

## Standard pre-Application Information Sheet

In connection with your proposed application for asset finance, please note the following:

1. Supporting information may be requested from you by Lombard. This potentially may include banking information and financial information.
2. In some cases, a Business Plan may also be requested in support of an application for credit. Where a Business Plan is requested, it should contain an overview of your business, its Management, its markets, and historic and forecast financial information.
3. The timeline that will apply to the assessment of a credit application will normally be within 15 working days of receipt of a formal application, when complete with all information requested by Lombard. If you request to meet with Lombard, a more exact timeline can be provided at that meeting.
4. If you are seeking a credit facility from Lombard, we will meet with you to discuss the proposed credit application at your request.
5. A refused application for credit will not result in a negative impact on your credit record.
6. Lombard may seek security beyond the asset being financed. Such security may include Indemnities, Guarantees and / or charges over assets.

## Additional Information relating to Agreements

Before entering into any agreement you need to think about a number of things.

### 1. Is the product right for me?

Does the proposed product/facility meet your needs and circumstances.  
Do you understand how the agreement will work.

### 2. How much it will cost me?

Interest is payable at a fixed rate and rentals remain the same over the life of the agreement. Interest is calculated upfront on the total amount of credit for the term of the agreement and is capitalised and added to the opening balance on the agreement. For our Unit Stocking offering, interest is payable at a variable rate (based on a Three month Euribor as a reference rate). It is calculated on day-to-day account balances, capitalised and payable by direct debit on a monthly basis.

### 3. How will the credit be drawn down?

Once your credit application is approved and the documentation (including all required Anti-Money Laundering Customer Due Diligence) is provided by you and the agreement is signed, we will arrange for payment of an invoice provided by the supplier of the asset in question and your first regular repayment will be scheduled to be paid on the agreed dates thereafter.

### 4. What could happen if I can't keep up repayments?

Missing payments could have severe consequences for your finances. It is very likely to make obtaining credit more difficult in the future as we are likely to report non-payment to the credit reference agencies and this will adversely affect your credit rating (which most lenders consult when assessing any borrowing application).

### 5. What debt recovery action may be taken if I stop repaying the loan?

If you are having trouble paying your agreement we will work with you to put reasonable payment plans and timeframes in place to repay what is owed. If we cannot come to an acceptable agreement in this respect we may seek to recover our asset and if necessary take legal action. This is likely to affect your ability to obtain further credit.

#### **Fraud Awareness:**

Before entering into any transaction it is your responsibility to ensure that you have /possess sufficient expertise to have specified, and ordered the goods from the supplier you have chosen and that you are satisfied that the goods you wish to purchase are in good order and fit for the purpose of your business. It is important also that you are satisfied that the supplier that you have chosen to order these goods from, is engaged in supply of such goods as their main business.

#### **Collateral:**

Lombard may seek to obtain additional collateral on lending where the asset does not provide enough security for the funding provided. This is determined by credit as part of the decision making process. Additional collateral can often take the form of personal guarantees, liens on deposits and security or an unencumbered asset. If you provide a personal guarantee, you will be personally liable for any repayments which are not made by the hirer /lessee. If you are unsure of the full implications of providing a guarantee, you should seek independent legal advice. If you provide additional security, it may be repossessed to cover any repayments which are not made by the hirer/lessee. If you are unsure, you should seek independent legal advice.

#### **Interest Calculations:**

Interest is payable at a fixed rate and rentals remain the same over the life of the agreement. Interest is calculated upfront on the total amount of credit for the term of the agreement and is capitalised and added to the opening balance on the agreement. For our Unit Stocking offering, interest is payable at a variable rate (based on a Three month Euribor as a reference rate). It is calculated on day-to-day account balances, capitalised and payable by direct debit on a monthly basis.

#### **Annual Review:**

Your relationship manager will be happy to complete an annual review with you to discuss your current financial situation and address any concerns /questions you may have. This can be arranged by contacting us on 01 6085499 and an appointment can be made. During this review we will be happy to discuss any security we hold against your facilities.

**Our Service:**

Applications for credit approval may take up to 15 working days for approval once all the necessary information has been received. An offer for Credit is valid for a period of 90 days. For more complex deals the application process may take longer. We strive to provide the highest level of service to all customers and we will keep you informed if delays occur in the process.

