contact are attempted and how are records maintained regarding actions taken?

There are various methods, of which those below are the most frequently used:

- ✓ By email: the great majority of our contacts are by email due to the effectiveness and results that this method offers us. Using this method, we can inform owners who are just getting into debt, who are already accumulating it, or who already have a considerable debt, what their situation is at any given moment, and what the various methods of payment are so they can rectify the situation.
- ✓ By telephone: this method is also used on many occasions, especially because of those owners who do not often use email and those who prefer this type of contact. This method is very efficient, as speaking with the owner in person helps him realise that the debt situation needs to be resolved for the good of the community.
- ✓ By ordinary post: this is a very frequently used method, especially when informing owners that they have large debts and that they must contact us as soon as possible as the start of the legal process could be close to hand. Moreover, on many occasions we receive news of new owners for whom we only have their postal address, and this is the only alternative when we do not have other contact details for them. At least once a year, we contact owners by registered letter with an acknowledgement of receipt, via which we receive many replies, and moreover, find out which owners have not updated their contact details in our data base.
- ✓ In person in our offices: we are available in our offices every working day so we can attend to the great number of owners who visit the office to sort out their situation, as

they prefer direct contact with the administration and because, moreover, many of them prefer to pay in cash and resolve any queries regarding their debt or other community issues.

What happens if there is no response; is there a standard follow-up?

We usually receive a response, as we send reminders via the various methods described, but unfortunately, some months after sending these, we have still not received a response from some owners.

On one hand, the standard follow-up with debtors is very intense work, especially with those owners who have started to reject payments, so that they do not start to accumulate them, and those who are small debtors, so they do not accumulate them and end up being the subject of a court action in the future. This process of starting to have a debt, up to it being approved in an owners meeting, usually lasts at least a year.

From there on, those owners who have not responded will proceed to the initial phase of the court action which, likewise, we never fail to follow up closely, and while owners continue to be in debt, they continue to receive notices and messages via email, letter, phone calls (among others), and the problem is not resolved until they settle the debt.

What processes are in place to capture and maintain owner contact details current and up to date?

The process is basically that each time we send a notice, or each time we contact owners via the various methods mentioned previously, we check that their contact details are correct in our data base.

If they are incorrect or out of date, we ask them to give us their current address and direct debit details. Similarly, when we send the minutes for all the meetings, we send a document for them to update their bank and contact details.

Therefore, the information sources that we have are:

- ✓ The owners themselves: via the various methods, they provide the information they want to provide for us to contact them.
- ✓ Lawyers for the aforementioned: as, on many occasions, and especially regarding debtor issues, they use their lawyers to contact the community.
- ✓ Court notifications: these are likewise sent by the community lawyers and are often requests for certificates or some other document required for justification before the judge.
- ✓ And all the information from responses to the measures taken: for example, when we send letters by ordinary post and they are returned due to change of address, or when we send emails and we are notified of a delivery failure due to an incorrect email address.

How is this tracked and verified?

All this is annotated in our data base and all employees working in the administration can thus have access to information on payment of fees and any other items. This data is very useful and quick for resolving any queries an owner may have. It is a very efficient method for debt control and management, as we can run reports on debt balances every month, thus checking the current community situation with regard to debtors.

Moreover, we use other programmes to create our own reports for our requirements, and to follow up all events regarding debtors, with the aim of being able to quantify the performance of the tools and methods used, and of doing reports on debtors.

At what point is the internet and TV cut off?

In theory, it is cut off after 2 quarters of non-payment of community fees (from the first month without payment up to the actual cutting off), but we can be flexible according to the situation of the owner - if he is planning on paying soon, or if they sign a payment plan, among other things.

At what point is the community president informed?

Normally the president of the community is notified when special behaviour is observed, as many of these cases are very similar and involve consulting the law and many years of experience. But when a case is special and it has a much more flexible solution, the person responsible in the Management Board is usually asked to make an important decision. For example, when a resident suggests a payment plan to clear his debt over a long period and asks for the court action to be withdrawn, among many others. If this complies with the standard criteria (paying 50% at once and payments above current monthly fees), we do not consult anybody.

