

DEVELOPER FREQUENTLY ASKED QUESTIONS

12 July 2012

The provisional enactment of the Court Order will require the future Maintenance Fee invoices to be prepared in accordance with the Cabrera Statutes. Open Cabrera thought that it would be helpful to provide some guidance to the Junta Board in an effort to avoid any misunderstandings.

We have therefore provided some guidelines below together with a Developer FAQ section which we hope will be helpful.

INFRASTRUCTURE COSTS

The infrastructure development costs are apportioned between the Urbanising Firms as follows:

	Share
1 <i>Sierra Leisure</i>	44.87%
2 <i>SL Active Retirement Villages</i>	35.05%
3 <i>Fortview Properties</i>	1.17%
4 <i>Promotions Vera Mojacar and Garrucha</i>	2.52%
5 <i>Promotions Mataix SA</i>	4.30%
6 <i>Promociones Mataix SA (Banco Andalucia)</i>	3.55%
7 <i>Segundo Ramirez Perez</i>	8.55%
	<hr/>
	100%

The Developers recover their urbanisation costs through the sale of fully urbanised houses.

MAINTENANCE COSTS

The maintenance costs are shared between the Homeowners and Developers until the urbanisation is complete and handed over to the Town Hall as follows:

		Land Share (estimated)	Required to Contribute to Costs?	Contribution (estimated)	Estimate for July 2021 fee invoices based on €104k budget
1	<i>Developers</i>	45.90%	Y	65.3%	€ 67,912
2	<i>Homeowners</i>	24.40%	Y	34.7%	€ 36,088
3	<i>Town Hall</i>	29.70%	N	0.0%	0
				100.0%	€ 104,000

We have given the forecast allocation of the costs between Homeowners and Developers in the above table. This equates to about €180 per homeowner on average (but does not take into consideration any adjustments made back to December 2019).

The maintenance contributions in July 2021 from the Developers will be as follows (estimate only):

1	<i>Sierra Leisure</i>	44.87%	€ 30,472
2	<i>SL Active Retirement Villages</i>	35.05%	€ 23,803
3	<i>Fortview Properties</i>	1.17%	€ 795
4	<i>Promotions Vera Mojacar and Garrucha.</i>	2.52%	€ 1,711
5	<i>Promotions Mataix SA</i>	4.30%	€ 2,920
6	<i>Promociones Mataix SA (Banco Andalucia)</i>	3.55%	€ 2,411
7	<i>Segundo Ramirez Perez</i>	8.55%	€ 5,806
		<u>100%</u>	<u>€ 67,919</u>

	Typical Developer Queries	Open Cabrera Response
1	<i>Can we charge for water?</i>	<i>No. However, the maintenance of the water infrastructure is chargeable and must be shared according to the Statutes by Developers and Homeowners</i>
2	<i>Can we charge the Homeowners for our AVAL (Bank guarantee that we will complete the development)?</i>	<i>No. This cost is part of the infrastructure work which is the responsibility of the Developers; Homeowners should not be under-writing the Developers as we have no control of them and do not have their Development responsibilities.</i>
3	<i>Can we appoint Lawyers and Electrical Engineers to carry out work for ourselves and charge this to the Homeowners.</i>	<i>No. This is a disallowed cost. Developers must pay for their own services.</i>
4	<i>Can we charge all our historical infrastructure spend in Cabrera to the Homeowners?</i>	<i>No. The Developers have already taken the concrete quotas for infrastructure from the Homeowners in the purchase price of their properties. You cannot charge the homeowners twice for infrastructure.</i>
5	<i>Can we charge the Homeowners for two new transformers instead of paying for them ourselves?</i>	<i>No. The Developers have the responsibility to provide the transformer infrastructure that they sold to the Homeowners that are currently without electricity. The Developers have the responsibility for providing all the transformers shown in the approved Urbanisation Plan instead of providing only one transformer.</i>
6	<i>If we call something a 'service' does this mean that we don't have to pay towards it.</i>	<i>No. The Developers have to pay their fair share of all services and maintenance according to the statutes.</i>
7	<i>If we buy asphalt from a supplier and get them to write "for services rendered to the Junta" on the invoice without any further detail, does this mean that we do not have to share the costs?</i>	<i>No. The Developers have to pay their fair share of all outsourced services and maintenance according to the statutes.</i>
8	<i>Is the Junta Board allowed to sell utility services (eg. Water services) to the Homeowners in exchange for money.</i>	<i>No. As stated in the Junta AGM minutes, this is illegal.</i>

9	<i>If we wish to provide infrastructure that is not in the approved Urbanisation Plan, can we do this without the Homeowners permission and get them to pay for it (eg. A new water deposit, two new transformers)</i>	<i>No. Any change to the Urbanisation plan must be approved by a Special Quorum (more than 50% of the Junta members who collectively own more than 60% the land). The total costs of such a change will be shared in accordance with the Statutes.</i>
10	<i>If we upgrade a transformer, can we call the transformer upgrade a 'maintenance activity' and get the Homeowners to pay for it instead of ourselves?</i>	<i>No. A 'transformer upgrade' is not 'maintenance'. An upgrade is an infrastructure cost and must be paid for by the Developers.</i>
11	<i>If we get some work done that is paid for by the Homeowners, is it permissible to get a bit of extra work done for ourselves as part of the deal?</i>	<i>No.</i>
12	<i>Is it permissible to award ourselves contracts for work without going out to tender.</i>	<i>No. Not if 10% of the Junta members object.</i>
13	<i>The recent Junta email stated that work would commence to "unpick" everything back to 1993 using accountants and legal advisors. Can we do this using the maintenance budget?</i>	<i>No. This is totally unjustified as there will be an Appeal Hearing at some point in the future. The work is unnecessary at this point and will result in unnecessary costs being incurred from the maintenance budget currently funded by the homeowners. We remind you again that the maintenance budget is for the specific purpose of maintenance. It is not a pot of money which Developers can dip into to get free financial and legal advice. Use your own money.</i>
14	<i>Will we be in contempt of Court, if we do not follow the Statutes immediately?</i>	<i>Yes</i>
15	<i>Will we be at risk of a charge of financial fraud if we charge non-maintenance related items to the Homeowners?</i>	<i>Yes</i>
16	<i>If we obtained Special Quorum approval from the Junta Members for expenditure of, say €300,000, on some new infrastructure how much would we Developers have to contribute?</i>	<i>About 65.3% (€195,900)</i>
17	<i>Do the July 2021 invoices need to be in accordance with the Statutes and will the Developers be invoiced by the Junta Board?</i>	<i>Yes</i>
18	<i>How much time do we get to pay our invoices?</i>	<i>30 days</i>
19	<i>What happens if I am late with my payment?</i>	<i>You will lose all your rights in the Junta until payment is made in full.</i>

Kind Regards

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