## Our Products

### Hire Purchase Leasing Contract Hire

We will briefly describe the features and benefits of our products however you should also seek the advice of your accountant / financial adviser to ensure you choose the product that best suits your business needs.

#### Hire Purchase:

Hire Purchase is an agreement whereby a person hires goods for a period of time by paying instalments and can own the goods at the end of the agreement if all the instalments are paid. The customer has full use of the goods through the repayment period.

- Hire Purchase is suitable for most customer types.
- Hire Purchase is on balance sheet for the borrower.
- Borrower claims Capital Allowances
- Capital allowances and the interest are tax deductible.
- Vat is normally paid upfront in the form of a deposit.
- VAT is reclaimable upfront in one lump sum by customer subject to customer vat status.
- Copy of Hire purchase Agreement is the vat invoice that the customer uses to claim back the vat.
- No vat is charged on rentals hence there is no vat schedule.
- Purchase fees must be charged on Hire Purchase agreement as part of regulatory requirement.
- Payment of purchase fee passes full title of asset to customer.

#### Unit Stocking:

- This is a revolving, on demand, facility provided to assist with the funding of stock (vehicles and commercial plant).
- This product is suitable for most companies selling cars, commercial vehicles and in some cases commercial plant.
- The facility operates under a Purchase Agency & Sale Arrangement.
- The Borrower is appointed as Lombard's agent to purchase vehicles and to display such vehicles for sale under various conditions.
- Lombard will fund an agreed % of the value of each vehicle for an agreed period of time.
- At the end of the agreed period, or when the vehicle is sold to a 3<sup>rd</sup> party, the related borrowing is repaid to Lombard.
- Funds are then available to re-draw to finance replacement stock.

#### Leasing:

Leasing is suitable for most business customers. Customers enjoy the use of the asset without taking ownership of the asset. It can be a tax efficient and cost effective way of purchasing goods.

- The lessee (customer/borrower) will select an asset.
- The LESSOR (Finance Company) will fund the asset and pay the supplier.
- The lessee will enjoy the use of the asset during the period of the lease – typically between 3 and 5 years.
- The lessee will pay a series of fixed rentals for the use of the asset for the period of the lease.
- VAT is spread over the period of lease.
- VAT is chargeable on the rentals.
- VAT schedule are issued at the beginning of the agreement up till 28th Feb and then once a year from 1st Mar – 28th Feb for the life of the agreement.
- Lessee has the ability to reclaim VAT on rentals using VAT schedule subject to their vat status.
- Lessor (finance company) claims the capital allowances.
- Gross rentals are tax deductible for the lessee (customer/borrower) subject to customer vat status.

### **End of Lease Options:**

- At the end of the primary period a LAD (Leased Asset Disposal) letter will issue to the customer giving them the option to either lease the asset for a further period which is called secondary period or choose to take ownership of the asset.
- Taking ownership of the asset passes title of the asset from Lombard to the customer.
- The customer must account for the asset on their books if they are vat registered.
- If the customer chooses to continue the lease, the secondary rental quoted will be 2% of the net cost of the asset as per the terms and conditions of the agreement.
- If the customer chooses to purchase the asset it is sold to them by the lessor (Lombard) through the Leased Assets Disposal Company for market value.
- Effectively what is happening in the LAD process when a customer chooses to purchase the asset is that Lombard sell the asset to LAD and LAD sells the asset onto the customer.
- Revenue requirements dictate that we cannot sell assets directly to the customer. Assets must be sold via a Third party and hence the LAD process was put in place to handle this.
- You can choose to trade in your asset and we will provide the third party with a Sales of Goods Invoice for the market value of the asset as the owner of the Goods. The customer cannot provide the purchaser of the asset with a sales invoice as they do not own the asset. In this instance the LAD process would not apply as the customer has traded the asset in, and therefore does not take ownership of the asset. The ownership of the asset passes directly from Lombard to the purchaser.

### **Contract Hire**

Contract hire is suitable for clients who wish to rent goods for a period of time but do not wish to own the goods.

- Contract Hire is the rental of the asset over a fixed period of time.
- At the end of the rental period the asset is returned to the supplier
- Maintenance is often included as part of the rental terms.



## Terms of Business

### Introduction

These Terms of Business set out how we, Ulster Bank Ireland DAC trading as Lombard ("Lombard"), will provide services to you. Please read this document carefully. If you have any questions we would be delighted to address them. Simply call us on 01 6085499.