At what point does initial chasing, letters, emails etc. change to formal legal action?

At the point at which, after various notices from the point of going into debt, the debt is approved in a community meeting and we have not received any response. After this, the process of the court action commences, which will be stalled the moment the debt is paid.

What is the process for managing commercial debtors/late payments and how is this tracked and reconciled?

Apart from the measures taken on the debt of individual people or owners, there are claims to banks, which show some particular characteristics. As bank possessions normally come from previous debtors in the community who were unable to pay their mortgage, the bank is allocated the properties and therefore, when they acquire this property, they have to pay the community debt of the previous owner for the three years prior to their possession, in accordance with the current Horizontal Property Act. These payments are usually made once, after various contacts with them indicating the amount corresponding to the previous owner and what the current fee is.

These banks tend to pay, although not on a regular basis. In other words, there are many cases where normally a bank does not pay the fee for three months, on the following month they pay everything, the following four months they do not pay, etc.

It is also appropriate to indicate that recently, the way we work with them has changed. Previously, they took possession and we immediately contacted them to resolve the situation, although this concerned individual plots. In other words, we used to contact them for payment one by one, as there were a smaller number of possessions, and we could give them a much more personalised service. Nowadays, faced with the large number of possessions made by banks in the last few months, this has changed to a much more organised form, where every so often, we check which properties belong to the various banks and we go from bank to bank, informing them of their properties and requiring them to fulfil their duty to pay the debt corresponding to them as soon as possible.

In cases where other companies or legal entities are owners of a plot, the process is the same as that for individuals, unless they function like a bank.

Are there any other actions before the legal processes are started?

Before going ahead with the court action, we always try to find out what the legal and financial situation of the debtor owner is, as we have to check that is no immediate bank repossession, death of the owner or other peculiarities which, for obvious reasons, prevent us from carrying out legal procedures. If this were to happen, the follow-up would continue via notices and contacts with the future owners or heirs so that they settle the corresponding debt.

In meetings dealing with this issue, is every debtor included on this list or is there a reason for leaving some off?

All debtors at the date of the meeting are included, with no exemptions or distinctions, as all owners are obliged to pay their fees regardless of the situation.

Who takes the decision to commence legal action? How is this reported/tracked?

The decision is taken year upon year after the various owner meetings, where the same owners approve a list of debtors and approve the legal claim in cases of non-payment. After this, if an owner is not called to court, it is because he has responded and paid, because there is some peculiarity outside the community which is prejudicial to the latter if it calls up the owner to court, or because there is express authorisation from the Management Board or presidents because they realise that the debtor owner may have just cause, such as a bereavement, etc.

Are owners informed of court costs?

Of course, there are various court costs that owners are advised of before the court action is started, so that they are aware of the consequences of this judicial process.

These court cases include costs for requesting registration notes, burofaxes, debt certificates and notice boards in the court, lawyer's court costs, attorney's court costs, legal interest, and court implementation costs, among others.

Court cases are variable depending on the outcome of the court process.

What is the first action taken and how soon does this start?

Once everything possible has been done out of court as far as claims are concerned, if there is no response, the legal claim process commences. This is the procedure:

1. Approval at a meeting of the debt of the owners in this situation and subsequent noting of this in the minutes.
2. Analysis of the Registration Notes for all community properties in a debtor situation: every year, after the AGM, where the list of debtors is approved, a study is made of each of the debtors, with the aim of finding out the legal-financial situation of all debtors. Basically, we obtain the following information:
 - ✦ New debtors who can potentially be taken to court: those who have just gone into debt a year ago and who have no particular peculiarity which prevents them being called to court (bereavement, in the process of allocation, among others) as it is inconvenient for the community to generate unnecessary legal expenses.
 - ✦ Those already brought to court by the community: in order to check if their situation has changed in any way, in which case, we notify the community lawyer.
 - ✦ Embargoes in favour of the community. Moreover, we obtain information on those who are prone to being auctioned in favour of the community, whether they have a mortgage, if there are other creditors, etc.
 - ✦ Seizures or in the process of being awarded to a bank. These are not called to court so as not to generate unnecessary costs for the community, as the new owners will pay the three previous years of the defaulter's debt.
 - ✦ Seizures or in the process of being awarded to a public authority, other organisations or other persons. Information which will be taken into account when calling them to court as it could be the case that unnecessary legal costs may arise if they are brought to court due to the paucity of the creditor amount when compared with their own.
3. Burofax: a burofax with certification of the text and acknowledgement of receipt is issued to every debtor residential address in the community of owners, explicitly indicating the debt owed to the community, the deadline in days required for the payment of the aforementioned, and the consequences of non-payment. Moreover,

we receive the acknowledgement of receipt document regardless of whether the owner receives it or not.

