



Your guide to our RLS lending criteria

RLS loans with Atom

We've been accredited by the British Business Bank to offer secured loans through the Government-backed Recovery Loan Scheme (RLS). RLS will support access to finance for UK businesses as they recover and grow following the pandemic.

RLS aims to help businesses affected by COVID-19 and can be used for business purposes, including managing cashflow, investment and growth. It is designed to support businesses that can afford to take out additional finance for these purposes. Businesses who have taken out a Coronavirus Business Interruption Loan (CBILS), a Coronavirus Large Business Interruption Loan (CLBILS) or a Bounce Back Loan (BBLs) facility are able to access the new scheme.

The following guide details our RLS-specific lending criteria and should be used in conjunction with and alongside our existing business banking lending policy. In general, our existing business banking lending policy will apply to all RLS lending. All specific policies to be applied to RLS lending are detailed in this document and must be followed for RLS applications. Where there is no specific policy detailed in this document, the existing lending policy will be assumed to apply.

Our existing business banking lending policy can be found here: <https://www.digitalmortgages.net/business/documents>

Eligibility

To be eligible for a RLS loan, your customer's business must:

- *Be based in the UK;*
- *Is or will be engaged in Trading Activity in the United Kingdom at the initial drawdown date;*
- *Have a borrowing proposal which Atom would consider viable, if not for the coronavirus pandemic;*
- *Be able to certify that its business has been impacted by coronavirus (COVID-19);*
- *Be able to provide suitable security in line with Atom's commercial lending policy;*
- *Generate more than 50% of its turnover from trading activity.*
- *Not be subject to any collections or insolvency proceedings.*

The following businesses are not eligible to apply:

- *Banks, Building Societies, Insurers and Reinsurers (excluding Insurance Brokers);*
- *Public Sector bodies;*
- *State funded primary and secondary schools.*

Maximum Aggregate Loan Size

The maximum amount¹ an individual business can borrow under RLS cannot exceed the lower of:

- £10m; or one of
- (a) double wage bill for 2019 or the latest available year; (b) 25% of 2019 turnover; or (c) self-certified liquidity need for the next 18 months;

The maximum amount per Group is limited to £30m.

Please note, if the loan size is based on liquidity needs, a liquidity plan will be required.

¹The outstanding balance of any existing RLS/CBILS/CLBILS (but not BBLs) facilities will need to be deducted from the maximum amount a business can borrow.

Key facts

Loan size:

£250k to £5m (subject to assessment).

Term:

Up to 6 years.

Repayment type:

Interest only, capital and interest or capital and interest with a bullet repayment at the end of the term.

Fees:

These will include valuation and legal fees.

LTV:

Up to 75% available, subject to lending policy and underwriter assessment.

Security:

First legal charge over suitable security (land, property). We may require additional security, this could be in the form of debentures or business guarantees. Personal guarantees may still be required, at Atom's discretion, for loans above £250,000, but they exclude the Principal Private Residence (PPR) and recoveries under these are capped at a maximum of 20% of the outstanding balance of the RLS loan after the proceeds of business assets have been applied.

Where a property is used as both a residence and a business location by a Borrower or a Personal Guarantor, under RLS this property is deemed to be a Principal Private Residence (PPR) and we cannot take such properties as security.

Loan Purpose:

The loan can be used for business investment, to refinance existing debt with another lender, and for cash flow purposes.



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The Recovery Loan Scheme is managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy & Industrial Strategy. British Business Bank plc is a development bank wholly owned by HM Government. It is not authorised or regulated by the PRA or the FCA. Visit <http://www.british-business-bank.co.uk/recovery-loan-scheme>