

# Enterprise Finance Guarantee



## Description:

The Enterprise Finance Guarantee is a guarantee facility for small businesses intended primarily to improve the availability of working capital through term loans and the consolidation of overdrafts. It will also support lending for business growth and development in cases where a sound proposition may otherwise be declined due to a lack of security.

The guarantee will cover the following types of lending:

- new term loans (with terms of between one and ten years)
- existing lending where lenders might not otherwise refinance the debt
- conversion of part or all of an existing utilised overdraft into a term loan in order to release capacity in the overdraft to meet working capital requirements (conditional on the lender being prepared to continue to provide an overdraft and the serviceability of both the term loan and the overdraft)

The guarantee will fund:

- working capital
- investment by businesses seeking to grow or develop

In addition to regular capital and interest payments to us, and any arrangement fee which they may charge, a premium is payable to BIS through your loan payments to us. You will only make one payment and we will ensure that the guarantee is provided to BIS.

The premium is equivalent to two per cent per annum on the outstanding balance of the loan, assessed and collected monthly throughout the life of the loan.

Delivery of the Enterprise Finance Guarantee, including the decision on whether or not it is appropriate to use it in connection with any specific lending transaction, is fully delegated to the participating lenders. There is no automatic entitlement to receive a guaranteed loan and nor is there any pre-qualification process for it.

## Value:

Eligible businesses are able to borrow between £1,000 and £60,000 under our scheme. We cannot lend higher than this.

## Eligibility:

Small businesses in the UK with an annual turnover of up to £25 million are eligible. Loans for most businesses purposes to businesses in most sectors are eligible. The principal exclusions relate to businesses in the agriculture, coal, and steel sectors, and to the financing of individual export orders. We will advise you if any of these restrictions affect your business when we consider your loan application.

## Evaluation:

Businesses will need to provide all the information normally required in connection with a loan application, which will generally involve completing our application



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form and providing supporting information, typically including your:

- current business plan, including details of the purpose for which the loan is required and details of other investment in and financial commitments of the business
- financial projections
- historic trading figures
- statutory and management accounts
- information on any other publicly funded support received by your business within the past three years
- Our normal credit application process

## Fees:

2% of the reducing balance of the loan paid monthly.

**Disclaimer:** The information in this sheet was correct at the time it was posted. You must always take independent legal advice when considering taking a loan. Failure to make payments can lead to adverse credit data and action may be taken through the courts for the recovery of the loan. Our loan agreements give us the right to attach the cost of any recovery for the loan directly from you. All our loans are personal loans for business purposes and you are personally liable for any defaults even if the business fails. The mentoring part of the loan constitutes a legal agreement also; it is a compulsory element of our service and is a chargeable item.

