

SME SUPPORT LOAN | CORONAVIRUS SME GUARANTEE SCHEME

Heritage Bank

KEY TERMS SHEET | EFFECTIVE AS AT 15 APRIL 2020

Overview of the Scheme	
What is the Scheme?	The SME Guarantee Scheme is an Australian Government initiative to assist small and medium businesses access working capital during the coronavirus pandemic.
How does it work?	The Australian Government will provide a limited guarantee for eligible new loans to small and medium enterprises (SMEs). The Scheme will support up to \$40 billion of lending to SMEs.
When will it be available?	Scheme-backed loans are available for new business loans if approved and made unconditional by Heritage by 30 September 2020.
Eligibility	
Who is eligible for the Scheme?	Heritage customers and new-to-bank customers are eligible if they: <ul style="list-style-type: none">(a) are based, registered and operating in Australia with an Australian Business Number;(b) have an annual turnover of up to \$50m in the previous financial year and an expected turn over of less than \$50m in the current financial year; and(c) are making a new loan application (and not an application for an extension of credit to pay down or refinance an existing loan). Applicants must also satisfy Heritage's usual credit assessment policies.
Are all business types eligible for the Scheme?	Yes. Self-employed individuals, sole traders and not-for-profit businesses are eligible for the Scheme.
Terms	
Purpose	The loan must be for business purposes and applied to support current and upcoming cash flow needs (including working capital, liquidity and operating expenditure). This means that the loan may be used to pay employees, utility providers and other service providers. Generally, the loan may not be used for capital expenditure (that is, to purchase new equipment). Loans cannot be used to pay down or refinance an existing loan facility, with Heritage or any other lender.
Loan Amount	The minimum loan size for Heritage Scheme-backed loans is \$20,000. An aggregate loan limit of \$250,000 applies meaning a borrower could take one or more Scheme-backed loan products up to this loan limit, provided that the aggregate outstanding balances and credit limits of all Scheme-backed loans issued to the borrower do not exceed this amount. The loan has redraw capability, which means borrowers only pay interest on the drawn balance of the loan.
Term	The term of the loan can be for up to three years. At the end of the term all principal and interest must be repaid.
Fees	There are no establishment fees or fees for undrawn facilities.
Interest	Interest is 5.45% pa variable as at the Effective Date. All principal and interest repayments under the loan are deferred until six months from funded date. Interest accrued during those six months will be added to the loan balance. After six months, amortised principal and interest repayments for the loan balance will be required.
Security	The security for the loan is limited to one or more personal guarantees (such as a director's guarantee).
Further Information	
Application Process	Eligible SMEs may apply for a loan by contacting Heritage: By telephone 1300 301 809 By email info@heritage.com.au
Tips when applying	Remember: <ul style="list-style-type: none">(a) a borrower with the same ABN cannot have more than \$250,000 in Scheme-backed loans in aggregate from any lender;(b) one or more personal guarantees will be required (i.e. director guarantees) and no other security can be used for the loan; and(c) the borrower will need to declare that:<ul style="list-style-type: none">i. it will use the loan for the approved purposes only; andii. the aggregate loan limit of all scheme-backed loan products issued to the borrower does not exceed \$250,000iii. the borrower does not hold a Scheme-backed loan with a lender other than Heritage and for the duration of the loan, the borrower will not hold or procure a Scheme-backed loan from a lender other than Heritage
More information	Treasury website at https://treasury.gov.au/coronavirus/sme-guarantee-scheme