

Abandoned projects – real estate nightmare

Posted on 13 December 2013 - 12:35pm

Last updated on 13 December 2013 - 12:42pm



BUYING a house or land to build a home may come as quite the norm for many. After all, how often do we hear about or meet someone who has bought a property that was abandoned soon after.

Log on to the National House Buyers Association website www.hba.org.my and click on the abandoned projects section. You will be shocked to see the number of abandoned local property development projects throughout the years. The figures are disconcerting, scary and alarming.

Sifting through the individual "cases", published comments and articles tearfully penned by the owners will expose how lives, finances and confidence have been adversely affected.

Saran Kaur and Bob Steedman are two such persons whose resilience has been put to acid test. For years, they have had to sacrifice fulltime jobs in order to fight for justice, to obtain what they, along with their fellow Genting Valley property purchasers, had paid for but are yet to receive.

GENTING VALLEY CASE

The Genting Valley project was launched in the year 2000, offering bungalow plots of various sizes in Batang Kali (Hulu Selangor district). Besides Malaysians, the buyers also included some foreigners via the Malaysia My Second Home programme. Many were intending this to serve as their retirement homes.

However, 12-13 years after the "supposed launch", none of the purchasers of this abandoned development project, own or possess the land they invested in. Instead, they have a running bank loan which must be serviced.

Besides frustration and exasperation aggravated by the lack of willingness of all relevant bodies and authorities to resolve the problem or even provide savvy advice and guidance.

BACKGROUND

Jade San Realty Sdn Bhd launched the Genting Valley project some 13 years ago. It consisted of FIVE phases – 1, 2, 2A, 2B and 3. The development site initially bore the title "agricultural land". Previously a rubber estate*, it was later converted to an oil palm estate. The land area of the entire mentioned project amounts to 740 acres.

Under this project, within 200 acres of the development, plots of land in various sizes were offered to purchasers between the years 2000 and 2003, sold at RM13 to RM20 per sq. ft.

*Note: "Within the National Land Code, estates are given special treatment. The intention was to ensure that estate workers were "protected" and developers could not just move in and take away their livelihood for some trivial reason. Each State, within the National Land Code, has its own Estate Land Board which ensures that workers are not displaced from estates.

If the area involved is more than 40 acres (in some States more than 100 acres), the developer needs to get consent from the Estate Land Board. This was not a case where the developer did not get the required consent. The developers DID NOT even APPLY for it.

Bob questions how and why the relevant Selangor state government body allowed this kind of

Opinion

COMMENT & ANALYSIS

The Federal Constitution and hudud

OTHERS

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dubious operation during 2000 to 2003. Also, what this state government, and its senior office-bearers, are doing now (in 2013) to resolve the problem by specifying unequivocal policies and meaningful direction.

Purchaser Saran informed *theSun* that The Genting Valley property scheme encompasses four Master Titles:

- 1) Geran 40535 consisting of Lot Nos. 2527 and 2528;
- 2) Geran 47606 consisting of Lot Nos. 2529 and 2530;
- 3) Geran 46247 consisting of Lot No. 1342; and
- 4) Geran 39990 consisting of Lot No. 1333.

"At the time of purchase, the developer was Jade San Realty Sdn Bhd with Dato' Seri Lim Chong and Datin Seri Ng Yok Sant listed among the company directors.

The institution financing this development was Hong Leong Finance Berhad, now known as Hong Leong Bank Berhad (HLBB). End financiers involved in this property development scheme included several prominent banks", Bob informed.

NON-DELIVERY NIGHTMARE

The gist of the real estate nightmare: "Purchase of plots of bungalow land with infra-structure (which should be equipped with water, electricity, sewerage system, roads, pavements, streetlights etc) specified in the sale and purchase (S&P) agreement, was nowhere to be found," Saran reveals. Instead they encountered nightmarish non-delivery.

