

Peer-to-peer Lending The Facts:

What information do borrowers need to provide?

In some cases a detailed business plan including, monthly cash flow, profit and loss and balance sheet will be required. Other funding companies will only require brief information of the proposal before seeking to obtain funding for the deal.

Who will see this information?

Funding platforms are open to the general public on the internet. Some funding websites have a smaller number of viewings than others.

What are the fees?

Fees are typically:

- 2% to 5% of the value of the loan on drawdown
- There may a listing fee and an ongoing administrative fee charged monthly on the outstanding loan balance

How is interest charged?

Interest is charged on a daily basis and is normally included within the monthly repayment. It may be possible to have an interest roll-up.

How long does it take?

Once sufficient proposal information has been put together the application can be submitted to the auction site. The auction usually runs for 7 days. Upon closure and documents being signed the funds can be available within 48 hours, dependent on the complexity of the security.

Are there any early repayment charges?

Normally there are no penalties or additional costs for the early repayment of the loan.

Can there be a capital holiday?

Yes, a capital holiday can be arranged for some loans.

What security is required?

Peer-to-peer lending companies will normally require some form of security e.g. personal guarantees, property, or debenture.

Who administers the loan?

The day to day contact in securing funding will be with the funding site team . If the loan has many investors the borrower will still just deal with the funding company or sponsor and there is no need to deal with all the investors individually.



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