### Status & contact details:

Ulster Bank Ireland DAC trading as Lombard ("Lombard") registration status can be verified with the Central Bank of Ireland at 1890 777777 or on [www.centralbank.ie](http://www.centralbank.ie).

Lombard is a member of The Royal Bank of Scotland Group. Please address any queries in writing to Lombard, Ulster Bank Group Centre, George's Quay, Dublin 2 or by telephone at 01 6085499 or by fax at 01 6085001.

### Services Lombard provides:

Lombard is a specialist provider of asset finance and offers a range of financial service products to cater for business requirements. Our product range includes: business hire purchase, business lease, and contract hire agreements.

### Events of default:

If you are experiencing financial difficulties that may affect your obligations under your agreement, please call us as soon as possible so that we can discuss any options with you. Details of what to do if you feel that you may be facing financial difficulties can be found on our website [www.lombard.ie](http://www.lombard.ie)

Lombard will exercise its rights to recover any payments due to it from customers and may seek to recovery our assets where necessary when agreements are in default.

### Conflicts of interest:

Where conflicts of interest occur between staff and customer, it is the policy of Lombard to ensure that customers are fairly treated. Lombard will at all times act to the best advantage of its clients.

### What to do if you have a complaint:

If you wish to register a complaint please contact us either in writing to Complaint Handling Centre, Ulster Bank Ireland DAC, Newcastle West Co. Limerick or to fax number 069 79712 or by telephoning 061 608119. We will try to resolve your complaint immediately and with the minimum of inconvenience to you. If we have given you our final response to your complaint and you are still dissatisfied, you may also refer your complaint to The Financial Services Ombudsman in writing to 3rd Floor, Lincoln House, Lincoln Place, Dublin 2, or by telephone at 01 6620899.

### What to do if you are unhappy with the terms of your facility:

If you are unhappy with the terms of the Facility you should speak to your Manager/Relationship Management team. If you are still unhappy, you may be able to appeal within 30 days of the final decision being notified to you, or until the Facility is used (whichever is soonest) through any of the following channels;

Visit: [www.ulsterbank.ie/bcro](http://www.ulsterbank.ie/bcro)  
Email: [creditappeals@ulsterbank.com](mailto:creditappeals@ulsterbank.com)  
In Writing: Credit Appeals Manager, Ulster Bank, 19 O'Connell Street, Clonmel, Co. Tipperary.

If your appeal is unsuccessful you may, subject to eligibility, refer the Bank's decision to the Credit Review Office, which provides an independent, impartial credit appeals process for small and medium sized businesses (SMEs). Please take time to review eligibility criteria set by the Credit Review Office by referring to its website [www.creditreview.ie](http://www.creditreview.ie). Alternatively you can contact them by phone on 1850211789.

## Fees & commissions

Information on fixed charges which we may apply to your account during the term of your agreement can be found below. These charges are approved by the Central Bank of Ireland.

<b>Fixed charge</b>	<b>Amount</b>
Unpaid direct debit (per item)	€10.00
Accountant's / Auditor's enquiry fee	€25.30
Re-scheduling of account fee	€253.00 per reschedule or 0.25% (whichever is the greater)
Account management fee for defaulting payment (per hour)	€126.00
Management consultation fee	€126.00
Duplicate statement (per sheet)	€6.30
Certificate of interest (per copy)	€6.30
Certificate of account balance	€3.80
Direct debit mandate instruction	€12.60
Direct debit amendment	€6.30
Telegraphic transfer to other banks	€63.40
Arrangement fee	1% of amount drawn down
Documentation fees – leasing	€120.00 +Vat
Documentation fees – instalment credit	€120.00
Documentation fees – instalment credit consumer	€63.33
Unpaid cheque	€10.00
Repossession charge	€634.00
Repossession return	€634.00
Cancellation fee	€253.00
Takeover fee	€190.00
Substitution fee	€190.00
Unit stocking charge	€100.00
Direct credit fee	€6.30
Direct debit indemnity fee	€63.33
Termination fee	€190.00
Duplicate invoice	€12.60
Hire purchase instalment	€63.33
Interest on any instalment payment due & not paid on its due date (penalty interest)	1.50%

Interest and lending charges are shown on the finance agreement.