

ASPECTS OF THE LEASES AT BRD SOGELEASE

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Abstract:

The new statutory provisions and recent developments in banking financial services market in Romania gives an increased interest as alternative financing leasing of property and equipment.

The objectives of the Bank in connection with the launch of leasing are:

Imposing leasing operations in the face of investment financing alternatives, medium and long term, in terms of consolidating security funding. Thus, leasing, offering better protection and higher efficiency compared to traditional lending operations.

Customer loyalty by providing rapid and flexible financing solutions.

Key words: *leasing, bank, financier*

JEL classification: *G21*

The new statutory provisions and recent developments in banking financial services market in Romania gives an increased interest as alternative financing leasing of goods and equipment. BRD Group launched in 2001 by founding its subsidiary leasing - BRD Sogelease, leasing as a product of investment financing.

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Imposition of leasing operations in the face of investment financing alternatives, medium and long term, in terms of consolidating security funding. Thus, leasing, offering better protection and higher efficiency compared to traditional lending operations.

Loyalty customers by providing flexible financing solutions and fast.

Leasing is the operation whereby the lessor - Funding (BRD Sogelease), forward for a period of a right to use the property, whose owner is the other party, called the lessee – User, at its request, against payment of regular, known rate lease and the end of the lease lessor -Financier undertakes to respect the right of option of the lessee - User to purchase the asset, extend the lease contract without changing the nature of leasing or to terminate the contractual relationship.

Finance leases, under the tax code, is a leasing operation that fulfills the following conditions:

- a) risks and benefits of ownership of the leased asset which is transferred to the user when the leasing agreement take effect;
- b) the leasing contract expressly provides transfer of ownership of property that is leased by the user when the contract expires;
- c) the user has the option to purchase the asset at the expiry of the contract and residual value expressed in percentage is less than or equal to the difference between the maximum and the normal operation over the lease term, relative to the normal maximum operating, expressed as a percentage ;
- d) the leasing period exceeds 80% of the normal maximum operating the asset which is leased, for the purposes of this definition, leasing period includes any period for which the leasing contract may be extended;
- e) total leasing rates, excluding the costs accessories, is greater than or equal to the input of the object;

Product recipients are legal persons, individuals, sole practitioners. Customers who want a lease financing will have to meet the conditions and the documents provided for in the Bank and those of BRD Sogelease.

Financed goods are leasing new goods, such as: cars, light commercial vehicles or heavy construction equipment, industrial equipment, medical and IT equipment, software and computer applications (software), real estate. Second-hand goods - second hand - may be accepted in exceptional circumstances, only the opinion of BRD Sogelease.

The standard duration of financing is from 1 to 5 years. With the BRD Sogelease, may propose other times of funding, adjusted depending on the asset quality or duration of its economic life.

The price paid for used to finance leasing include:

- management fee, calculated the total amount of operation (good value without VAT) and perceived BRD Sogelease signing the contract with the client;
- interest financing;
- any other associated costs and fees under the lease provisions, primarily related to
 - ensure good;
 - clearance, registration, subscription to news and Electronics of the lease property.
 - other costs arising from transfer of ownership.
 - any other costs of running the leasing transaction.

Amounts are determined depending on the particular conditions and is charged entirely in accordance with the lease.

Unit transactions will be determined according to the strategy and trade policy BRD Groupe Societe Generale Group in the financing and leasing will be made available to network with regional representatives of the BRD Sogelease. Bank units can simulate leasing structure with client to determine the best choice in conditions of the standard price. BRD units may require exceptions conditions in accordance with internal procedures, if the global importance and profitability of customer relationship warrants.

Leasing rates under the conditions negotiated with the client in the contract of lease.

Compulsory insurance of goods purchased in leasing is for the BRD Sogelease, as owner of the property. Insurance is a full-hull and RCA - for vehicles registered - or insurance-type "All Risks Called '/' accidental damage '/' Electronic equipment '/' Clause Real Mobile / Buildings" in case of non-automotive equipment, depending on their type.

Insurance policies ends with 0% deductible or deductible exceptional $\leq 10\%$ of sum insured. It allowed exceptions notwithstanding, approved by BRD Sogelease, the insurance to be concluded by users leases directly with insurance companies. Insurance ends for the entire duration of the lease, at a sum insured equal to TTI (all inclusive) for the first year that TTI less wear for the next years, as key Insurer. Issuance and transmission policy, billing, insurance, and monitoring the unfolding insurance policies fall within the responsibility broker BRD Sogelease (if policies concluded by BRD Sogelease).

Payment of insurance rates is the User's responsibility (except that the leasing agreement provides another clause to that effect). Insurance companies approved are provided by the General Secretariat of BRD.

Throughout the lease period BRD Sogelease will pursue expansion of the insurance policy and will require elaboration Green Book by broker / user directly, for passenger cars traveling abroad, according to official regulations. Costs fall directly into the User's responsibility. For travel abroad by cars financed lease the lessor's written authorization is required.

