

# Just Hit Budget!

## Tactics:

### 1. Manage expectations

- Set the tone at the handover meeting.
- Handover presentation puts a marker down in the first 10 minutes.
- Fit the solution to the problem.
- Get sanction!

### 2. Maintain the momentum

- follow up with handover letter, ideally with a facility letter even if only for a short period.
- The ball should hardly ever be in our court – nag sanctioners.
- Anticipate delays – credit docs turnaround, flag up key equity points before the documentation is issued.
- Leverage upsides with high initial monthly fees that substantially reduce upon completion of the upside [REDACTED] was £9.5K now £750 with PPAs).

The name of a business customer

### 3. Deliver

- **30 day's notice:** Under standard Bank terms and conditions we can change terms and conditions with 30 days' written notice – hence post-handover letter. With a fresh facility letter, no notice period is required...as long as they sign!
- Monthly fees or else!
- Record each deal on RMP. If it's not on RMP, your deal does not exist.

## Tips:

- **Use facility letters:** If they sign, they can't complain. Heads of Terms cannot be enforced.
- **Basket cases:** Time consuming but remunerative.
- **Perfect deals:** they don't exist – if [REDACTED] is unhappy and customer's unhappy then you probably have the balance right.
- **Deal or no deal?** No deal, no way. Missed opportunities will mean missed bonuses. You can always revisit an earlier deal.
- **Handover debt:** if you formalise the handover debt: not new money but customer likely to sign the facility letter to confirm the new limit, avoids immediate excesses and locks in immediate income.
- **Be specific:** avoid round number fees - £5,300 sounds as if you have thought about it, £5K sounds like you haven't.
- **Rope:** Sometimes you need to let customers hang themselves. You have then gained their trust and they know what's coming when they fail to deliver.
- **Never:** Issue "until further notice" overdraft letters.

The name of an RBS employee (a "Senior Manager" under the RBS grading structure, below Executive level)

## 16 Ways to generate income:

1. **Monthly fees:** minimum £500. Ideally on average we need c10% premium on our debt (current return will be <5%, mezz return should be about 15%). E.g. Debt £2m suggest £200K premium i.e. monthly fee £16K! They normally cannot afford this and you can then leverage an upside. Set up recurring income action on RMP. Diary note for when they expire.
2. **Exit fees:** Normally monthly 0.5% of all the balances to drive a re-finance. Consider ratcheting. Useful for property developments.
3. **Facility fees:** Aim for 2% but if doing a restructure aim much higher although may have to add to our debt.
4. **Redemption premiums/Other upsides:** Include in new loan facilities if significant (min. 10% premium) and deferred e.g. £50K in 6 months time then record as "other upside". Use with caution.
5. **Conditional Support Fees:** E.g. equity concluded by date X or fee £Y applies – helps deliver a deal or secure income if deal falls away.
6. **Default Interest Rates:** Check each loan facility prior to handover, formal notice of default required, refer to the paragraph, change back office and register the margin enhancement. Need to allow 3 days for them to remedy the breach.
7. **IIS:** Care – no margin enhancements and no fees, but if a refinance likely then you can claim back all the IIS! (£600K). Also turns off Bankline, practically may have to have IIS only on loans.
8. **Excess fees:** Charge for any pre-notified excess.
9. **Non-receipt of MI:** Minimum £100 per month.
10. **Margin enhancement:** Minimum margin should be as per Bank matrix unless/until you agree an upside. Claim the margin until new limits formalised.
11. **New money:** With a new money action on RMP you can claim ALL the margin on the new money
12. **Royalty fees:** If equity going to have no value, consider a percentage of turnover (formal documentation available).
13. **Service charge:** We should have everyone on standard tariff. and can help.
14. **RBSIF:** You can claim one off "notional income" for the margin on RBSIF facilities if they drawdown and you introduce them. E.g. RBSIF drawdown with £1m funds in use limit at 3% margin – you get £30K income.
15. **GBM:** They should email us with income elements of SWAPs etc. when they enter them and when they redeem.
16. **Security fees:** Standard pricing per item per the standard Commercial Bank tariff to apply – on taking as well as on releasing.

The name of a business customer.

The names of two RBS administrative/clerical staff.