These documents serve as an official text to present before the court as the Post Office transport company certifies both the dispatch and its content, which justifies the notice to owners in front of the judge.

4. Debt certificate and notice board: debt certificates are issued, broken down into years, as well as notice board certificates for their presentation in the court together with the action, so that the judge is clearly aware of the origin of the debt.
5. Presentation of documents to the lawyer, who brings the action to court via the attorney.

In short, a legal follow-up is carried out, examining the registration note of the property. This is sent again as a reminder by burofax, the debt certificate is issued, and everything is presented to the lawyer, together with the community minutes, for him to go to court if everything proceeds appropriately.

This process could be stalled if the community were to receive the payment of the debt during any of the stages previously indicated.

How long does it take to complete the first action?

This process starts once the amounts of debt have been approved in the AGM held every year in the community.

Later, 3 or 4 months usually go by, to allow the owner to pay the debt reflected in the minutes, at the same time as the out of courts claims are being carried out via emails and letters as previously explained.

After this, if there has been neither response nor payment, the following steps are taken to a court action through an examination of the registration notes of the properties and the sending of burofaxes.

Subsequently, the actions are normally brought some days afterwards, with a maximum of two months after the burofax is sent. This period is flexible and directly relates to the payment deadline specified in the burofax.

Therefore, it can usually be between approximately 5 or 6 months from approval of the debt in the meeting to the court actions being brought.

This means that, in order for an owner to be brought to court, he has to have gone through various stages and reminders, but undoubtedly, those who do not comply with their obligations are correspondingly taken to court.

Each year new debtors continue to appear, whom we advise as appropriate, and many of them pay up, but unfortunately there are always some who end up on the list of owners taken to court by the community.

We try to make the number of owners taken to court as low as possible through the multitude of reminders, and we do whatever is possible to make it thus, which would mean that a great majority are paying their debts and that the community does not have to start so many legal proceedings, thus avoiding time wasted and possible unnecessary costs.

What happens if no payment is made at this stage?

It will thus end up being taken to court by the community and another kind of legal follow-up will be started, different from the usual one, in which we are in permanent contact with the community lawyer and the various creditors who may also come from the community, with the aim of being best informed and being able to act quickly before requests to the court or situations of allocation to banks, repossession, possible auctions, among others.

What reporting exists by plot number showing new events/actions on a monthly basis?

Our legal department team uses a data base, updated on a daily basis, where we can find various kinds of information that we hold on debtor owners, which we are continually adding to. Similarly, we update the debt from month to month and we check if there are new debtors, if there are fewer debtors, and who they are.

With regards to costs and interest, Is there a breakdown of information for the debt on each property?

For each owner, there are accounting records which show us the legal costs and interest generated by the debt of that same owner. All this is possible thanks to our accounting system which shows real time data, and we can inform the owners directly, without having to wait.

Is the community president consulted in advance for agreement, when finalising any settlement from a debtor?

There are cases where the president has to be consulted to reach an agreement with the owner, especially regarding payment plans, and when a decision is made whether to take to court an owner who has informed us that he is a special case (for example, if the owner has died, or that the court has come and changed the locks).

In payment plans, as a general rule, owners are asked to make a first substantial payment of at least half of the debt, in order to check if they are really interested in paying off their debt, so as not to be taken to court. Subsequently, they are asked to continue paying on a monthly basis, so the debt they hold is paid off before the end of the financial year.

