Debt in Estates-The Banking Perspective

ıtroduction

he official title of this slot is "Debt in Estates, the Banking perspective". Many of you are very ımiliar with dealing with borrowings in estates, either as personal representatives for your clients' states and/or as advisers to those estates. In more normal times, managing that debt was no big deal, ı that financial and property markets were fairly stable and assets could be liquidated at reasonable alues. Not so today unfortunately, as not only have values gone through the floor, but in some asset asses, there is no market at all, or if there is, it's at fire sale prices. So managing indebted estates in)10 requires the same skills and strategy as if the borrower is "living".

am aware that not all wills will permit personal representatives to deal in the assets of the estate, ıcluding negotiating with banks, or borrowing and pledging assets as security. However, even if a will not specific on these issues, if there is bank debt in the estate, then the representatives will have no ıoice but talk to the banks.

his paper will focus on some key points to help your clients to manage and hopefully optimise egotiations with their lenders.

here is no benefit to any of us in going back over the reasons for the Irish or international banking rises, they have been well debated at this stage. However, before I discuss the detailed stuff, it might e useful to make a few general points on the state of play in Irish banking today.

/hy are banks in such turmoil at present and why is it so difficult to deal with them?

- Obvious broad reasons such as

  a) NAMA preparation work load
  b) Funding difficulties
  c) Heavy regulator oversight
  d) PR and media management
  e) Balance sheet re - building

- Less obvious reasons;

  a) New management/ boards are still trying to get to grips with a myriad of problems.
  b) Low staff morale;
     - Put yourself in the shoes of a middle/senior ranking manager in any of the banks in the Irish market. Most of them have no hard experience in managing loans in an economy in recession, so they compensate by adopting a very aggressive attitude.

     - Many of them are stressed out due to worries about their jobs. All banks in Ireland will be smaller businesses from now on and like any industry, will therefore need fewer people. So, major job losses are inevitable.

     - Because most banks include share options as a key part of compensation packages, many bankers have seen their net worth wiped out over the past two years. In fact, in some cases it's worse than that, because a lot of people made personal investment decisions based on the strong values of their bank shares and bonus packages, so not only has the capital value of their holdings plummeted, but they now have significant personal debt as well. I'm not making any judgment on the rights or wrongs of these decisions, but just making the point that it can be very helpful to have an understanding of the pressures (psychological or otherwise), being suffered by the people on the other side of the negotiating table.

Finally, many experienced bankers have been transferred to "in house" NAMA teams, or have resigned, leaving inexperienced people on the front line.

I'm not trying to generate sympathy for bankers here, but to repeat, I am just trying to illustrate the importance of getting to know the mind set of the people with whom you may be negotiating and the personal pressures which they are under. It's a bit like sport – you have to get inside their heads if you want to get an advantage.

<u>Key items to consider before contacting a bank, whether or not the loan is "distressed"</u>

- Well, I think that the best advice that you should initially give to your clients is to convince them of the value in using professional advisers.

- <u>If the loan is "distressed", what is the precise reason for this and is the bank aware of the problem?</u> I'll go into this point in greater detail later.

- <u>What do you know about the attitude and approach of the particular bank with whom you are dealing?</u>

  Different banks have different issues and priorities, which will influence their ability to adopt a flexible approach. For example, foreign owned banks have different problems than the likes of Anglo, Bank of Ireland or AIB. Of course Anglo has problems that no other banks have. If Ireland's banks are being viewed as a special case, then Anglo is a special case within a special case! In the main, the foreign banks rely on funding from their parent bank, which are themselves in difficulty and under pressure from their home governments to concentrate on supporting their local market, rather than channelling funding to ailing overseas subsidiaries.

  How do you get information on the attitude of a particular bank? It's not easy unless you are in the financial services sector, but your professional advisers may have recent experience of dealing with different banks.

- <u>Complete a thorough analysis of all loan documentation.</u>

  This does not just mean facility letters, but also other security documents, guarantees (especially guarantees!) and all correspondence (including e mails, letters and records of meetings and phone calls if you have them), with the bank over the previous 12 months. If you don't have copies of the signed loan and security documents, ask the bank to send you copies.

  Why is analysis of the documentation so important?

  The purpose of this exercise is not necessarily to see if there are flaws in the documents which might give you some leverage with the bank (or indeed to wriggle out of the liability altogether), but rather to establish what rights you have as a borrower. Of course, if the situation with the lender is critical and perhaps going legal, then sloppy documentation may be the only way out, so the earlier this research is done, the better.

