



PRIMA FINANCE

DEBT *Solutions*

Prima Finance – Update Quarter 3 2017.

Dear All,

The last few months have been extremely busy in Prima Finance in both our private Debt Management and formal Personal Insolvency negotiations.

Outlined below is a number of recent case examples where we had very successful outcomes this quarter privately with clients' respective Creditors.

Private Debt Management Arrangements

Case 1: Background

This client has a debt of €161k with Capita, this loan was originally for a site, however, the client got an offer for this site of €120k. This would result in a Residual balance of €41k. Prima Finance submitted a proposal to Capita that “once the sale was complete we propose settlement of the final selling price as full and final settlement of the account.”

Capita came back with a counter offer with the following condition, see below:

Capita and the Borrowers will enter into a settlement agreement to reflect the terms of the Proposal.

Settlement Amount

On or before 31 August 2021 the Borrowers will pay the sum of €135k in full and final settlement of their indebtedness to Capita as follows:

- 1. €116k to be received from the sale of the secured land (gross sale proceeds €120k)**
- 2. Payment of the sum of €400 per month for the next four years (total sum of €19k to be remitted)”**

Which means Capita have written off a sum of €26k

The client was delighted with this arrangement where after 4 years the debt is completely gone.



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Case 2: Background

The individual is separated and has a mortgage of €95k with Permanent TSB where she resides. The client joined Prima in 2015 and at the time was struggling to make any mortgage payments and had a court date pending.

Prima engaged with PTSB and outlined that the client was struggling but was now willing to make consistent payments to her mortgage monthly.

The contractual payment on the mortgage were €504 monthly however, the client could only afford €325 per month. Prima Finance engaged with PTSB on the client's behalf and worked with the client to try and increase her payments. Her financial situation improved in late 2016 and she increased her mortgage payment to €425.

Prima Finance submitted a revised financial statement and proposal to PTSB. PTSB came back with the following split mortgage proposal.

Pay €248.67 for 86 months on a performing mortgage of €39k and park the remaining balance of €56k at 0%.

The client is 46 years old and has outlined that she is delighted to take this proposal and will continue to make a monthly payment of €400 towards her mortgage which will reduce her warehouse portion also.

Case 3: Background

Client had an AIB car loan which was taken out in 2009 for €40k. The client got into financial difficulty so the repayments to the car were naturally impacted. Prima Finance engaged with the creditor and agreed a monthly proposal €350 for 4 years due to expire in 2018. The payments were reduced to facilitate higher payments to their mortgage which was in arrears.

Prima recently engaged with AIB again looking for a full and final settlement on the debt outstanding which was €3,500. AIB agreed a settlement of €1,000 and wrote off the balance.

Case 4: Background

A single mother with a mortgage of €82k and arrears of €5k. Client got into financial difficulty so engaged with Prima Finance. Prima finance prepared a standard financial statement for Ulster bank on the client's behalf and submitted a proposal to extend the term and capitalise the arrears. Ulster bank were extremely difficult to deal with and the case went on for 9 months. Prima sent several complaint letters and demanded that the case be escalated. After months of perseverance Ulster Bank came back with an offer to capitalise the arrears, extend the term and the mortgage payments were €608 per month. The client was delighted to get back on track and have no further issues with her mortgage.



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Personal Insolvency Arrangements

Case 1: Background

Single PIA – PDH mortgage is with Bank of Ireland which consists of 3 mortgage accounts, there was a combined outstanding balance of €138,939.73 and the property is valued at €120,000. The mortgage is his only debt. Client is retired from CIE where he worked full time prior to his retirement a few years ago. Client is living alone following a failed marriage and has one daughter for which he travels to see each day and cares for her due to psychological issues which she has. He is getting the carers allowance of €526.50 per month and a CIE pension of €1,705.96. He will also get the old age pension when he reaches the required age for it and all pensions to be retained by him until date of death. Prior to the PIA the client was due to pay in full €1,500.96 per month to his mortgage provider Bank of Ireland.

Bank of Ireland have agreed to the following;

- 12 month PIA with monthly payment of €1,030.00 to the mortgage.
- Term extension of 5 years
- The payment of €1,030 will continue Post PIA until the end of the term of the mortgage at which time the mortgage would be paid in full.
- Term remaining at 149 months.
- Rate reduction to 3.35% (5 year fixed rate) on the two standard variable mortgage accounts whilst holding the 1.25% tracker rate on the third mortgage on the PDH

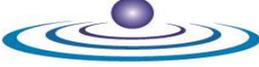
The client was extremely happy with the PIA deal struck with the bank and thanked Prima Finance for the work completed.

Case 2: Background

Interlocking PIA – Couple who have PDH mortgage with KBC, there is an outstanding balance on the mortgage of €120,458 and the property is valued at €205,000. There is positive equity on the PDH of €84,542. Currently the full contractual repayments on this mortgage are €1,465.00 at an interest rate of 4.25%. Current loan expiry date is 2022.

