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From: Martin Harvey

Sent: 11 February 2009 14:16

To: Rosamund Riley

Cc: 'Boyd, Elizabeth'; 'elizaboyd@ GRO-C 'GORDON CLARKE'

Subject: 1512 - Debts

Roz

Good report - suggest that an early copy is sent to EB. You will see I am copying her in on this. Can a copy of your report also go to Gordon also a copy GRO-A report to him; EB has a copy.

What to do?

We have a loan secured by a second mortgage.

If he sells, there is no guarantee in today's market that he will cover **ALL** the debts at circa £140,100.00. Add say another 10% for all selling fees and that will make it £154,000.00. Buying another house would seem difficult with this credit score but may be possible.

Option 1

Get an up to date valuation on the property. It must be worth less than £180,000 the value back in February 2008. Let us assume it is and say it is worth 20% less or £144,000.00. I have said £154,000.00 if a sale was agreed; you will see that this does not add up.

Option 2

Selling and looking for a social housing option. He may well stand charged with making himself deliberately homeless.

Option 3

The Trust takes an equity share and clears all the debts. If my figures are right or near right then we would have to take 100%. Depends on the valuation. This is risky as prices are likely to fall further for a while yet. In addition, the Trust has moved away from such arrangements preferring straight forward second charge secured loans. That would need an NSSC recommendation to the Board. There are a host of other questions that would arise, not least perception of such an arrangement.

Option 4

A voluntary bankruptcy. The Trust is a secured creditor so it would have to be party to such an agreement as would the other creditors. This would need Board approval with an NSSC recommendation. I am hazy on that process but the other creditors would have to agree. 1512 would be able to stay in his home which must be a Trust objective.

Gordon has a copy as Hon. Treasurer and much of what I am saying will need his support - that is if he agrees!

Immediate Action

Not that it will help in the main scheme of things but:-

1) I agree with you immediate stop of loan repayments from regular pay. This is ridiculous, in particular as the loan is secured. Please do the necessary.

2) By all means get GRO-A to see what the de minimis loan repayments will be. My guess is that even they will not be affordable but let us see.

3) Motability now. He should have done this as he did agree to do; clearly we have a trust issue here.

At the end of the day I can see us going down the option 4 route but let us explore the other avenues first.

Please attach a copy of your report and this e-mail to March NSSC agenda item that reports on **doubtful loans**, there is a briefing paper for the Committee.



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Chief Executive

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