What are you looking for in the documentation?

You need to know the key clauses, which might trip up the borrower. Examples are;

- “Cross Collateralisation” clause

This is a common clause in most loan agreements, which entitles the bank to apply **all** the security they hold, against **all** liabilities of the borrower (present and future), including guarantees. Borrowers are often unaware of this clause and think that each loan is separate from a security point of view.

- Cross Default Clause

A “cross default” clause is a protective mechanism which banks use to allow them to react quickly if a borrower, who has multiple bank relationships, gets into trouble. If there is such a clause, a default by the borrower to the bank who is putting the heat on, could automatically trigger a default on other bank agreements, even though those loans may be compliant. If this happens, what started of as one problem, could very quickly multiply. So, if a borrower has multiple bank relationships, you should ensure that the loan and security agreements for those banks is also checked, (even though they may not be currently an issue), in case those documents include a “cross default”. A cross default situation could be very tricky if the lender is a bank located in a foreign jurisdiction. Such banks tend to take a much less flexible approach to these matters than Irish based banks, which would obviously be more familiar with the situation on the ground.

There is another very important reason why you need to study **all** bank agreements before you go into bat against any one of them. Very simply, you don’t want a situation to arise whereby completing a new agreement with one particular lender may create a problem with another. For example, there may be clauses in the documentation that restrict a borrower’s ability to borrow new money, or to pledge additional security.

- “Set-Off” Clause

This is also a very common clause and like Cross Collateralisation, it is usually ignored or not noticed by borrowers. Indeed, in good times, borrowers often don’t even read the loan agreements, it’s only when things get a bit rough that the documentation is taken out and then it’s usually too late to do anything about it.

If a default occurs, the “Set-Off” Clause entitles the bank to set off any deposits/credit balances in the name of a borrower against any loans to that same name, regardless as to whether or not those deposits are formally pledged as security. Whilst a borrower could probably challenge this right, the wise thing to do is to make sure that any deposits are placed with a bank where the borrower has no loans.

- Financial Covenants

  Examples of these are maximum Loan to Value ratios, minimum net worth values and Interest/Rent ratios. I'll discuss some of these later on.

- Guarantees

  Guarantees include every clause possible, to give a bank the advantage. Some key things to check are;

  a) Has the guaranteed facility being materially altered (e.g. extended, increased), since it was originally approved and if so, was the guarantor advised? Whilst the guarantee will usually include a clause allowing the bank to do what it likes (without notice to the guarantor), a court will often be sympathetic to a guarantor who has been treated unfairly and has been not advised of events that might increase the risk to him/her.

  b) If a spouse has signed a guarantee for a transaction initiated by the other partner, was independent legal advice provided and if so, was this confirmed in writing to the bank?

  c) Guarantees usually allow the bank to apply security held directly from the guarantor (i.e. for loans to the guarantor), against the guarantee. This could be very serious, as it might result in security, which a borrower thought would be applied against loans, being taken by the bank to cover a guarantee liability.

  d) Has the family home being compromised by the completion of guarantees?

- Application of Consumer Credit Act

  Borrowers get significant protection under this legislation, provided that the particular loan is a "consumer loan" as defined in the Act. Consumer loans are generally home loans, car loans and other personal loans. Loans that are provided for purposes, which are in the ordinary course of business for a borrower, are generally deemed to be "non-consumer" loans. For example, a professional investor borrowing to buy shares or property would not be a consumer.

Correspondence/Records of Meetings

Again, like the legal documentation, letters, e- mails and phone calls don't seem important until things get messy. During the boom when everybody was very busy, amendments to loan facilities were often agreed verbally or by e-mail between bankers and borrowers, with the intention of formalising matters later. Being in a position to produce a record of such arrangements could be very useful if there is a dispute.

Should the borrower be contacting the bank at all?

Lastly and very importantly, you should consider whether you should be contacting the bank at all, or should you be waiting for the bank to contact you? This may seem a strange comment, but I have recently been involved in a few cases where loans were close to the expiry date and the borrower was naturally keen to lock in the loan for a further term. The bank was all over the shop in preparation for NAMA and because the loans were compliant in all respects, they were not coming up on the radar. We decided that the best option was to do nothing, on the basis that any renegotiation was likely to result in less attractive terms, (especially on margin) and wait for the phone call from the bank.

