

To: the owners of 158 units in PDC
and 110 others in my news list.

None or conflicting information about Porto Dos Corais

This newsletter has been a long time coming and I know that 158 homeowners have been waiting with eagerness that I came home from Brazil with new information about our dream home on the other side of the earth. Unfortunately, I also brought a virus, which has meant that I've been drained of all energy - but as they say, better late than never ☺

Also, I must begin by explaining that it was not exactly easy to get an accurate picture of the situation in PDC. The trip was simply too short, since in Brazil you do not agree on meetings from one day to another. The information transmitted to us over the last several months have been very sketchy and sometimes directly conflicting, so I will in good faith attempt to provide some answers about the situation in Porto Dos Corais.

On the way to Brazil, I met Kjetil Reigstad from Norway, who owns R06 and we decided to go together for meetings with Kristian and also to an evening meeting with Rafael. We went also together to PDC where we, with Kjetils cohabitants and their two friends had some nice days at the Pousada Cacua in Maracajáú.

Regarding the economic situation for Brazil Homes

Kristian doesn't hide that the economic situation is very bad, but he will fight vigorously against a bankruptcy because it would leave him in Brazil without any economic means. The greatest risk of bankruptcy is virtually in the hands of two groups of buyers.

The first group is those many who have paid for houses not started yet and if they plaintiff Brazil Homes for breach of contract, the company will go into receivership.

The second group is somewhat smaller, but not insignificant groups, whose houses have been finished for more than 2 years without having paid the balance and therefore, have not yet taken over their property.

I have spent years pointing this problem and must recognize that those who only bought a house because of investment actually have a good reason to be cautious, as the house is hard to rent out in a resort, which is not finished.

The problem is further self-reinforcing, since this group meanwhile have discovered that it is not such a big attractive tourist area, as some have been told by clever estate agents around the world. Maybe this group of investors should have put themselves better into the area before the saving money was put in a dwelling in this part of Brazil.

If one draws parallels to our neighbors in the Polaris Group 1-2, so unfortunately there are currently only some few owners who use their houses and they pay as agreed common expenses for the operation of the resort. But when other owners don't pay their obligations, the remaining part of the group each month has to pay an increased contribution to the operation, to avoid the authorities shut off the water and power, and to keep guards in place.

This guard system is in no way more professional than ours in PDC, although the resort has been finished for more than 3 years. It is not and will never be economic to hire professional guards, when talking about a resort of this size.

I fear that we, when PDC is completed will have the same problems getting everyone to pay for the operation, not least the group who only bought because of the investment. They will discover that the property is not resting in itself and will lose interest in maintaining the house and the area.

See below pictures of the 3 year old houses in Polaris Group 1-2 and notice how uneven maintained these houses are. A bit scary if PDC is going to look like this, but we're actually well underway with the first of our houses...!



Work has been stopped for several months

There have been no workers in Porto Dos Corais since January and I will not consider to the different circulating stories, because they are very contradictory in terms of responsibility and may end in a lawsuit between the parties. But there is no doubt that this is a big problem for the entire project, which now is several years late and with good reason many fear that PDC never will be finished.

Kristian says that a reorganization of the company is ongoing and that new workers are hired during the month of June and that a partnership with a hotel chain is forthcoming. This will speed up the construction and make it possible to have all houses finished in a foreseeable future, and ensure greater traffic of users when PDC is completed. There have been 3 interested hotel chains and according to Kristian is a decision regarding one of them as a partner close to a deal. Such an agreement will allow Brazil homes to borrow money for the completion, since the hotel chain guarantees to buy the remaining houses and they also wants an cooperation about renting out other buyers houses. Unfortunately, things take time, especially in Brazil, so the time horizon to see the result of this cooperation, is several more workers at the construction site from January 2012.

We must all hope the best and especially hope that both the investor, Kristian and all buyers retain faith in the project.

Lack of power

There is finally being put out public electricity to the area so we get rid of the sound from the generator, which previously supplied all power to the work on site and the finished houses. The electricity company will be finished with this work around September, but will during next month have installed the partial connection to the completed houses, and the work with individual electricity meters is already underway and this is also done by the public power company.

There are also pending very different stories about the lack of electricity, but as there not yet have been installed public power in the area I find it hard to believe in all these stories, some of which seem to be intended to harm the reputation of Brazil Homes.



The new electricity pylons with power going into PDC



Pylons with power is passed down from Polaris 1-2

Guards in Porto Dos Corais

When I visited the area during Easter, there were still guards in the area, but as previously and in the same way as in other construction projects in the area, these guards are just ordinary local people who only can call for help and otherwise keeps commonly supervise of the area. They don't have status as a security company and have only preventive effect, which is different to a rostering system, as seen in the larger hotels in Natal area or in other more criminal areas of Brazil, where the guards are armed.

Personally, this is fine for me because I would not feel comfortable to dwell in an area, where armed guards and barbed wire are a must on in holiday.