All these payment plans are calculated by our legal department and are negotiated with owners, so they pay the maximum possible as soon as possible. When owners cannot address substantial payments, we ask them to make the maximum payment they can carry out, both in the first month and those remaining, so that this can be consulted with the president of the community. Normally this is flexible, as paying bit by bit is better than nothing, but we ask them to be punctual and strict in their payments to provide credibility thus, and so that the community understands the interest they have shown in paying off their debt.

Are full records maintained for each debtor of the money recovered and quantity of any discounting?

Indeed, there are accounting records that can inform us accurately for each fee issued to an owner, and what he has paid from start to finish. All this is maintained securely, thanks to our accounting colleagues and the software used by the company to carry this out, which makes backup copies every three days in the event of an unforeseen circumstance which may occur in technological matters. Moreover, we can always consult bank statements, and paper files for remittances and payments, among others.

With regard to long-term debtors, why does the court process take so long?

Because legal processes are very tedious processes, which require many aspects to be taken into account by the court, and apart from this, various deadlines are usually given, such as those giving the debtor time to pay, or time to get in contact, among others.

In the best cases, between the launching of the action and the issuing of an embargo in favour of the community, there is usually a period of two years, and for an embargo to be executed and there to be a public auction in favour of the community, there is usually a minimum of approximately another 2 years (this is with everything in favour, quicker courts, the debtor is successfully notified by the court, the debtor is not opposed to the debt with the lawyer, etc.)

Can we do anything to speed things up?

The process can be noticeably streamlined through a new procedure ("Monitorio" in Spanish) instead of the ordinary civil process, which is much longer and more tedious. We have had cases where some properties taken to the civil court have remained on hold and the community has had to go to court again through this new procedure.

Once the action enters court, the community and the lawyer have to be aware of any news coming from the court, to attend and prepare for the proceedings, and to deal with possible requests from the aforementioned as quickly as possible, so as to make everything as smooth as possible on our part.

What is an embargo and can we put an embargo on every property that is in debt?

The embargo of a property consists of it being frozen in favour of a creditor such as, in this case, the community. An embargo is reached when an owner is taken to court by the community for being debt with them, and the judge rules that a preventive seizure is issued in favour of the latter due to the debt situation.

Once we have an embargo, can we proceed to a public sale?

Yes, always, and when a judge rules or adjudicates the property to be sold off via a public auction.

When a property is embargoed, what action is taken to expedite debt recovery?

When a property is embargoed, the following procedure consists of asking the court, via an executive demand, to execute this plot in favour of the creditor. The way this is implemented in the case of communities of owners is that it goes to auction, and if it is declared null and void, it will be awarded in favour of the community. The problem is that if there is a mortgage (in 98 % of cases), it is not worth the trouble, as it increases the legal costs.

If a property has been repossessed by a bank, at what point is action taken to expedite debt recovery from the bank?

Mainly the banks usually ask before being awarded a property due to debt held by the latter and to address their payment, but as we have already seen in previous questions, we are in constant contact with the banks so that they pay the debts held by their properties and we inform them if there is any new property in their possession for which they must address the share corresponding to the debt of the previous owner.

Are we allowed to publicise successful cases where the debt has been collected?

Yes, of course, all embargoes we have been public, and for 6€, anyone can see a debtor's embargo. We usually have copies of the register of all embargoes.

This can always be publicised, and when there is no public forum or notice board in the street, it includes everything apart from personal data such as the address, email address and telephone number, etc. of the debtor. In fact, the Horizontal Property Act requires the publication of a list for each meeting.

How can community reporting be improved to increase the confidence of owners that debt control and management is operating effectively?

The best method for showing that debt control is being achieved is by improving the data day after day and reducing the debt in the resort as quickly as possible.

There have been extremely bad financial periods, from which we are now recovering, but, although we have made a great effort and worked very hard, we have to continue improving both tangible and intangible resources. We ensure that our tools are the best and most effective, and also that everyone who Works for the community is well trained and qualified in world which continues to advance rapidly. In this way, we try to be the best informed and most communicative when dealing with debtors, so that the community is visibly aware of the simultaneous financial improvements in the various areas of the resort. We realise that this issue is a very important part of the process, and we have to improve day after day.

Can communities vote to stop all services to debtor properties?