However, the above approach may not always be the right one as every case is different. If the borrower knows that there are problems on the horizon, it may be better to take the initiative and bring a proposal to the bank. Bankers don't like surprises, especially unpleasant ones and you are more likely to get a sympathetic hearing if you face up to the issues early, rather than telling the bank on a Friday evening that their might be a default on the following Monday.

Events that could result in a "bank initiated" renegotiation

1. The facility has expired

2. A "demand" facility is demanded

3. Default under the loan documentation

No. 1 is self-explanatory, although as I mentioned earlier, banks are so disorganised at the moment, that if a loan is ticking along and all payments are up to date, it could be months after the expiry date before you will get the call.

No.2 often causes confusion. Normally, we associate "demand" facilities with overdrafts, which are genuinely repayable on demand. However, a bank has to "act reasonably" in calling in, or reducing an overdraft and must give the borrower time to make other arrangements. All of us have heard horror stories about banks cancelling/reducing overdrafts at 24 hours notice, particularly in situations where the overdrawn balance is below the limit and the bank sees an opportunity to reduce its risk. This type of behaviour is totally unacceptable and the appropriate response is to have a solicitor rattle off a stiff letter to the bank. Although it may not result in the overdraft limit being reinstated in the longer term, it will oblige the bank to allow the borrower some time to adjust to the new situation.

Some "term loan" agreements also have a "repayable on demand" clause. This has always seemed contradictory to me. These agreements will usually have a final repayment date and it would be interesting to see what would happen if there was ever a court challenge to a repayment demand from a bank for such a loan.

Default under the loan documentation can be monetary or non-monetary. **Monetary default** is obviously a missed payment of interest, principal or other charges. However, default is not always immediate, i.e. it may not happen on the date the payment was due. Some documentation gives a short grace period to allow the payment to be made, this could be very important for a borrower and anybody negotiating a loan agreement should always try and have a grace period included. Cast you mind back to a comment I made earlier about a default in one bank agreement triggering a default with another bank. In that type of scenario, having 10 days to make an overdue repayment could be very important indeed.

Non-Monetary defaults (or technical defaults) are not as serious or as stressful as a monetary default, but they still have the potential to cause trouble. They can be any number of things, ranging from breaches of financial covenants covering Loan to Value, Minimum Net Worth or Interest Cover ratios, to the death of a borrower or guarantor, to the appointment of a receiver, examiner or liquidator or a petition for bankruptcy. Once again, I would refer back to an earlier comment about "cross default", where a default of an agreement with one bank triggers an automatic default of another and separate bank agreement.

As in the case of a monetary breach, the exact timing of the default will depend on the wording of the loan agreement. In some cases a breach of Loan to Value or Interest Cover ratios is not deemed to have created a default unless and until the bank formally notifies the borrower that a breach has occurred. Although a bank may know, or at least suspect, that a breach has occurred, unlike a monetary default, they may be happy to wait until the loan is reviewed (normally annually), or expires. On the other hand, some non-monetary breaches can trigger an immediate default, e.g. death of a borrower or guarantor, appointment of receivers, liquidators or examiners and perhaps a cross default as mentioned earlier.

So, you can see how the lack of consistency between loan agreements serves to emphasise the importance of completing this analysis of the loan documentation. Indeed, different business units within the same bank often have different loan agreements.

What should you do if a Default occurs?

<u>Monetary:</u> contact the bank before they contact you, particularly if the bank is not aware of a problem.

<u>Non-Monetary</u> (e.g. a LTV breach): the short answer is nothing, given that most property loans in Ireland are in breach of LTV covenants. Just wait for the phone call and make sure that you keep the loan repayments up to date. Why? Well, the lender will try and use the breach to renegotiate the terms, so why do their job for them by initiating the process!

Preparation for the actual meeting with the bank

1. Updated financial information

    Regardless of the reason for the renegotiation, you can take it that the bank will require detailed and up to date financial information. This doesn't just mean audited accounts. Cash flow projections, management accounts and confirmation of the borrower's status with the Revenue, may also be requested. They may also need details of personal expenditure. Lack of, or poor quality information will spook the bankers, because it will give the impression that the borrower either is not in control of the situation, or worse, does not realise the seriousness of his position.

2. Preparing and prioritising your "shopping list" and anticipating the bank's "list". See below for more information on this item.

