

## Coronavirus Business Interruption Loan Scheme

During these unprecedented and difficult times, it is essential to look for solutions to all the problems that may be facing your business. There may be assistance in many forms such the much talked about Coronavirus Business Interruption Loan Scheme (CBILS). There is also options to use Asset finance, Invoice finance and Factoring and some of our lending panel can offer cash flow solutions which have also been popular during recent weeks. I will post about some of these options shortly but will concentrate on the CBIL and Personal Guarantee Insurance that may also be a useful tool in alleviating worries of giving personal guarantees with any form of finance funding. If you would like to speak about any of these other options then please feel free to get in touch.

As I am sure you may well be aware, the new Coronavirus Business Interruption Loan Scheme (CBILS) is now available through participating Banks and other specialist lenders.



On behalf of all our clients we are working very closely with all Banks and funders involved in CBILS and have been in regular contact with them to see how the new scheme will work in practice. The reality we feel may well be different to the perception of many business owners and so the provision of solid impartial advice to clients wishing to make an application is of paramount importance. Please check out the comprehensive [COVID-19 Support](#)



[Document](#) which outlines all of the support packages that are currently available for SME's. [Click Here](#).

We have pulled together not only the key facts of the new scheme, but also a note of what will be required to obtain the funding as quickly as possible:

## Some Key FAQ's

### Who will provide the loan?

There are now over 40 accredited lenders providing the loans, including all the high street banks: [Click Here to view](#)

### Amount of Loan Available

- In theory, up to £5m. However, in reality, lenders will look to provide loans that are realistic for the needs of each individual business.
- The amount may need to be verified by way of a cash-flow forecast or other supporting information

### Cost of the Loan

- Interest rate:
  - 12 month's interest free period plus up to 12 months capital repayment holidays
  - Normal commercial interest rates will apply from lender to lender
- The government will cover all up-front fees (arrangement fees) the lender may charge

### Term of The Loan

- Finance terms of up to six years are available for loans and asset finance facilities.
- For overdrafts and invoice finance facilities, the loan terms will be up to three years.

### Security To be Provided For The Loan

- 80% guarantee: The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance after realisation of any security taken.
- Unlike the existing similar schemes such as the EFGS, there will be no additional fee charged by the government for its guarantee.
- Loans <£250,000: At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under.
- Loans >£250,000: Lenders must establish a lack or absence of security prior to businesses using CBILS. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so. We anticipate that some lenders will look to take some form of additional security depending on the amount and this may involve Personal Guarantees and/or a debenture.

### Liability of The Borrower



- The borrower always remains 100% liable for the debt
- The business proprietors may also be required to provide personal guarantees

### **Eligibility to Take a Loan from The Scheme**

Smaller businesses from all sectors (with a small number of exceptions) can apply for the full amount of the facility. To be eligible for a facility under CBILS, an SME must...

- Be UK-based in its business activity, with annual turnover of no more than £45m
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender.
- Loans are limited to a maximum of 25% of 2019 turnover or double the annual wage bill, whichever is greater.

*Please note: If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.*

### **When can I get a CBILS supported loan**

The scheme went live on Monday 23 March and will initially run for six months.

### **Is it my only option right now**

Not at all. In fact, as the lender will pay a fee to access the scheme, if they can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

### **Are other non CBIL lenders still open for business, can I still borrow money via regular routes**

Yes, the majority of lenders are still open for business, although criteria has changed. There is still an appetite to fund investment property, bridging, commercial property, invoices and assets. Please get in touch to discuss your requirement.

The new CBILS scheme has many positive features at this difficult time for businesses but the reality is that obtaining the finance may be more involved and slower than has been reported in the press, so we suggest businesses apply early.

Our Case Team are on hand to provide support to all Network Partners and your clients and will direct the CBIL application to the most appropriate lender.

Please contact us and we will email a CBILS enquiry form for you to fill out and to submit to us.

[Enquiries@hadriancapitalfinance.co.uk](mailto:Enquiries@hadriancapitalfinance.co.uk)

Tel: 0191 268 2157