

## CORONAVIRUS

# Business Interruption Loan Scheme

CBILS has been significantly expanded along with changes to the scheme's features and eligibility criteria. The changes mean even more smaller businesses across the UK impacted by the coronavirus crisis can access the funding they need.

Importantly, access to the scheme has been opened up to those smaller businesses who would have previously met the requirements for a commercial facility but would not have been eligible for CBILS. Insufficient security is no longer a condition to access the scheme.

This significantly increases the number of businesses eligible for the scheme. The expanded scheme will be operational with lenders from Monday 6 April 2020.



## HOW IT WORKS

British Business Bank operates CBILS via its accredited lenders. Lesser & Co is submitting loan applications via the platform Capitalise which gives clients the best chance of success and the best rates available. There are over 40 of these lenders currently working to provide finance. They include:

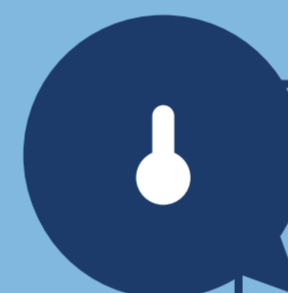
- high-street banks
- challenger banks
- asset-based lenders
- smaller specialist local lenders

A lender can provide up to £5 million in the form of:

- term loans
- overdrafts
- invoice finance
- asset finance

CBILS gives the lender a government-backed guarantee for the loan repayments to encourage more lending. The borrower remains fully liable for the debt. Under the scheme, personal guarantees of any form will not be taken for facilities below £250,000.

For facilities above £250,000, personal guarantees may still be required, at a lender's discretion, but: recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied; a Principal Private Residence (PPR) cannot be taken as security to support a personal guarantee or as security for a CBILS-backed facility



## KEY FEATURES OF THE SCHEME

- Finance of up to £5 million Guarantee to the lender to encourage them to lend Government pays interest and fees for 12 months The maximum value of a facility provided under the scheme is £5 million, available on repayment terms of up to six years. The scheme provides the lender with a government-backed, partial guarantee against the outstanding balance of the finance.
- The borrower remains 100% liable for the debt.
- The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied charges.
- Finance terms Security No guarantee fees for businesses
- For term loans and asset finance facilities: up to six years.
- For overdrafts and invoice finance facilities: up to three years. Insufficient security is no longer a condition to access the scheme.
- For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Payment.
- No personal guarantees for facilities under £250,000.
- Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the Principal Private Residence (PPR) and recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied.
- There are no guarantee fees for SMEs. Lenders pay a fee to access the scheme.