3. Don't underestimate the importance of involving professional advisers.

    Borrowers often feel that they have the ability to negotiate on their own with a bank and indeed depending on their particular business skills, this may well be true, or perhaps it was true when times were good and banks were biting your hand off. We are in a different universe now and previous relationships don't matter any more. Some banks have no interest in taking a long - term view and are not afraid to take a hard line, even at the expense of losing long - standing clients. They are also very aware that the present market conditions leave borrowers with little alternative but to take the medicine, in that refinancing with another bank is not a viable option. So, bringing along outside advisers can often even up the odds, because not only does it show the bankers that you are serious about the issues, but it also gives them a message that if they try to be greedy or to blind the borrower with science, that the advisers will get stuck in.

4. How well do you know the people you will be meeting?

    Because of all the changes in banks, it's very possible that a borrower will be meeting total strangers, rather than the bankers with whom he may have built up a relationship over the years. Indeed, it has been deliberate policy in many banks to hand over troublesome loans to people who had no involvement with that relationship in the past.

    In a way it's like a football match, although much more serious. A good manager will try and check out the opposition, so a borrower should use any contacts he has to get some information on the people he is to meet, e.g. their ages, who they report to in the organisation, their personality and experience.

5. Rehearse!

    This may seem a strange thing to say, but if you think about, it makes good sense. If you are planning an important sales pitch, you will always have a dry run and will try and anticipate questions from the other side and nobody would view that as being unusual. Meeting bankers in a pressurised situation can be very difficult and even intimidating and not many people have direct experience of it. I'm not saying that you should stand in front of the mirror with a script in your hand, but the borrower should try and steer the meeting in the direction that he wants to go and having a clear understanding of what he wants to achieve will certainly help. On the other hand, you don't want to appear too rehearsed, it's important to get the right balance.

The Shopping Lists

The Borrower's Shopping List

The borrower's list will usually be the direct opposite of the bank's, but much shorter.

1. Time

In the current environment, **Time** is the best concession that a borrower can get from a bank. I accept that in the case of debts in an estate this may not be crucial, as executors may be obliged to sell assets for distribution of legacies. However, I suspect that in recent years, debt levels in estates have been proportionally higher than in more normal times, making the management and restructuring of bank debt a key responsibility of executors and their advisers. All the points I have made apply equally to debts in estates. Many estates will have illiquid assets and negotiating new arrangements with lenders may well be in the best long term interests of the beneficiaries.

The borrower will obviously want to get the longest possible extension of the facility. If the debt is in really bad shape, the bank will likely hold all the aces, but in less serious situations borrowers should take a firm stand, but also bear in mind that the longer the extension, the higher the margin is likely to be.

2. Margin

What a borrower can achieve on margin will depend on many factors, including,

a) The original margin, i.e. if this is low; the bank will look for a big increase.

b) The reason for the renegotiation; for example, if you are in arrears on interest and/or principal or seeking to switch from interest and capital to interest only, you will be in a much weaker position than if the issue is loan to value or if the loan has just expired.

c) The interest rate structure; if for example, the loan is on a "tracker" rate, the bank is losing money and they will try and use the renegotiation to ditch the tracker arrangement. On the other hand, if the borrowers are currently on a fixed rate, they will be very sensitive to any increase in margin because their cost of funds is already very high compared to the current low variable rates, 3 month EURIBOR is now c. 0.68%.

Note:

The key thing to keep in mind when negotiating margin is to be prepared to give the bank a "reasonable" increase. "Reasonable" is a moveable feast, as every case is different and as I mentioned above, you have to balance the margin against other concessions for which you may be looking, e.g. on security and financial covenants. I'll come back to this point later.

3. Additional Security

Bankers can never have too much security, so if they see unencumbered assets lying around they will try to grab them, if for no other reason than to prevent another lender getting in ahead of them, or to prevent the borrower raising new debt.

Requests for additional security should be strongly resisted, especially the provision of personal guarantees and/or the family home. If a borrower is lucky enough to have unencumbered assets (including cash), he should do everything possible to hang onto them. It could be a long time before Ireland pulls out of this recession and banking crisis and if things get worse, it could be very useful to have a few extra cards to play. This point applies even more so to cash and as I mentioned earlier, cash balances should be placed with banks that are not your lenders. On the issue of things getting worse, we only have to look at the Greek sovereign debt problems to see how quickly international investor sentiment can change. One euro zone sovereign default could trigger others and before you could blink the world could be back in the middle of a new credit crunch, which would drive short-term interest rates back to levels that we had back at the end of 2008/early 2009.

