



Best Alternative
Funding Provider

Get more deals away with business loans from real people.



Over 20,000 individual investors ready to lend to your clients.

Loans for any purpose to suit your clients' needs

Available to all sectors, our loans are suitable for:

- Expansion and growth
- Asset purchase
- Working capital & cash flow finance
- Property purchase & refurbishment

To register email broker@fundingcircle.com
or call **0800 098 8769**



Funding Circle

Better for business, better for investors, better all round.

Funding Circle at a glance...

Our products

- Unsecured loans up to £100k (PG required)
- Asset finance loans £20k - £500k (can include VAT – up to 120% LTV)
- Secured loans: £100k - £500k
- Repayment terms: 1, 3 or 5 years
- No early repayment charges
- Average rate: 8.6% (annual true rate)

Who we lend to

We can help limited companies and limited liability partnerships. Minimum criteria includes:

- 2 years trading history (or 5 years for 5 year loans)
- 2 years of filed accounts
- Minimum turnover £100k
- Upward trending or stable financials
- UK resident director
- No CCJs outstanding above £250

Why work with us

- Earn competitive commission paid upfront
- Get more deals away with our flexible products
- Simple and quick application process
- Speak directly to the credit team



Steve Harris, Director at Central Finance Birmingham has placed multiple deals with Funding Circle including a £100,000 loan for expansion for a care home:

“We’ve been dealing with Funding Circle for the past two years and it’s a refreshing change from traditional funders. When you take into account the speed, cost and flexibility, Funding Circle really is a unique offering for SMEs in today’s difficult market.”

How does the process work?



As featured in...



For further information speak to our dedicated business development team on **0800 098 8769** or email **broker@fundingcircle.com**

1. Applications

Q. How long does an application take?

A. All applications are done online via your broker account, and typically each takes 15-20mins to complete. The application form questions can be downloaded from your account page or by emailing broker@fundingcircle.com.

Q. What is your minimum and maximum loan size and term?

A. We offer loans from £5,000 to £500,000 repaid monthly over terms of one, three and five years.

Q. What do I need to provide for an application?

A. In addition to the application form questions about the business you will need to submit a copy of the most recent filed accounts and a copy of the up to date management accounts containing profit and loss information, no more than three months old. These can be emailed to credit@fundingcircle.com or faxed to 0203 3185806. Please provide these as a pdf or equivalent.

When applying for a property, secured or asset finance loan above £100k, you will need to complete additional forms. For secured loans you will need to complete both the fixed asset register, and the outstanding credit register.

For an asset purchase loan you will need to complete the large asset form. These documents can be found on the online application business financials section, or can be requested by emailing broker@fundingcircle.com

Q. Do I need to provide bank statements or a business plan?

A. No, you do not have to provide bank statements or a business plan as standard, however sometimes we may request this. If you have any additional supporting information please email it to credit@fundingcircle.com

Q. What other information will I have to provide?

A. Sometimes we require additional information and our credit assessment team aim to make a request for items only once. Items requested could include but are not limited to:

- A detailed list of creditors
- A detailed list of debtors
- Bank statements
- Proof of contracts secured
- Supporting information for large customers
- Evidence of business split
- A statement of personal assets from a Director.

Q. I want to apply for a loan above £250k, but £250k is the maximum amount I can select, how do I proceed?

A. First prequalify the business as normal but use the amount of £250k. Proceed with the application stating £250k but email credit@fundingcircle.com stating the intention to be considered for an application above £250k. We currently will consider applications up to £500k.

Q. What fees does Funding Circle charge?

A. We only charge borrower fees upon drawdown of funds, we do not charge application fees. The fees are 2% for one year loans, 3% for three year loans and 4% for five year loans. For all asset finance loans the fee is 5%. Fees can be added on to the loan at the time of application.

2. Risk banding

This is determined using a combination of credit assessment and Experian Delphi score. The score given at pre-qualification is an indicative score and not necessarily the final risk band after credit assessment and at listing. The provisional risk bands equate to the following scores:

A+: 90+, A: 80 – 89, B: 60 – 79, C: 30 – 59.

3. Credit assessment

Each business' historical financial performance is assessed, using the filed accounts and management accounts, which is fed into our scorecard model. The following factors are taken in to account in the assessment:

- Affordability of the loan, including coverage ratios
- Business net worth
- Profitability
- Trends
- Age of business and management team
- Use of loan
- Credit history of directors
- Days beyond term, and vs sector average
- Cash flow indicators such as searches

No one factor determines a pass or fail at credit assessment but all factors contribute to an overall risk model score.

Q. There is negative credit history associated with the business, will this affect the assessment? For example one of the directors of the business has negative credit history.

A. It is important to disclose all information at the time of application. The impact of the credit history depends on its severity and when it occurred. If it is significant, remains outstanding or occurred recently (within the last two years) then it will impact the assessment. If it was more than six years ago, and/or only minor, it will likely not.

Q. What if one of the directors has been involved with a company that has ceased trading?

A. It depends on the length of time elapsed and situation with that business. If one of the directors has liquidated a company in the last six years when creditors have lost out this will impact the assessment; unless there are specific circumstances to explain this, we will not be able to list the loan on the marketplace. If the business has been liquidated over six years ago we will assess the application but are likely to ask for further information surrounding this.

Q. Why don't you use forecasts?

A. Funding Circle's credit assessment model is built largely on analysing historical performance and not on forecasts, business plans or projections. When assessing an application we look at how affordable the monthly loan repayments would be for the business as it stands currently rather than on projections. We will however, take in to account projections where specific contracts have been secured.

