**Loans are available under the Coronavirus Business Interruption Scheme (CBILS)**

Financial assistance is available through the Coronavirus Business Interruption Loan Scheme (CBILS).

Applications for the expanded scheme opened on 6 April 2020.

The scheme will initially run for six months. All SMEs in all industries (except for the exclusions below) can apply. While resources have been trebled to process the increased demand expected for these loans, phone lines are likely to be busy and bank branches may not be able to handle enquiries in person, so online applications are recommended.

Applications should be made directly to lenders accredited by the British Business Bank. The lender has the authority to decide whether to offer finance under this scheme unless it can do so on normal commercial terms. Other lenders can be approached if one lender has turned the lending down.

SMEs will qualify if the business:

* is UK-based
* has an annual turnover under £45m
* has a borrowing proposal that the lender would consider viable prior to the Covid-19 pandemic
* can show that it can trade out of any short-to medium-term difficulty using this facility.

Applications can be made directly to the bank and there are no arrangement fees. The government will pay for any lender-levied fees and cover interest payments for the first 12 months, lowering the initial repayments for smaller businesses. In addition, some lenders are likely to offer capital deferment schemes of up to six months.

Term loans from £10,000 to £5m will be available for a maximum repayment period of six years. Overdraft and invoice financing to ease working capital requirements will be available for up to three years.

Under the expanded scheme, borrowings of up to £250,000 can now be accessed without any security. For borrowings above £250,000, personal guarantees and security may be required, at the lender’s discretion. Principal private residences cannot be taken as security or used to support personal guarantees. As the government is backing these loans with an 80% guarantee to the lenders, the recoveries on defaulted loans will be limited to 20% of the outstanding balance on the facility, after the proceeds of any business assets offered as security have been applied.

Small businesses that may have previously been denied loans under this scheme because lenders decided that normal commercial loans were more suitable for them can now apply for CBILS finance.

Lenders will require the following information:

* the amount to be borrowed
* the purpose of the loan, so that the lender can assess which type of finance is right
* Repayment term so that the bank can verify affordability.

The following documentation is likely to be requested as supporting evidence (although this may vary):

* management accounts
* cashflow forecast
* business plan
* historic accounts
* details of assets.

For applications for smaller facilities, it is likely that the process may be automated and may not require the same level of documentation.