



COVID-19 BOUNCEBACK LOANS – FURTHER FLEXIBILITY FOR BORROWERS IN 2021 !

- **Q - So what are the KEY changes announced by the Government ?**

Bounce Back Loan (BBL) borrowers will now have the option to tailor payments according to their individual circumstances – **along with the option to delay all repayments for a further six months.**

The new repayment approach for BBL loans is being called the '**Pay as You Grow**' scheme, with the repayment flexibilities within the terms of this scheme enabling existing borrowers to **tailor** their repayments –

1. the option to extend the length of repayment of BBL loans from six (6) to 10 years - **reducing monthly repayments significantly**
2. the option to make **interest-only payments** for six (6) months and/or
3. the option to **pause repayments** for a period of up to six (6) months

There is also further flexibility in respect of the '**repayment pause**' option, which will now be available to all borrowers from their first repayment - rather than just being available after six repayments have been made.

Essentially businesses can now choose to make no repayments at all on their BBL loans, until 18 months after they originally took the BBL loan out !

- **Q - How will these options be made available to me ?**

The Government has confirmed that each individual lender will be **required** to contact borrowers to provide clear information on

1. the various repayment schedules, as well as
2. how the borrower will be able to access the flexible repayment options

Lenders are therefore required to **proactively and directly** contact their customers and make them aware of the **Pay as You Grow** scheme.

Realistically businesses with BBLs, should only expect contact from your lender within three months of the original due date of the first repayment !

- **Q - What are the 'Pay As You Grow' Scheme options ?**

The British Business Bank operates the **Bounce Back Loan (BBL) Scheme** on behalf of the Government, and it has therefore been made clear that lenders are expected to offer the **Pay As You Grow** scheme options to **ALL** of their borrowers under the Bounce Back Loan Scheme.



Businesses with BBL loans will be provided with the following options by their lender:

1. To extend the length of their Bounceback loan from six years to 10 years - **at the same fixed interest rate of 2.5%**
2. To make **interest-only payments** only (rather than full interest and capital repayments) for a period of six months - **with the ability to avail of this option up to THREE TIMES throughout the term of the loan**
3. To pause any repayments entirely for a period of up to six months – **with the ability to avail of this ONLY ONCE during the term of the loan**

Have you any further queries on the Bounceback loan scheme, or do you want to review your cashflow or working capital ahead of your first repayment under the BBL scheme ?

Feel free to contact any of the Sakura team directly or alternatively contact us on clientservices@sakurabusiness.co.uk to see how we can assist !