



Dunas Douradas Owners Association December 2018 Newsletter

Dear Fellow Dunas Douradas Property Owners,

Since our last Newsletter in October our main focus has been to agree a budget and reinstate a new service specification with Alan Fegan Property Management Lda. ("AFPM"), whilst also endeavoring to resolve some critical issues related to accounting procedures and the operation of the DDOA bank accounts. We have also concluded investigations into the "Condominium issue" and have made further progress in identifying the various options related to the common swimming pool.

I am pleased to report further progress in these areas vital to the smooth and efficient running of our resort as follows

Condominium ideas:

The previous board, through public statements and in minutes of Management Board meetings, have alleged that Dunas Douradas needed to be managed as a condominium and as a consequence, existing contracts and arrangements were invalid or illegal. This position was based on an aggressive and controversial interpretation of current Portuguese law relating to planning regulations and based on advice provided by a local Loule based law firm. It should be noted that this interpretation, if pursued, would clearly be subject to challenges in court by a number of parties.

In consequence of the above, it has been imperative to clarify the key issues and way forward. We therefore instructed PLMJ, to provide a legal opinion on the matter. PLMJ is one of Portugal's leading full-service law firms with particular expertise related to planning, real estate and tourism law. They were already familiar with the situation related to Dunas Douradas and their latest opinion is in line with several other opinions we are aware of.

The main conclusions from PLMJ's report are:

- Dunas Douradas does not constitute one single development, Decree Law 555/99 cannot be applied retrospectively in our case and this basic assumption by the former board is therefore wrong;
- There is no legal requirement that Dunas Douradas must be managed under condominium law;
- There are no common areas identified relating to the entire development (including the offices, restaurant, reception area, pools, tennis courts etc.) that belongs to owners;
- The Management Conditions constitute a service contract applying to all owners in Dunas Douradas and comply with Portuguese Law. Failing to meet payment obligations under this contract gives the Manager the right to suspend any defaulting owner from services offered, including the right to use reception services and the swimming pools.

The full memorandum will be published on our new website early in the New Year and will be circulated to all owners under a separate communication.

The conclusions of PLMJ are clear and we can now close the condominium debate. We trust all parties will accept this status and can continue to enjoy Dunas with all key parties continuing to manage Dunas based on unchanged and established principles.



2019 Budget and Finances:

We have agreed a budget with AFPM for 2019 for all the expenditure needed to ensure owners continue to have access to high quality facilities. The per bedroom charge is broadly in line with the per room charges in 2017 and 2018. A more detailed budget breakdown will be issued shortly.

We have also agreed a service specification with AFPM. This improves and reinstates the specification previously agreed with AFPM that was terminated about a year ago. This creates greater transparency and cements the improved working relationship between your board and the resort manager.

As of next year, owners should pay their Community Charges directly to AFPM who is the appropriate invoicing party under Portuguese Tax law. The Reserve fund (sinking fund) will of course continue to be set aside in a separate account in the name of, and solely managed by, the DDOA.

There were as you may recall certain shortcomings in the way the accounts for 2017 were presented at the AGM and the 2017 accounts were not certified by the DDOA's external accountants. The review has now been completed and there is no need to present revised 2017 accounts for owners' approval at an EGM

I am pleased to report that the numbers of owners not paying the 2018 community fee has reduced dramatically in recent months and we urge any remaining payments to be made by owners to AFPM immediately.

Banking arrangements:

Following the election of this Board it emerged that DDOA's bank accounts had been operated by the outgoing board without appropriate mandate authority. The new board has still not obtained full legitimate access to these accounts. As a result, funds paid by owners direct to the DDOA account are not yet available to meet ongoing commitments vis-a-vis the resort manager and other supply contracts entered into by the previous board.

Furthermore, the previous board has refused meaningful collaboration to effect a smooth transition of responsibilities. This has contributed significantly to these short-term problems. Whilst we expect to have the situation rectified, there is a risk that services may have to be suspended until monies are released. AFPM and other stakeholders are aware of the situation and understand that the current board is operating effectively and in accordance with legal and fiscal requirements. Relationships remain positively professional and we do not foresee any long-term effects of this despite the unnecessary frustrations and added work for a number of people.

Communal Pool project

We have now developed a number of proposals for the much needed refurbishment of the pool area.

As you will recall DDSI own the freehold of the central areas including the pool. Owners have exclusive usage rights for the pool area and also obligations to maintain and conserve the area as described in the management conditions and amplified in the lease between the DDOA and DDSI.



We believe the proposals will provide a high-quality refurbishment. DDSI has indicated it will make a significant contribution to this refurbishment and we will provide more information about the proposals, costs, funding and owners decision making procedure in January.

DDOA website:

We have secured the services of a local web development and hosting company and expect the web site to go live in January. This will include a private members area with protected access to much relevant information about the DDOA, events, finances and legal matters.

Preparation for the April 2019 EGM;

Through our work to date we have identified several matters that will require owners to register their views. The subject areas will be focused mainly on the pool refurbishment project, contracts related thereto, and clarification of certain internal rules and regulation of DDOA. In the interests of community engagement and transparency it is clear we should have an EGM to address these matters. We will shortly be publishing a timetable for consultation and preparation for this EGM.

Save the Dates:

We can confirm, as last month, the following dates and will provide more information about these events in due course.

- ***2019 Owners Spring Social Events:***
 - Friday 26th April – EGM (to be confirmed) – 9.30am
 - Friday 26th April – Cocktail party – approx. 6.30pm
 - Saturday 27th April – Dinner (Alambique) – approx. 7pm
 - Sunday 28th April – Mini-golf at Vale Do Lobo (to be confirmed) – approx. 10am
 - Monday 29th April – Wine tasting and lunch (to be confirmed) – approx. 11am

- ***2019 Owners Autumn Social Events:***
 - Friday 27th September – Cocktail Party – approx. 6pm
 - Saturday 28th September – Dinner Dance (Xenia) – 7pm

- ***2019 AGM: 29th September 2019, 930am Venue TBC***

Thank you for reading this newsletter, we welcome your feedback and look forward to further positive progress in the coming months.

Merry Christmas and a happy New Year from myself and the board members.

Christian L. Holst,
President of the Management Board
ch@dudasdouradasoa.com

Dudas Douradas, 21st December 2018