PDC is about as far from the city that a wall with barbed wire and a professional security company with cameras anyway would create a false sense of security if the situation in the area had demanded this. If conditions in Rio Grande do Norte had required such safety measures I had opted to buy a property in another country.

Nevertheless, we all look forward to the wall around the area is completed, so that cows, horses and the poor homeless people are excluded from the area, as these currently pose a greater danger to our area than criminal gangs. Thieves and other criminals can of course discover the area as more and more houses are furnished, not least at the moment where the frequency of use is very small.

Keys to the houses

Several owners have experienced that furniture is moved around between the houses and it is therefore recommended that anyone who takes over his house, both mark own furniture and get changed locks on doors because there are more keys in circulation for each dwelling.

Brazil Homes has apparently borrowed a little around when new owners have come to visit PDC, while owners who don't have paid the full amount has been stripped of unpaid furniture which could be used elsewhere.

Cooperation with Brazil Homes

We are a large group of individual buyers, who come from very different countries with very different backgrounds, but we have one thing in common, which is that PDC becomes successful and our dream - whatever that our dreams are different. I know the names of 158 of the units, who mostly have been connected to me through my website and of those, are the 80 buyers from the UK and the 61 from Norway. The remaining 17 are from Denmark, Sweden, and one Belgian and one Brazilian. Among the additional 110 who receive my newsletter, without having bought or without having told that they have purchased a specific property in PDC, the vast majority are from the UK and a large proportion of these are current and former property dealers.

The two large groups of Norwegians and Brits have unfortunately sometimes a little different interests around what to do and when to take action over lack of progress. This is in some ways quite understandable, since many of the most active among the Norwegians have received keys to their house and therefore have a different agenda than the English, as almost everyone wait to their house or flat will be built.

Among both groups, there are some active in the Internet, who also have finished houses, which they still don't have paid for, which may look strange when one considers their arguments. There are also estate agents in both groups, who probably don't have had their purse out of the pocket to get the paper at one of the houses and therefore they don't have the same in pinch as the large group, who actually has spent their life savings on a dream in Brazil .

This, all must remember, when they think about next steps and are tired of just waiting. But one of the very positive steps have been some retired Brits with rightly educations, who have offered their assistance to Brazil Homes, both in administration as in management of workers on site. We are many who look forward to something constructive coming out of this proposal, which actually already has been accepted by Kristian. Some of the most active in the English forum is also resident in Brazil so they know the slowness in the public system and thus better understands that things take time in Brazil - very long time.

Title deed for the properties

There are apparently 8 owners who have received the deed to their house and no matter what is written and no matter how the Brazilian rules are interpreted, then it at all times will be helpful if the worst should happen that Brazil Homes goes bankrupt. It will, through a lengthy trial, be easier to prove the ownership and the probability that each buyer gets the rights over his house is larger than without a deed. But there are big differences in how the rules are interpreted, not least the right to the land on which the house stands and the approach to the house, as well as the surrounding soil. Furthermore, there will not be done a final document with the rights to use the house before the whole area has been completed and approved by the fire and safety authorities, and contracted with the local municipality for property taxes. Personally I find it hard to see the value of our house, both financially and in terms of use, if we come out in this scenario that one owns a complete house without surrounding facilities; wall, road, parking, pool, restaurant, etc. But instead have half-finished houses as neighbors, inhabited by poor homeless Brazilians, in the same manner as our neighboring resort, Polaris 4, which went bankrupt in 2007.

This is why it is so important that we all keep Brazil Homes alive and regardless the many different stories, all stick together to get our project to succeed and that all evaluate his heart and what the finances allow.

I'm going back in July

I take along with my children and our friends back on holiday in the area in July and chose to book a charter trip from Amsterdam, inc. hotel, as Kristian currently don't recommend you are staying in PDC because of the lack of power and consequent also lack of water.

I will of course visit our house which needs a decent cleaning after one year without being used and check up if our lack of furniture has come back, as Brazil Homes has "borrowed" some for other purposes. Not least to see if Brazil Homes keep their word regarding the new workers starting this month and to enjoy our small and beautiful fishing village Maracajaú.

There are new pictures on my website under the individual house types and regardless of delays and slow construction, there is after all a few more houses finished since my last visit in PDC. But it would be laudable if it went a little faster and if all those who have houses ready paid what they owe, so that we all soon may meet in PDC and enjoy the nice weather, the fine beaches, the nice people and the cheap beers in the sun.

IMPORTANT: Latest news...!

It has recently been reported from the holder of the Notary office that he the next 30 days again have the opportunity to draw up title deeds to houses in PDC as the problem with the public debt of Brazil Homes temporarily is solved.

This is very good news and maybe a lightening in the horizon for all of us, because, it could look like there have been injected some capital into the company.

I will seek further information about this when I come to Natal in July and of course return to it in my next newsletter.

I wish everyone a good summer.

Jim