

Business @ AsiaOne

Condo unit to be auctioned off to recover money owed

Seizing a defaulter's property for sale is absolutely the 'last resort'.

Sun, Apr 27, 2008
The Straits Times

AN UNUSUAL auction of an apartment worth over \$1 million is scheduled for next week - after the mysterious disappearance of the owners.

The three-bedroom unit at King's Mansion off Tanjong Katong Road has been vacant for more than 10 years.

Repeated attempts by the condo's management corporation (MC) to get in touch with the owners and their lawyers have failed.

The four owners, all foreigners, owe possibly \$30,000 or more in maintenance fees.

So the MC is taking the rare step of putting the flat up for sale to recover the money without the owners' cooperation. The auction is set for next Wednesday.

Little information is available about the owners but it is believed they are Malaysians.

Although MCs are legally able to seize the property of debtor owners, such action is rare as few want to take action against their neighbours, property consultants say.

But this case is unusual as the owners have been absent from the freehold unit for so long - even ignoring the recent property boom.

The guide price for the 1,604 sq ft high-floor unit is about \$1.1million to \$1.2 million, said auctioneer Mary Sai of Knight Frank, which is conducting the auction. She said numerous attempts by the MC to get in touch with the owners and their lawyers had failed.

It is not known how much is owed by the owners as the MC has refused to comment.

But based on the condo's current fees, it could be up to \$35,000 over 10 years - not counting interest.

MCs are permitted to lodge a charge against an owner's property if contributions are unpaid for more than 30 days after they have served a written notice of demand, said lawyer Vijai Parwani. They then have the authority to sell the property as if they were a registered mortgagee, he said.

If the owner wants to sell his property, he would not be able to complete the sale until the debt is settled.

MCs can also go to court or the Small Claims Tribunal to recover outstanding contributions. If owners still refuse to pay, the MCs can get a writ to seize and sell some household items to pay the debt, he said.

If the debt exceeds \$10,000, the MC can apply to make the owner a bankrupt.

No matter what, seizing a defaulter's property for sale is absolutely the 'last resort', said Mr Raymond Choo, executive director of Chesterton International's property, assets and facilities management department.

It is a 'tedious and costly' process, he said.

It involves upfront costs, getting a resolution for the sale, doing a property valuation and engaging an auctioneer.

'There are other ways you can use before you resort to the power of sale,' he said.

Property consultants say they have not heard of any such cases recently as owners usually appear when threatened with a sale.

Ms Sai says the MC of Pandan Valley tried to put a unit up for auction a few months ago, but the owner appeared and paid up before the sale could happen.