Q. If I disagree with the Experian Delphi Score can this be changed?

A. In the event there is a query regarding the current score the business can contact Experian directly to discuss this, in the event of any error that is subsequently rectified by Experian and notified to us we can reassess the application. Experian telephone's number is 0844 4815870

4. Property finance applications

Q. What type of property finance does Funding Circle provide?

A. Funding Circle can provide loans up to £500,000 to property companies provided our standard credit assessment criteria are met including demonstrating an ability to meet the monthly repayments with current financials. In addition:

- Loans below £100K for property purposes can be considered on an unsecured basis with a PG
- Loans between £50k and £100k may require suitable security
- Suitable security is required for property related loans above £100,000 up to £500,000
- Security will take the form of either an all asset security agreement across the business' assets (including all properties - a second charge is sufficient), or a charge registered at the Land Registry against one or several specific properties within the portfolio. An independent valuation may be required.
- Properties to be secured against must have mortgage in place from a known lender.
- All property loan requests will require a five year trading history
- Loans to property businesses will only be considered over three or five year terms
- Funding Circle will not currently consider funding or large scale development deals where existing security is not sufficient. For example, a company with a single plot of land that wants to build and subsequently sell a number of new properties

- For property developers security will be taken against an existing property and not against gross development value or GDV.
- Funding Circle will consider applications from current portfolios of max 65% LTV and will lend up to 85% LTV.

5. Personal Guarantees

For most unsecured loans and some secured loans, we require a personal guarantee from one or several of the Directors. Normally the guarantee is required from one or several of the major controlling shareholders; this can be joint and several. A statement of personal assets is also required to be completed by the guaranteeing director(s). Cross company guarantees are possible when beneficial ownership belongs to another company. Beneficial ownership must reside in the UK.

6. Secured loans

For security we consider fixed assets such as property owned by the business, equipment, plant and machinery. In some cases we will take in to account stock and debtor book. For some businesses, we will offer a combination of security and a Director personal guarantee. The initial assessment will be on whether the business can meet the repayments as it stands currently.

Q. What loan-to-value-ratios do you offer?

A. It depends on the assets, current charges and the size of the loan requested. In some instances we can lend up to 100% LTV. For property companies we can lend up to 85% LTV.

Q. What kind of security do you take?

A. We put an all asset security agreement in place, which is a debenture. This can be a second charge. This charge is registered with Companies House and encompasses a Deed of Priority; it states that if a new charge is registered Funding Circle must be notified. For loans to property companies we may register a charge against a specific property.

7. Asset finance

We provide finance from £50k to £500k to businesses when they are buying an asset from a supplier, these can be either new or second hand assets. We finance larger items that have a high resale value and include examples below.

Yes: Wheeled and "oil dripping" assets, yellow goods such as JCBs, large equipment and machinery.

No: We will not lend on asset finance for IT equipment, furniture wind turbines, solar panels, stock, softer assets with a low resale value, and multiple items of smaller value below £10k.

Q. Do you do refinancing of assets?

A. Businesses can apply for an unsecured loan up to £100k if they are looking to refinance assets; currently Funding Circle do not operate a facility for refinancing of assets but may do in future.

8. General requirements and restrictions

Requirements:

- The business must be a limited company or a limited liability partnership.
- Projected turnover of the business must be at least £100,000 per annum.
- Businesses must demonstrate continuous trading for at least two years and must have two years of filed accounts at Companies House.
- For five year loans and for property loans, the company must have been trading for at least five years.
- Beneficial ownership of the business has to reside in the UK and one director needs to be UK resident.
- The company must have a strong Experian commercial Delphi score, for unsecured loans this must be over 30 and the last three month average must be over 30.

Restrictions

- Funding Circle does not lend to money lenders.
- Funding Circle do not currently lend to sole traders or partnerships but are developing this product.
- Funding Circle does not currently allow partial redemption of the loan; however there is no early redemption charge when the outstanding balance is repaid in full prior to the end of the loan term.

- The business cannot have any CCJs outstanding above £250.
- For risk band C companies the maximum loan amount is £150,000.

9. Review of applications

Q. How long does it take to review applications?

A. The credit assessment team will typically review applications within three working days from receiving all the required information.

Q. If the application is rejected can I apply for a lower amount?

A. As part of the application process, the credit assessment team will automatically consider a lower amount if we are not able to lend the full amount requested.

Q. If the application is rejected can I appeal the decision and what is the process?

A. If the application is rejected the credit assessment team can provide feedback on why the application has not passed. If further information comes to light this can then be considered and the application reviewed again. If necessary the decision can be referred to the Credit Committee for review.

10. Accepting loans and additional applications

Q. When can the business apply for another loan?

A. Once a business has completed six repayments they can apply for a second loan.

Q. Can the business choose to decline the loan once listed on the marketplace?

A. Yes the business can reject the loan after the auction has ended. Whilst most businesses accept the loan once listed, we recognise that circumstances can change. Subsequent applications may not be considered for a specific time period, dependent on circumstances.

Q. Can a business that has applied for a loan with Funding Circle as a borrower and lists on the marketplace also invest in itself as an investor?

A. Under our terms and conditions a business cannot invest in its own company, however, directors, family and staff within the business can invest independently in the company.

11. Commission

Q. What commission does Funding Circle pay?

A. Funding Circle pays introducer commission ranging from 0.5% up to 2.5% of the loan amount; this commission is paid to the introducer to their Funding Circle account at the same time the loan is drawdown.

Q. Is there a claw back of commission?

A. As per our terms and conditions, if the business fails to make the first six repayments Funding Circle will request a repayment of the commission from the introducer.

Further information

If you have further questions please contact your Business Development Manager, email broker@fundingcircle.com or call 02074019111.