Just consider the water supply and electricity functions:

- There was no water supply
- The water tank that was to serve all 665 plots was never built
- The pipeline to serve the tank was never made
- Sewerage works were never completed
- The connection to TNB was never done

So how did the engineer sign off documents confirming 100% completion, questions Saran.

Four houses were built on Phase One (including two show houses). But owners cannot occupy them since basic utilities, electricity and water had not been connected. Material bought to refurbish the homes have been stolen, including windows, gates, fencing. Contractors who built the house were happy to connect all the pipes, water, electricity et al...till faced with the frightening reality of abandonment.

Purchasers are still paying for their plots of land. Yet, they are unable to build homes, reside in it or get on with their lives. Some have been coerced to declare bankruptcy, unable to service bank loans. Others have had to look for alternative places/homes and pay for that instead.

Several purchasers who had intended this to be their retirement home, have already retired but still do not have a home. Some spouses have passed away and surviving partners still have no home.

DETAILS UNRAVELLED

Bob, who chairs the Pro-Tem Committee of the Genting Valley Purchasers Group, informed *theSun*: "There were 665 plots on offer, 627 were sold. The 400 to 500 people under our Group are amongst owners of these 627 plots. Ten percent of the S&P was collected, after which intermittent payments were made, depending on the works carried out.

In the case of Phase One which involved over 200 buyers, the engineers and the developer signed off the job as 100% completed. We paid 100% along with other purchasers. Unfortunately realising later that although we could see at each plot, the water pipes, the electricity cables, the sewage pipes etc, we didn't know that there was nothing completed at the other end."

After many tedious hours of pleading and pursuing relevant parties, the people/companies involved, banks, organisations, government, semi-government bodies and ministries, the group learnt that:

- The (application for) conversion from plantation land to residential land was never applied for;
- The sub-division of the master titles into individual plots was never completed;
- Although the State Government had given approval, the developer had not paid all of the premiums.

"So what we have until today is a plot of agricultural land with no title!" Bob declares.

Today, Batang Kali is flourishing as a township. Development has also attracted many city dwellers to move in with thousands of houses in the area, both planned and under construction. Real estate prices have shot up with Ligamas Sdn Bhd being among the main developers operating in the area.

"Members of our group bought plots of land from Jade San Realty between the years 2000 and



2003. In 2004, the developer apparently abandoned the project, all five phases," informs Bob.

Avoiding further discussions and allegedly even stationing bouncers at their office premises to ward off irate purchasers. Finally 10 exasperated purchasers got together in 2005-06 and formed The Genting Valley Purchasers Group.

In March 2007, group members requisitioned a meeting with HLBB, the main financier, enquiring about their purchased plots. They were informed that the developer's firm had wound up and the company was going into liquidation. The bank later disclosed the names of the liquidators (Dr Ler Cheng Chye and Mr Lum Tuck Cheong), and arranged a meeting with them a year later.

Very shortly the group swelled to include 400 to 500 aggrieved members.

In March 2012, HLBB apparently agreed in principle to a rehabilitation proposal from a white knight sourced by the group. Non-completion of necessary documentation seems to have derailed the process.

Following a meeting chaired by YB Teresa Kok in January 2013, rehabilitation discussions returned to the table. Talks are currently in progress to explore rehabilitation and other arrangement schemes, though their execution timeline remains uncertain.

QUESTIONS ARISING AND NEXT STEPS

Now entering its seventh year, the group is still groping in the dark, coping with evasion, confusing finger-pointing, equivocation, non-answers and aggravating bureaucratic modus operandi... with not even the apparition of a tunnel in sight, forget about the proverbial light at the end.

Such home investments are largely made by hard-working PMEBS, hoping to ensure some decent comforts during the evening of their lives. Consequently, this group, other suffering purchasers of abandoned projects, potential property purchasers, the real estate industry and theSun readers are seeking unequivocal answers to 7 issues/questions arising.

*Follow our column next week to learn more about this and other abandoned projects, the latest twists in the liquidation process and any unequivocal answers which can be extracted from relevant bodies.

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