

Recovery Loan Scheme v3

Tailored business finance, done differently

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BUSINESS FINANCE

Why Crown Business Finance?

We're one of the fastest growing brokerages in the UK, experiencing on average 250% growth YoY by adopting our five key values to build lasting relationships with our clients, partners/suppliers and funders.



150+

5* Google Reviews



£120m+

Raised



85+

Lenders



3,274

Cups of coffee consumed



INTEGRITY

To be a trusted finance provider where doing the right thing by our clients, suppliers and introducers is at our core of our business



POSITIVITY

We believe nothing gets achieved if you're negative. We adopt a positive mindset at Crown which yields positive results



TRANSPARENCY

Compliance & being upfront with our clients is integral to our brand. We give you all the details to ensure you make an informed decision



PERSONABLE

We like talking on the phone; so much in fact we spend over 300 hours a month on it building relationships and trust with our clients



MOTIVATED

We're passionate about what we do, meaning we're motivated to help our clients reach their goals via bespoke funding solutions



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Recovery Loan Scheme Overview

What is the Recovery Loan Scheme (RLS)?



The latest iteration (v3) of the Recovery Loan Scheme launched in August 2022 and provides financial support to businesses across the UK as they recover and grow following the coronavirus pandemic.

You can apply to the scheme even if you weren't negatively impacted by Covid-19 and where a funder can provide better commercial terms on a standard product, they will do. You can use the finance for any legitimate business purpose – including managing cashflow, investment and growth. However, you must be able to afford to take out additional debt finance for these purposes.

If your business has already borrowed from any of the other coronavirus loan schemes – namely:

- the Bounce Back Loan Scheme (BBLs)
 - the Coronavirus Business Interruption Loan Scheme (CBILs)
 - the Coronavirus Large Business Interruption Loan Scheme
- Recovery Loan Scheme v1 & 2

RLS is still open to you, although the amount you have borrowed under an existing scheme may in certain circumstances limit the amount you may borrow under RLS 3.



Businesses can borrow up to a maximum of £2 million per group for a wide range of products, available on repayment terms up to six years (for term loans and asset finance) and up to three years (for overdrafts and invoice finance facilities).

The RLS Guarantee is provided by the UK Government to the Lender and not to the Borrower.

- It enables the Lender to provide the Borrower with funding that might not otherwise have been available.
- The scheme provides the lender with a government-backed 70% guarantee.
- The borrower is as always 100% liable for the debt.
- A Borrower can apply for a RLS facility up to June 30th 2024, subject to review.

RLS3 will run until **30th June 2024** subject to review and acceptances can be valid 6 months after the deadline.



Recovery Loan Scheme Key Features

Please note on all facilities the borrower is 100% liable for the debt and the guarantee from the British Bank is to the lender, not the borrower.

Term Loans

Term Loans from £25,001 to £2 million

Repayment can be via regular monthly, quarterly, semi-annual or annual reductions, over the Facility term, interest-only or via periodic bullet repayments for Term Lending

Maximum £45m turnover restriction for Borrowers accessing the scheme (*lender criteria applies*)

The Borrower is required to meet the costs of interest payments and any fees associated with the RLS facility

Asset Finance / Invoice Finance

Asset Finance/Invoice Finance from £1,000 to £2 million

Available for Borrowers who already have a CBILS or BBLs; however, the outstanding balances on these will be deducted from the maximum the Lender can fund to the Borrower under RLS

The RLS Guarantee is to the Lender

The annual effective rate of interest, upfront fee and other fees cannot be more than 14.99%

Overdrafts / Revolving Credit

Overdrafts/Revolving Credit Facilities from £25,001 to £2 million

In the event of the Borrower defaulting on loan repayments (for example, failing to make specific repayments as and when they fall due), the Lender is entitled to seek to recover the full amount outstanding from the Borrower

The Borrower is always 100% liable for the debt

Term length for a Loan and Asset Finance facility is from 3 months up to 6 years

Groups

Borrowing for Businesses in a Group -up to £2million

Term length for Invoice Finance and Revolving Credit Facility is from 3 months up to 3 years

The Borrower does not pay any fees to the BBB

Any monies received by the Lender under the RLS Guarantee does not reduce the Borrower's liability in any way



PGs, Security and Eligibility?