Husband is due to retire from the Kerry County Council in September of 2019 with an estimated lump sum pension of €64,094.39. He will also be in receipt of €236.57 per week from the council upon retirement along with the OAP for both himself and his wife at the prevailing rates at the time.

There were three additional debts with Littlewoods Ireland, Oxendales and BOI Visa Card debt.



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KBC have agreed to the following;

- 36 month PIA with monthly payment of €650.00 to the mortgage during the period of the Arrangement.
- Term extension of 10 years
- Rate reduction to 0.50% for the 36 months of the PIA arrangement and will revert back to the prevailing rate of (currently 4.25%) at the end of the arrangement
- The outstanding balance after year 3 will be c €100,780.
- A lump sum payment of €50,000 will be made to the mortgage from husbands pension reducing the mortgage balance to c €50,780.00

Post PIA KBC Agreed to the following,

- Post PIA full annuity repayments of €700/pm will resume at the prevailing variable rate (currently 4.25%) over the remaining term of 84 months.

In relation to the unsecured debts the creditors agreed to the 36 month arrangement and wrote off 85% of the debt.

Case 3: Background

A Married Couple, aged 50 & 56, with 4 children aged 17, 19, 19 & 19. Their Mortgage is with Shoreline with a market Value of Property of €215,000 and Unsecured Debt with Numerous creditors of €55,193

Mortgage Pre Personal Insolvency:

- Balance €199,402– Contractual payments €1,281.10pm – Interest Rates 3.9%

Mortgage During and Post Insolvency Arrangement:

- Balance €199,402 - no write off due to positive Equity and Debtors affordability.
- A 72mth PIA (term extension to 240 months) with an interest rate reduction to 3%.
- Fixed Monthly Payments of €750pm from Months 1-72
- €379.21 extra available in month 73 increasing NMI to €1,139.21
- A 90/10 split Mortgage, €178,650 in the main, €20,752 in the Warehouse

Appeal:

An unsecured Creditor with the necessary voting rights, voted against the arrangement resulting in the overall arrangement being rejected. The Debtors agreed to appeal the decision under Section 115 A of the Personal Insolvency Act.

At the appeal hearing the Judge ruled in favour of the Debtors and the decision was reversed and the arrangement was approved.

Unsecured Debt Post PIA:

Following the successful appeal, the Debtors had **€34,926.56 written off** their total unsecured debt.



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Bankruptcy Arrangements

Client was insolvent owing creditors both secured and unsecured and preferential (Revenue) just over of €3,000,000.00. The client was with Prima Finance for almost 2 years a debt management client where Prima had exhausted all possible options and dealt with a huge amount of action from what were very aggressive creditors on the client's behalf.

In 2016 the client was assessed for Personal Insolvency in order to see if we could secure a deal that would release her from both her unsecured and secured debt burden which was completely unsustainable, which included the mortgage on the family home of almost €1m. Given the level of debt (> €3m), this involved a personal insolvency application through the High Court rather than the normal specialist Circuit Courts which required 100% credit approval rather than the normal 65%. Unfortunately Prima did not secure 100% creditor acceptance to our insolvency proposal.

After that these clients were left with no option but to petition to be adjudicated bankrupt, where Prima handed all states of this application on behalf of these clients.

Bankruptcy Process

We began the process of bankruptcy for the client in early July 2017. The following was the composition of the debts.

Secured Creditors

The total of her secured debts was €2,008,371.59 which was broken down as follows; Start Mortgages (PDH) €996,064.07, and ACC Bank/Capita (BTL) €1,112,307.52

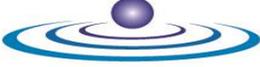
Unsecured Creditors

The total of unsecured debts was €867,717.12 which was broken down as follows; ACC Bank/Capita personal loan €14,988.73, Cabot Financial (Ireland) Limited (Credit Card) €6,734.04, Permanent TSB (Credit Card) €2,344.99 Ulster Bank (Residual Balance) €819,280.40

The client also had preferential debts to Revenue in relation to VAT and Income Tax to the value of €24,358.96.

Bankruptcy Hearing

The client's case was listed for the High Court dated 24th July 2017. On the day all documentation was deemed correct and the client was adjudicated a bankrupt for a 12 month period.

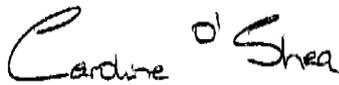


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Conclusion

If you have any queries in relation to the above or know of any individuals out there that would benefit from such specialise debt/personalinsolvency or bankruptcy advise please do not hesitate to contact the office on 064-6630340 or on info@primafinance.ie

Kind Regards,



Caroline O' Shea
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