

# Business Loans



Introducing your future funding partner

## Introduction

Never before have there been so many lenders looking to support businesses. The days of turning to the High Street banks as a “one stop shop” are long gone.

While on the face of it the “alternative finance market” is good news, if you are running a business, picking out the most appropriate lender from more than 200 is going to take some time.

Our consultants speak to lenders daily, more importantly we know which lenders are actually active, which provide the best customer service and what sort of business they are “actually” targeting.



**David Griffiths**  
Managing Director

*As businesses emerge from the recent challenging times we are seeing an increased demand from our clients for business loans to support growth, expansion, acquisition and in some cases debt consolidation.*

*Beyond the high street banks we are seeing more innovative and flexible loan products emerging from the alternative finance providers. These range from “algorithm lenders” through to more traditional providers where grey hair and experience enables them to buy in to the proposition.*

*Our team with both accountancy and banking backgrounds regularly monitor new lenders to the market and are well placed to identify the right funding for you.*

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### What types of businesses can we assist?

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Our lenders will look to support most businesses that can demonstrate the ability to repay the facility when assessed by them. Certain sectors can be problematic for example betting, arms trading and manufacture, funding for other finance companies.

### Can new starts be funded?

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There is limited support available for new start business especially where there is little in the way of contribution or tangible security – but it always worth asking us.

If for any reason an established business is transferred to a new corporate entity, depending on the circumstances this can be acceptable.

We would usually define an established business as one which is profitable with ideally two years accounts registered at Companies House.

### Does it matter where the business is based?

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Generally, the business must be based in the UK. Some lenders do not operate in Scotland (where the law differs) others may not have representation in Northern Ireland.

From our perspective we can fund businesses anywhere in the UK, but common sense and our own geography dictate that we will generally fund deals where we can provide a full service for our client, which as a rule of thumb is usually a maximum of a two-hour drive.

### How long can I have to pay the loan back and is there a cost to repaying the loan early?

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Some lenders provide only short-term finance while others, if well secured might consider a 12-year term, sometimes longer. Typically, an unsecured loan would be repaid over five years.

Some lenders will specify early repayment penalties, but many do not. We will guide you through the specific terms quoted by each lender so an informed decision can be made.



## What is the difference between a broker and a lender?

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As Brokers we aim to source solutions for your requirements from our pool of Lenders including Challenger Banks, High Street Banks, and alternative funding institutions. Brokers do not normally lend money themselves.

## What role do you play as the broker?

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We manage your application from initial enquiry to completion. We will liaise with Lender(s) on your behalf and other relevant professionals to ensure matters go smoothly, always keeping you advised of progress.

## Do you charge upfront fees?

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Sterling Commercial Finance does not charge upfront fees, although beware as some brokers do, our fees are only payable if the business finance is drawn.

Always use a Broker who is FCA registered and a member of the NACFB (National Association of Commercial Finance Brokers).

## Will you help me with the form filling and other paperwork?

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Yes, we will. We will assist you in completing the application form and provide you with a list of other documents that the lender requires. We will then collate all the paperwork, check it, and then package the information before submitting it to the lender with our summary report.

## How confidential is our information?

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Sterling Commercial Finance Ltd will treat all information provided by you as confidential. As the Client you will have control of what information is disclosed. Borrowers keep all information we provide them confidential unless you expressly agree that it should be shared.

## Can loans be drawn in stages

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In some instances, a Loan can be drawn in agreed stages. However, some Lenders raise the total fund for a project at the outset.

## What are the fees?

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**Our Fees** – often, but not always, the Lender will pay part of its arrangement fee to us as a commission and in many instances, it will not be necessary for us to make an additional charge.

You will always be informed of our fees before making any commitment.

**Our fees are only payable if the business finance is drawn.**

**Arrangement fees** – these vary according to Lender but often fall in the region of 0.5-6%.

**Third-party fees** – such as valuation or legal fees and costs/expenses are payable by the borrower.

## Is Sterling Commercial Finance regulated?

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We are regulated by the Financial Services Authority (FCA), under reference no 733615. We are also members of the National Association of Commercial Finance Brokers (NACFB) and adhere to their recognised Code of Practice.

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## Secured Loans - what level of security is required and when should I get the assets valued?

Traditionally a bank would only regard a facility as secured if it held covering security (valued on a written down basis). However, Lenders in the new Alternative Finance sector do not necessarily seek full security cover and may recognise assets as security that the banks would not. Some Lenders do not seek formal security and rely on the Personal Guarantees of the directors.

Some Lenders are looking for tangible security typically in the form of property assets while others when lending to Limited companies will seek a Mortgage Debenture to capture assets such as stock and debtors.

### Other forms of security:-

- Charges over specific business' assets by way of a chattels mortgage.
- Charges over property held within the business (1st charges preferable)
- Personal guarantees from the business' principals possibly with supporting security such as a charge on property.

The better secured propositions invariably receive greater interest from lenders and lower rates.

### Valuation

We would urge borrowers not to incur the cost of professional valuations before approaching us. In due course we would expect to agree an appropriate valuer with you and obtain a fee quote for their work. It is essential that the valuer is acceptable to the Lender and that a formal instruction is made by us or more likely the Lender.

valuation  
secured  
loans  
interest  
rates

## What are the Interest Rates?

Interest rates largely depend on the Lenders perceived view of the level of risk in a transaction. Risk can be mitigated by features such as security, experience, the reserves of the business, sector, customer base etc. A secured loan to a sound established business could very likely be sourced from a high street Bank at a very attractive rate whereas a loan to a start-up business where there is a modest contribution from the owners and little or no security will be more expensive.

We will usually be able to advise at an early stage what sort of interest rates will be payable in each scenario.

Interest rates are also dependent on the source of capital, some lenders can quote rates linked to Bank of England base rate. However, in the Alternative Finance market rates are usually fixed for the term of the loan and depend on the cost of capital to the Lender.

## The Loan Process

**We charge no upfront fees**



### Contact Us

We can only help you if you contact us

☎ **0115 984 9800**

✉ [info@sterlingcommercialfinance.co.uk](mailto:info@sterlingcommercialfinance.co.uk)



### Additional Information

We will gather the information that we need to present to lenders

- Accounts
- Bank Statements
- Business Plan



### We go to Market

We will match your funding requirements from our panel of over 200 lenders



### Review Offers

We will review funding offers with you to identify the most suitable considering cost, terms, exit fees, flexibility and future plans.

We will then work through the completion process with you until funds are drawn.

**Our fees are only paid on draw down of loan**

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Sterling is an independent Commercial Finance Brokerage with Full FCA Permissions and NACFB Membership