Security

For facilities of £250,000 and below, unsecured lending can be offered at the discretion of the Lender.

For facilities above £250,000, Lenders are expected to take security where it is available, in line with the Lenders own lending policy.



Personal Guarantees

For facilities of £250,000 and below, personal guarantees can now be taken under the scheme following a funders normal lending procedures.

No personal guarantees can be held over Principle Private Residences. The Scheme prohibits the use of Principal Private Residence (PPR) recovery proceeds on RLS Facilities.

Client is always 100% liable for the debt.



Eligibility

Subsidy: The assistance provided through RLS, like many Government-backed business support activities, is regarded as a subsidy and is deemed to benefit the borrower. There is a limit to the amount of subsidy that may be received by a borrower, and its wider group, over any rolling three-year period.

Any previous subsidy may reduce the amount a business can borrow. All borrowers in receipt of a subsidy from a publicly-funded programme should be provided with a written statement, confirming the level and type of aid received.

Borrowers will need to provide written confirmation that receipt of the RLS facility will not mean that the business exceeds the maximum amount of subsidy they are allowed to receive.

Northern Ireland Protocol: All borrowers will need to answer some questions to determine whether they are inside or outside the scope of the Northern Ireland Protocol, to determine the relevant subsidy limit and hence the potential maximum amount they can borrow under RLS.



RLS 3 Eligibility Cont.

Turnover limit: The scheme is open to smaller businesses with a turnover of up to £45m (on a group basis, where part of a group).

UK-based: The borrower must be carrying out trading activity in the UK. No Covid-19 impact test required: Unlike with the previous phases of the scheme, for most borrowers there is no requirement to confirm they have been affected by Covid-19. For charities and Further Education colleges, confirmation of Covid-19 impact will still be required in some instances.

Viability test: The lender will consider that the borrower has a viable business proposition but may disregard any concerns over its short-to medium term business performance due to the uncertainty and impact of Covid-19.

Business in difficulty: The borrower must not be a business in difficulty, including not being in relevant insolvency proceedings.

Purpose: the facility must be used to support trading in the UK and cannot be used to support certain export related activities. There are certain restrictions on the use of proceeds of facilities in the agriculture, fisheries and aquiculture, and road freight transport sectors for borrowers impacted by the Northern Ireland Protocol. 6



Ineligible purposes

- Hire purchase or leasing of cars or other vehicles subject to personal taxation
- Variable rate deals
- Direct financing of specific export activity
- Operating lease

Ineligible sectors

- Banks, Building Societies, Insurers and Reinsurers (excluding Insurance Brokers)
- Public sector bodies
- State-funded primary and secondary



Viability, what we need and the process...

A Borrower will be able to apply for a Recovery loan if their business is trading in the UK and will need to show that their business:

- Is viable or would ordinarily be viable were it not for COVID-19 (the Borrower will need to provide evidence such as management accounts, business plan, historic accounts and details of assets)
- On RLS 3, you do not have to have been negatively impacted by Covid

The Process:

1

Make initial enquiry with Crown and speak with your dedicated account manager about your requirements

2

Send us the required information and accept the various RLS Privacy notices, consents etc.

3

We send the deal into underwriting utilising our extensive lender panel. Decision times will vary.

4

Deal assessed using the RLS criteria and conditions set by the British Business Bank with the aim of gaining an approval.

5

All details of the approval given to the client to make informed decision. Signing of documentation if happy to proceed.

6

Funding released to the client.

What we need:

This list isn't extensive but is a good starting point for what will typically be required

- Latest set of filed accounts
- Last 3 months business bank statements
- Details of the asset being purchased/refinanced (if suitable)
- Director's details for KYC checks

Further information may be required prior to or during an application



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We use the recorded for monitoring and training purposes. The calls help us deliver quality services to our customers.

The Recovery Loan Scheme is managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy & Industrial Strategy. British Business Bank plc is a development bank wholly owned by HM Government. It is not authorised or regulated by the PRA or the FCA. Visit <http://www.british-business-bank.co.uk/recovery-loan-scheme>

All figures correct as of September 2022



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