If damage occurred to the equipment financed, open the file for damages is for the exclusive users. In this sense BRD Sogelease user will authorize in writing.

The user has, according to legal and contractual provisions, the option to purchase the financed asset at the end of the lease. Purchase value, called residual value will be determined by the beginning of the Contracting Parties in accordance with legal regulations and tax on the lease signing.

Generally, leasing transactions concluded by BRD Sogelease, are the only guarantee financed asset. However, in some cases, the reseller or excavation of the property does not sufficiently cover the remaining amount of the payment and associated costs (technical risk).

In order to reduce risk to reasonable parameters, a series of collateral may be required by BRD Sogelease as:

- Letter of guarantee issued by BRD in accordance with internal regulations of bank risk of non-payment policies, concluded with insurers;
- Convention repurchase (buy back) or to participate in the venture concluded with suppliers of goods;
- Other types of collateral (eg collateral deposits, letters of guarantee issued by banks other than BRD Groupe Societe Generale, etc., Fidejutor, corporate guarantee, etc.).

Depending on the nature of services provided by Sogelease BRD, BRD units are paid by it as follows:

a) If a BRD transactions, transactions that fall under the agreement of Guarantee , who initiated BRD unit will receive a commission for customer management, calculated according to the Agreement on the guarantee by BRD leasing operations conducted by BRD Sogelease ;

b) For transactions with a BRD, for which the issue of letters of guarantee, BRD unit which initiated the transaction will receive a commission of risk, which covers:

- The risk of default;
- Financial analysis of customer and transaction;
- Authentication and handling customer documents (eg transaction file, contracts, certification of signature of the person authorized to sign on behalf of clients, etc..)
- The amount of the issued letter of guarantee in favor BRD Sogelease;

The amount of commission the risk is 2% per annum, calculated monthly on the balance of each capital lease and will be paid quarterly by Bank units. Risk fee will be negotiated and confirmed in writing by BRD Sogelease and Bank units.

c) In all transactions with customers recommended by BRD, BRD units will receive a commission for consideration, covering authentication and pre-analysis of customer documents.

d) for transactions with non customers BRD, BRD units will receive a fee that covers authentication authentication documents to clients.

Authentication procedure will consist in making the BRD following operations:

1. We work with customers to ensure documentation of the lease as agreed (the files contain all documents required to be verified in terms of legality and accuracy);
2. Check business customers to CRB and CIP on the existence of outstanding credit and payment incidents;
3. Check business clients in insolvency proceedings Bulletin, a publication edited by the National Trade Register Office.
4. Check the status of legal entities outstanding debts to the budgets of state;
5. Remitted by BRD Sogelease lease file.
6. Check the person entitled to sign on behalf of the client (if it is the empowerment of GMS / AS / etc.) Certifies the signature and the right of signature.
7. Forward and take to and from customer contracts and BRD Sogelease.

All transactions (both BRD Sogelease own risk, and risk-BRD) for the exposure of the client / group exceeds EUR 110,000, the approval will be responsible for the corresponding consolidated exposure BRD + BRD Sogelease.

For transactions in goods for which technical highlights a risk that can lead to losses (market value less than the principal balance of the lease), in exceptional cases and only if the global profitability of customer relationship justify a guarantee can dealing with bank letter of guarantee issued by BRD.

In these cases, letter of guarantee of proper payment for BRD Sogelease, will be issued by the Bank.

In some cases, transactions in goods for which no technical highlights a risk (positive technical opinion), can be framed under the agreement on the guarantee by BRD leasing operations conducted by BRD Sogelease .

Credit documentation to ensure lease operations conducted by BRD BRD Sogelease is under the internal rules to which adds technical risk assessment (opinion + graphics) and estimation of potential loss by representatives BRD Sogelease.

Analysis of a file will take into account the actual risk remaining (considering that the property owner is BRD Sogelease and that has a good resale value or excavation). To this end BRD Sogelease will make available to Bank units outstanding graphics / resale value.

The file will be established in a simplified form and will involve:

- non-financial analysis
 - analysis of historical financial performance based on the results of the last 3 years and, if necessary, half results,
 - analysis of the investment project (investment purposes, the total investment cost, financing plan, investment risk assessment) in the case of productive investments character;
 - analyze financial projections for total activity during the course of the lease, including the projection of financial flows to assess the future ability to honor customer's payment obligations due to BRD Sogelease;
- analyze additional guarantees, if necessary.

For leasing transactions that fall under the agreement of guarantee notice framed in the coverage level will be issued by the Bank in accordance with the powers in force, without requiring additional guarantees other than the property that the contract lease.

Payment of lease rates is followed by BRD Sogelease. In cases where there are delays in payment, the User shall be notified in writing, with copies to the Bank unit that manages the customer relationship. Upon receipt of such notification, the Bank unit will have to work for emergency payment of late payments by the client.

If user not pay, will apply the provisions of the Agreement on the guarantee by BRD leasing operations conducted by BRD Sogelease .

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