

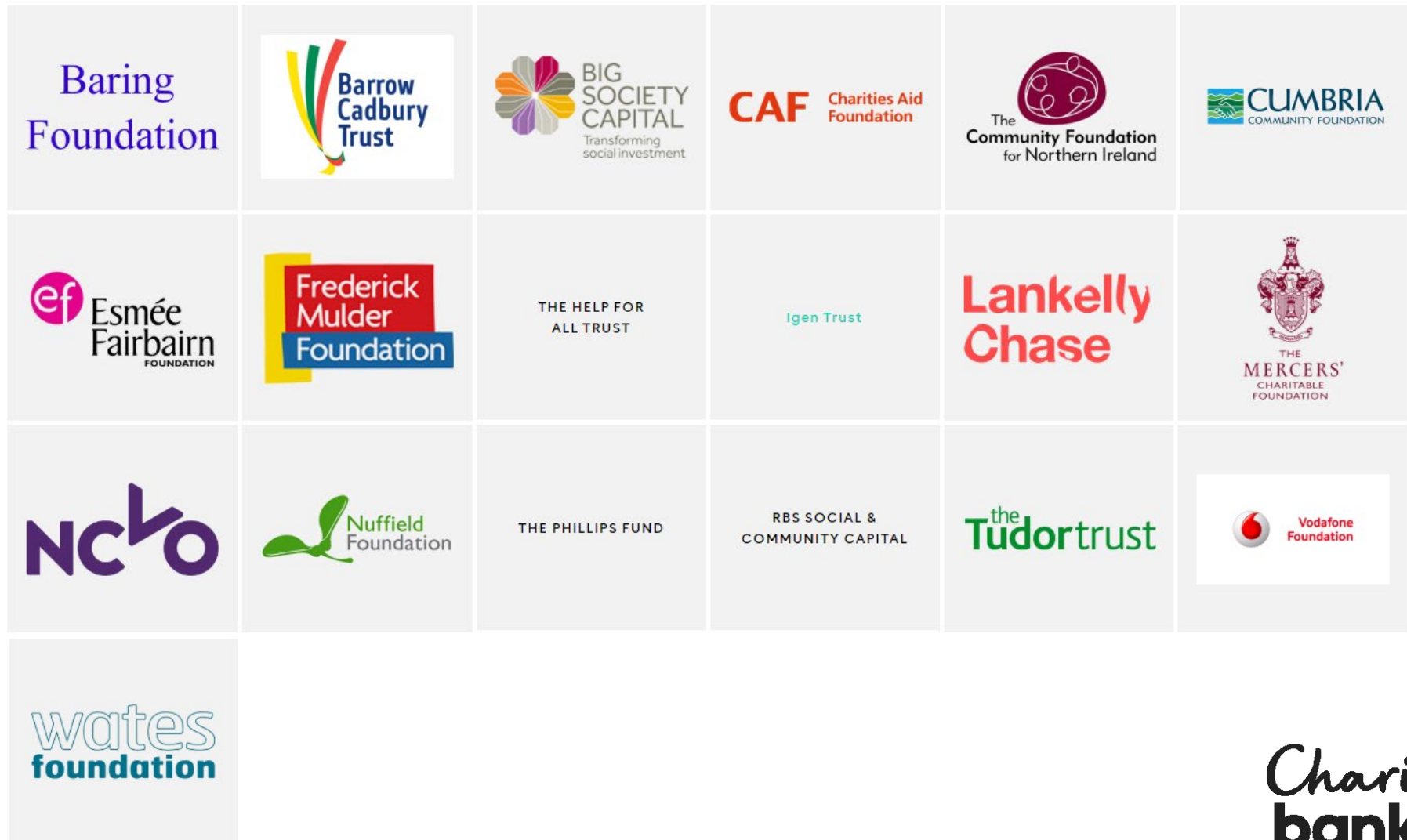
Carolyn Sims – Director of Lending

The Almshouse Association Members Conference, June 2019

“Our mission is to support your mission”



Our shareholders



Types of loan finance

- High Street banks
- Social banks
- Almshouse Association
- Social funds
- Bond market
- Crowd funding

Why use loan finance ?

- To develop, purchase or refurbish a building
- To invest in new social enterprise activities and develop new income streams in the face of cuts in public spending
- To form part of a match funding package
- To bridge receipt of delayed funds
- To obtain new contracts
- To acquire equipment
- To supplement grants and donations, which are not always sufficient
- To achieve one, or any mix of the above goals

Dealing with lenders

- Make early contact
- Consider a social lender – they should have a better understanding of the social sector and may be more willing to lend
- Sometimes several lenders working together may be required
- Ask colleagues for recommendations
- Don't fear rejection – different banks have different criteria
- Find out about timescales – it can take longer than you might expect!
- If there seems to be a delay – contact your lender straightaway
- Get someone independent to read the loan offer

Our loan terms

- Typical amounts borrowed up to £4 million
- We work with other social lenders to provide larger loans
- We provide bespoke debt structures to meet the needs of our clients
- Term is for up to 25 years with a 10 year break
- We provide development finance
- Typically, 1% arrangement fee payable on acceptance of our loan offer
- Early repayment penalties are not charged unless the loan is re-financed through another lender in the first five years

Loan applications are subject to credit and legal due diligence and approval. Rates and fees will depend on circumstances. Any property or assets secured on the loan are at risk in the event of default and where repayments cannot be made in accordance with the terms and conditions and some or all of the funds lent may become repayable immediately.

What lenders look for:

- Social impact
- Evidence of demand for what you wish to provide
- Well developed plans
- Evidence of affordability
- Good governance
- Provision of financial information
- Security
- Risk assessment or register

What you should look for:

- Interest – not just the rate but the type and term
- Fees – check for additional costs
- Security – what is required?
- Commitment – when do you become obligated?
- Default – what happens if things go wrong?
- Covenants – can you comply; are they overly onerous?
- Early repayment penalties?
- Requirement to change transactional banking?

Testimonials: Borrower insights



Image: Abbots Bromley Hospital Trustees' new almshouses
© Becky Lane - Positive Image

"Our almshouse accommodation was in considerable need of modernisation... We were able to fund the project with reserves, grants and a modest loan from The Almshouse Association. This, however, still left a significant shortfall.

"Charity Bank was able to approve a 15-year loan to cover the shortfall, as well as a six-month bridging loan until our Homes & Communities Agency grant was payable.

We doubt if a traditional bank would have been able to provide either the loan or the bridging facility because they just aren't geared up to comprehend this very specialised housing sector."

Mithra Tonking, chair of the Abbots Bromley Hospital Trustees

"Ultimately, Charity Bank enabled the project to go ahead through agreeing to finance over half the costs.

Now, all three new blocks of accommodation are under construction and will offer an extra 16 sustainable homes to help those on the extensive waiting list for housing in the area. Mabel Luke would have been very proud."

Bill Piner, Chairman of the Trustees of The Charity of Mrs Mabel Luke



Image: The Charity of Mrs Mabel Luke. Directors and builders, half way through the project. © Newbury Weekly News

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Get in touch

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