

Coronavirus Business Interruption Loan Scheme

(As amended by government announcement 3 April 2020)

The new temporary Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank, will launch early week beginning 23 March 2020, to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value.

Businesses can access the first 12 months of that finance interest free, as government will cover the first 12 months of interest payments.

Changes announced 3 April 2020:

Changes include:

- Lenders banned from requesting personal guarantees from lenders for loans under £250,000.
- For loans over £250,000 personal guarantees will be limited to 20% of any amount outstanding on the CBILS lending after any other amounts have been recovered from business assets.
- The above changes will apply to loans already obtained prior to the 3 April announcement.
- Government to request that applications are dealt with quickly.
- A new Coronavirus Large Business Interruption Loan Scheme (CLBILS) is to be made available to enable banks to make loans under the scheme of up to £25m (the present limit for the smaller scheme is £5m). This will allow firms with an annual turnover of between £45m and £500m access to the 80% government guarantee.
- Government is actively requesting that banks keep interest rates to “a reasonable level”. After all, base rates are at a record low...

Action required: If you have existing overdrafts or loans with your bank they will probably require that you continue with these facilities rather than convert to a Business Interruption Loan. They may offer better terms including interest or repayment holidays to tide you over the current close down. You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. If you are seeking support for the first time, you may also find that banks are keen to offer you their standard support products (without the government guarantee). Please call if you need help negotiating facilities. We can also help you draw together the information required to support an application.

*****PLEASE CALL 01752 752210 IF YOU NEED HELP NEGOTIATING FACILITIES. WE CAN ALSO HELP YOU DRAW TOGETHER THE INFORMATION REQUIRED TO SUPPORT AN APPLICATION.*****