Unfortunately, we cannot cut off all services, as we have to maintain basic services like electricity and water, lifts, as Spanish legislation is governed in this way, although the law only states "essential" services. We therefore play with the interpretation for wearing wristbands, cutting off internet and television.

How do we stay informed of changes of ownership?

There are various ways, depending on the situation of the property.

The most usual one is that if a property is passed on to another owner, we are informed in advance, as in many cases, a debt certificate is required, at the very least, knowledge of whether there are debts for the property in question, in order to be able to make the transfer before a notary. This communication can come directly from the bank if it has been awarded the property, from the community lawyer if he has been notified by the court, by the opposing legal counsel, or by any other new owner who wishes to start paying his fees on a regular basis.

Similarly, registration notes are requested on a regular basis if we want to find out if a property has had a change of owner.

Moreover, systematically, when we have proof of a change of owner, we make sure that the new owner will pay his community fees appropriately, whether by direct debit, transfer, or credit card.

Why do we sometimes receive all the outstanding money and other times only a limited amount of the debt of the previous owner?

According to the current Spanish Horizontal Property Act, when an owner acquires a property with a debt, he has to take on the payment of the previous owner's unpaid fees, corresponding to the due part of the year of acquisition and the previous three calendar years. Therefore, if there were any debt prior to these years, this debt would continue to be held by the previous owner who, although having been taken to court by the community, had not gone ahead with the settlement of his debt.

Ultimately, there are occasions when the new owner clears all of the debt because the previous owner did not have debts belonging to (community) fees for up to three years prior to the change, failing which, the debt cleared is partial and an accounting system is created in the community to chase payment for this previous debt.

Sometimes the new owner takes the precaution of contacting us before purchasing, just to be sure, and requests a certificate showing the debt to be 100% paid, and not just the 3+1 years, before paying the purchase money. If the buyer is a bank (due to non-payment of a mortgage) this case does not occur, as they only pay the 3+1 and require the debt to be erased in order to be able to sell the properties (instead of erasing them, we pass them on to the previous owners).

Do we sometimes refund costs and interest that have been added?

These cases are marginal, due to the fact that there is no right granted or approved, and that there is always an obligation to pay the costs and interest which have been generated.

With regard to previous owners, are they responsible once the apartment is no longer their property?

Of course they are, all owners have an obligation by law to pay their corresponding fees and we do not make exemptions for anyone, even if they are no longer the owner. The problem lies in the fact that Spanish jurisdiction does not have authority abroad, and therefore those former owners belonging to other countries can avoid being the subject of an embargo since they no longer possess any property in Spain.

If so, are they notified of this?

Of course they have to be notified and taken to court.

What can be done to collect money from previous owners?

The auditors recommend that we erase the balance, as year after year, nobody pays, and if some pay, we consider it to be extraordinary income. However, although they are erased from the balance, they are not forgotten and it is a question of recovering them with more specific alternatives.

PHARMACY - Item 33

Mrs. Eugenia (AVPCA)

In the meeting that I personally held on December 12 in the General Directorate of Health Planning and Pharmacy, they accepted the letter and the approx. 1,000 signatures sent through the Neighbourhood Association and understood that Condado de Alhama met all the legal requirements for the installation of this pharmacy, but it had to be in the area of the Urban Entity and it was the Town Hall, which had to send the Autonomous Community of Murcia the documentation that the law required to continue with the opening file of the establishment.

MARK AMBRIDGE

2017 was a tumultuous year with the unexpected resignation of Mileniun. While this was not something myself or other presidents had wanted, I think it has left us in a better place now. A lot of the year has been spent untangling the mess that was inherited and the board is now getting a much clearer understanding of the true financial position of Condado.

In Naranjos 2 we have identified substantial debts. It appears we owe €174k to the Urban Entity, which seems to have been at least partly caused by the poor accounting practices of recent years. Polaris World owe us some money as well but we can be sure we will not recover all of this since they are now bankrupt. Therefore, we need to start a debt reduction program to address this.

Much more remains to be done, both financially and with general improvements as you can see from the other documents provided. However, we must be realistic about what can be achieved in the short term while we start planning for the longer term.

Mark Ambridge

Level 2 vice president