4. Financial Covenants

If a breach of a financial covenant has caused the problem, then any new agreement with the bank has to reduce or eliminate the ability for those covenants to cause further problems down the line. As I mentioned already, banks are using LTV breaches as an excuse to renegotiate facilities. This is fair enough, you can't really blame them for seeking out an advantage, business is business. But what the borrower has to ensure is that the new agreement includes higher thresholds for key financial covenants, or preferably the removal or "freezing" of those covenants.

The Bank's Shopping List

What are banks looking for these days? Well, No. 1 on the list is repayment of capital.

Capital Repayments

The era of interest only facilities being the norm is over and whilst in stressed situations banks are agreeing to extend interest only loans and indeed switch loans from interest and capital to interest only, if they see any potential source of cash they will push hard for capital reductions. An example of such cash could be surplus rent.

In the good times the bank may have been willing to let the borrower keep some or all of it as income, but now they will want it used to repay capital.

At the start of the presentation I mentioned that banks have to restructure their balance sheets and one way to do this is to reduce their assets, i.e. loans, which in turn reduces the amount of capital and funding which they require. One way to achieve this is to get existing loans repaid.

No Interest Roll Ups

Existing interest roll ups are not being renewed and new ones are not being approved. Obviously there are situations where the borrower just cannot pay and the bank has no choice but to roll interest up.

Significant increases in margin

There is no doubt that the risk to lenders has increased from the time that loans were originally made. Indeed, you could make the argument that the original margins didn't even reflect the risk at the time.

So, borrowers need to be realistic when negotiating new margins. Obviously, greedy increases should be strongly resisted, but they should be prepared to concede something to the bank

Shorter Renewal Periods

Why is this? Well, banks (like borrowers) have fairly short horizons these days and they want to be in a position to revisit distressed loans on a regular basis. They have different policies on this, depending on nature of the security and the level of arrears, e.g. for site loans, the maximum extension with which I've been involved has been 12 months.

Additional Security

As far as a banker is concerned, you can never have too much security! Where Loan to Value covenants have been breached, they will always look for additional security.

Evidence that the borrower is prepared to work with the bank

Perception is important in any situation, but it is doubly important when you are dealing with a bank in the current climate. If a bank gets the impression that a borrower is being unrealistic in his expectations or is being deliberately difficult, attitudes can very quickly harden. The secret is to create the perception that you are being reasonable and helpful, but still manage to fight the good fight. I'll talk about the tactics for the meeting later.

Evidence that the borrower is willing to sell assets

This point does not necessarily mean that the bank will immediately want to force asset sales, or even the sale of assets held as security. The level of pressure from the bank will depend on the gravity of the situation, e.g. the level of arrears, the borrower's cash flow and their view on whether giving more time will improve or worsen their position.

What banks are looking for is a willingness to sell saleable assets now, to reduce debt rather than insisting in hanging on in the hope of avoiding/reducing capital losses or even making a profit.

Is everybody sharing the pain?

If there is one thing that is guaranteed to annoy bankers is the feeling that a competitor is taking less pain than them. It will rarely be possible to treat all lenders equally – some may have more, or better quality security than others, or assets that are generating income. Again, it's perception that matters, so it's important that the borrower shows that efforts are being made to get all the lenders to make concessions.

Cash flow on assets held as security

This usually refers to rent on properties held as security. If the rents are not being paid directly to the bank, they will seek evidence that the cash is not being diverted somewhere else, particularly to another lender, or to personal spending.

Personal Expenditure

If cash flow is a problem and/or there are arrears on the loans, the bank will want to see efforts to cut personal spending, especially on discretionary items. Again, that word "Perception" pops up. Don't expect sympathy from a bank if life style spending is still at the boom levels.

Tactics during the meeting

Every situation is different and the tactics will to some degree depend on the circumstances surrounding the calling of the meeting in the first place. For example, if the loan is in serious arrears and the financial survival of the borrower is in doubt, then tactics may be somewhat academic and the borrowers may just have to throw themselves at the mercy of the bank. If on the other hand, it's a technical issue (LTV etc), or a request to renew a facility, or a temporary cash flow problem, then the tactics can be important.

