

Glenn Barnett

From: David Lewis <davidlewis@connectfinancial.net>
Sent: Tuesday, 7 April 2020 1:58 PM
To: Glenn Barnett
Subject: COVID-19 Upto \$250K Business Loan

Hi Glenn,

Hope you are well.

Just thought I would send the below as an outline of the information we have gathered so far on the COVID-19 Upto \$250K Business Loan.

Government SME Guarantee Scheme (Short term interest only business loans)

The Federal Government announced on Sunday 22 March 2020 extended measures to support Australian small businesses through the emerging challenges as a result of the COVID-19 pandemic. The Government will establish the Coronavirus SME Guarantee Scheme which will support small and medium enterprises (SMEs) to get access to working capital to help get them through the impact of the coronavirus.

Under the Scheme, the Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs.

The Government's support will enhance the ability to provide credit to SMEs with the Scheme able to support \$40 billion of lending to SMEs.

Many of our clients have been requesting information regarding these loans so we have compiled the following to give you some information and help you assess whether this loan might be right for your business.

Important information

- The loans being offered are unsecured with a loan term of 3 years with maximum borrowing of \$250,000.
- The offer is available with a 6 months repayment deferral with interest to be capitalised.
- Customers do not need to have existing lending to apply and business' can apply with any lender.
- The Government expects it to be operational by early April 2020.
- Loans must be for business purposes (used for working capital)
- Indicative interest rate of 4.50% to 5.50% pa.
- Principal and interest repayments will apply only after an initial six-month repayment deferral.
- No application or loan services fees will apply.
- Loans will be available up until 30 September 2020.
- The business loan will be subject to lender's credit assessment result.
- Lending up to the lower of 6 months' worth of expenses (validated by July – Dec BAS).
- All the directors and shareholders need to provide individual guarantees to support the business loan.
- Loans must be used to support current and upcoming cash flow needs.

As you can appreciate lenders are receiving a large amount of enquiries for this business lending. Following is a list (although not comprehensive as each lender will be different) of information the bank is likely to require to begin assessment of an application.

Our suggestion would be to start to gather this information so you have it on hand and ready if and when you are required to provide it to support your application;

Likely information required by a lender:

- Lenders Application Form

- Lenders Privacy Consent Form
- 6 to 12 months' worth of BAS statements until December so the bank can assess the amount the business may require and the amount they can offer based off business expenses during this period.
- Details of all the commitments such as car loans, business credit cards or business loans under the trading company. The details include the loan limit, repayment amount, interest rate and term for all facilities.
- Details of all the directors' personal asset and liability position including:
 - a. Assets – real estate, cars, cash at bank, superannuation amounts, share value, other personal assets.
 - b. Liabilities - personal commitments such as home loans, personal loans, credit cards and car loans.
 The details include the loan limit, repayment amount, interest rate and term.
- Confirmation tax payments for both company and individual directors are up to date.
- Clear credit checks on both company and individuals.
- Accountant prepared financial statements
- Business and individual tax returns
- Australian Taxation Office (ATO) portal statements

The lender is likely to ask questions regarding the impact on the business of COVID-19 and we offer the following as a guide of potential questions that will need to be answered by you.

Likely questions to be asked:

- How has your business & cash flow been impacted by COVID-19?
- What actions are being taken to preserve cash flow?
- Is there opportunity to diversify? If so, what is the impact(s)?
- Is there reliance on another industry to supply goods and services? How is this impacting you and are alternatives available?
- Have you utilised any small business grants from the federal government?
- How much does the business need? Have you done a cash flow requirement for say the next 6 month period to identify what the peak amount required may be?
- What strategies does the business have in place to manage the cash flow & business operations over the next 6 months?
- Post the COVID-19 pandemic how long do you think it will take for your business operations to return to normal trading conditions & what if any strategies do you have in place to achieve this?

To apply/Lodge an expression of interest

As we have had numerous requests from our clients regarding these loans we encourage you to contact your lender directly to register your interest for these loans and to complete the relevant application forms and provide the necessary supporting documentation yourself.

This is the fastest and most efficient way for you to potentially access these funds in a timely manner. It is also the best way for the lender to gain an understanding of where your business is at in this current environment.

We suggest:

- If you already have a business banking relationship with a particular lender we encourage you to reach out directly to your Business Relationship Manager if you have one.
- If you do not have a Business Relationship Manager we have provided the following links as the first step in directing you to the relevant banks information regarding how to apply for/register your interest for these loans.
- Keep us in the loop of any application or registration of interest you may make so we can guide you with your application process.

ANZ - <https://www.anz.com.au/promo/covid-19/?pid=brd-hb-t-hp-03-20-ser-covid19>

Bankwest - <https://www.bankwest.com.au/help/coronavirus-support>

CBA - https://www.commbank.com.au/latest/coronavirus/business-support.html?ei=cor_newloan#new

NAB - <https://www.nab.com.au/personal/customer-support/covid19-help/business-support-loans>

St George - <https://www.stgeorge.com.au/business/small-business-relief>

Westpac - <https://www.westpac.com.au/business-banking/small-business-relief/>

If you have any further questions at all please don't hesitate to contact us.

Stay safe and well.

Regards

Dave Lewis

We specialise in HOME LOANS, COMMERCIAL LOANS & EQUIPMENT FINANCE



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