

# Coronavirus Business Interruption Loan Scheme (“CBILS”) – REFORM

## What is the scheme?

Under the terms of the scheme the government will:

- ◆ provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs; and
- ◆ provide a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.

## What facilities are available?

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

- ◆ Term loans, with a term of up to 6 years
- ◆ Overdrafts, with a term of up to 3 years
- ◆ Invoice finance, with a term of up to 3 years
- ◆ Asset finance, with a term of up to 6 years



## What security is required?

Security criteria includes:

- ◆ 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 are required 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.

## How do I apply?

Applications are processed via one of the 40 accredited lenders, and not by the British Business Bank. See list of lenders at: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/> . Lenders include Bank of Ireland, Ulster Bank, Santander, NatWest, Danske Bank, HSBC and Barclays.

In the first instance, businesses may wish to approach their own provider, if they are an accredited lender. They may also consider approaching other lenders if they are unable to access the finance they need. Lenders may require funding proposal, business plans or forecasts depending on the facilities required.

## What businesses are eligible?

An eligibility checklist is available at <https://www.british-business-bank.co.uk/wp-content/uploads/2020/03/CBILS-SME-Eligibility-Check-FINAL.pdf> and includes:

- ◆ must be UK based, with turnover of no more than £45 million p.a.;
- ◆ must generate more than 50% of its turnover from trading activity
- ◆ have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty; and
- ◆ operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support).

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## How long is the scheme open for?

The scheme is open for six months.

## Further information on the scheme

Further information on the scheme is available at: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

ASM’s Corporate Finance team have substantial experience in assisting businesses secure finance including approaching /negotiating with lenders and preparing funding proposals/ financial projections.

ASM is geared to continue operating at full capacity at present and are therefore available to assist your needs. We will continue to monitor the ongoing situation to provide our clients with the information we consider will support them and may benefit them at this time.

However, if you have any specific queries that you need assistance with, please do not hesitate to contact our offices and you will be directed to the appropriate person for help.

**Contact Details**



**ASM - Newry**  
**Ian Finnegan**

**T 028 3026 9933**  
**E [ian.finnegan@asmnewry.com](mailto:ian.finnegan@asmnewry.com)**



**ASM- Belfast**  
**Caroline Keenan**

**T 07712 188773**  
**E: [caroline.keenan@asm Belfast.com](mailto:caroline.keenan@asm Belfast.com)**



**ASM - Magherafelt**  
**Grainne Quinn**

**T 028 7930 1777**  
**E [grainne.quinn@asmmagherafelt.com](mailto:grainne.quinn@asmmagherafelt.com)**  
**Skype : grainne.quinn\_1**



**ASM - Dundalk**  
**Michael P O'Hare**

**T +00 (353) 42 93 31637**  
**E [michael.p.ohare@asmdundalk.com](mailto:michael.p.ohare@asmdundalk.com)**



**ASM - Dungannon**  
**Alistair Cooke**

**T 07970 377543**  
**E [alistair.cooke@asmdungannon.com](mailto:alistair.cooke@asmdungannon.com)**

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