- Keep to the shopping list as much as is possible.
- If you are conceding something (e. g. on margin/security), seek something in return, e.g. increased term, or dilution of financial covenants.
- Don't agree anything at the meeting, unless it's so clearly in your favour that you would need to be mad in the head not to grab it, in case the bank might withdraw it later. The reason not to agree things

there and then is that you need time to consider implications that might not be obvious in the pressurised surroundings of a tense meeting, including the effect that one bank agreement can have on your arrangements with other lenders. Indeed this point supports my view as to the importance of using advisers. In a pressure situation where emotions can take over, having an adviser riding shot gun can be very useful, as they can step in and because they are, in a sense outsiders, they can be clinical and can say things that the borrower might not feel able to say. In other words, they can act as a buffer between the borrower and the bank. Some bankers will try and bounce a borrower into agreeing conditions by threatening NAMA or legal action, but in most cases that's only bluster!

- If at all possible, don't get angry or start ranting about how the banks and bankers have brought the country to its knees. That won't help at all, but what will help is presenting a rational and commercial argument as to why the case you are making is the best way forward for all parties. Remember that in nearly all cases, the bank is also looking for a solution, other than the legal route. Although they may huff and puff about this, they will certainly not want to take legal action for a technical (i.e. a non-monetary default).

- Finally, the key thing is to give the perception of being reasonable and understanding of the bank's position, but to be firm if the bank is being too aggressive. The bankers may go on about unilaterally increasing the margin, but they cannot do this without a new agreement being signed, or calling in the loan. If they do call in the loan and the borrower keeps all payments up to date as per the original agreement, the bank then has to decide whether or not to take the next step and take the legal route, or agree to a more reasonable arrangement. I'm not all convinced that banks are prepared to go to court for technical issues like LTV, but like in any negotiations, if one of the parties wants to bluff, then they need to be prepared to follow through. In other words, if the borrower does not want to be the first to blink, then they have to have the stomach to take any resultant grief **and** preferably have the wherewithal to keep the loan payments up to date and to fund any defence if the bank decides to pay a visit to the Honourable Mr. Justice Peter Kelly in the Commercial Court!

<u>Issues surrounding asset transfers.</u>

I'm aware that these two issues may be of particular importance to members of STEP, both in managing estates of deceased clients and in inheritance planning.

Obviously, I don't need to touch on the legal issues surrounding the transfers of assets and the ability of courts to overturn transactions. In general, loan agreements do not include clauses that specifically refer to the transfer of assets from the borrower to other parties. Clearly, assets held as security by a bank, cannot be transferred without the lender's consent. If there are valid reasons for transferring, a bank may well agree, as long as the security can be amended so as to ensure that their risk position remains the same. However, if the new structure requires the new owners to sign guarantees, the borrower should insist that the liability under the guarantees is restricted to the guarantor's interest in the particular assets.

If the asset being transferred is ownership of a company, all loan/security agreements signed by the company should be checked. Some loan agreements require the consent of the lender for a change of ownership.

Preserving the sanctity of the family home has always been a sensitive matter and in the current environment, even more so. If the home has already been pledged for "non home loan" debt, then all that can be done is to check the agreements (especially guarantees) for any defects, especially regarding the issue of independent legal advice. If the home is unencumbered, then regardless of pressure from a lender, borrowers should absolutely refuse to compromise.

Conclusion

I hope that the last 40 minutes or so has been helpful in helping you to get inside the minds and psyche of bankers. In spite of all the lurid headlines, they are human, many of them do have a keen business brain and a good understanding of the problems borrowers are facing and accordingly are prepared to take a practical approach to a problem. After all, if the borrower's problem can be solved, then the bank's problem is solved. To summarise, these are a few key pointers to take away from this session, that might help you to advise clients in dealing with their lenders;

- Convince the borrower of the benefit of using professional advisers.

- Know the borrowers rights and obligations under the documentation, i.e. do solid analysis.

- Know the present policy and approach of the bank.

- Ensure that the borrower prepares a "shopping list", i.e. the optimum result that can be obtained.

- Convince the borrower of the absolute necessity to make a case based on business rationale, i.e. avoid irrelevant historical issues and keep emotion out of it.

- Emphasise the importance of planning the tactics for any key meetings with the bank.

Note

The author of this paper wishes to emphasise that every loan situation is different and the suggestions expressed are of a general nature only and should not be deemed to be appropriate in all cases.

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