



Mr Huw Irranca-Davies M.P.  
House of Commons  
London  
SW1 0AA

30 May 2014

Dear Mr Irranca-Davies

Thank you for meeting with us on 20 May 2014. As we discussed, Rothschild seeks to engage in a constructive dialogue with our Spanish mortgage customers and we welcome your assistance in facilitating this. As agreed, we have set out below for you, and for any of our Spanish mortgage customers who have contacted you, a summary of our approach. We wish to emphasise that we are committed to treating all our customers in a fair and reasonable manner.

We seek to engage in dialogue with all our borrowers. We send them statements regarding their loan facility on a quarterly basis and we also offer to discuss any questions they have in relation to their loan facility.

In the event that a borrower's loan facility is in breach of its covenants, we write to the borrower and offer them the opportunity to meet with us or to have a discussion by telephone. We recognise that each borrower's individual circumstances are different and therefore a dialogue is needed to understand their current circumstances. Where we have been able to establish a constructive dialogue, we have often been able to find a mutually acceptable approach. As part of such a dialogue, there are various ways in which the lender may be able to assist borrowers:

**Interest Payments:** If a borrower is having difficulty making interest payments when they fall due, then the lender will consider allowing the borrower to defer these payments by adding the interest to the loan balance.

**Standstill Agreement:** If a borrower is concerned about a breach of covenant and the lender's right to exercise its security, then the lender will consider offering the borrower the option to enter into a Standstill Agreement. During the period of the Standstill Agreement, typically three years, the lender agrees not to exercise its security and the borrower agrees to make payments to reduce the balance of the loan facility. The lender will consider offering the borrower the option to extend the Standstill Agreement upon its expiry.

**Loan Extension:** The borrower is not required to make capital repayments during the term of their loan facility. Upon expiry of the loan facility, if the borrower is unable to repay the loan facility, then the lender will consider offering the borrower the option to extend the loan facility.

**Settlement Agreement:** If a borrower is selling their property, then the lender will consider offering the borrower the option to enter into a Settlement Agreement. As part of the settlement,

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the lender will consider making a discretionary contribution towards the costs of selling the property.

Any offer by the lender to defer interest payments, enter into a Standstill Agreement, extend the loan facility and/or enter into a Settlement Agreement will depend on the borrower's individual circumstances and is subject to the terms of the relevant agreement.

We hope that this provides a useful overview of our approach to establishing a dialogue with our borrowers and confirms that we are a responsible lender. We welcome any assistance you can provide in facilitating a dialogue.

Any borrower that wishes to discuss their loan facility should contact:

Claire Whittet at Rothschild Bank International (telephone: 01481 705136 or e-mail: [claire.whittet@rothschild.com](mailto:claire.whittet@rothschild.com)).

Yours sincerely

David Shannon  
Managing Director  
Group Legal & Compliance