



## HOW TO GET YOUR LENDER TO SAY “YES”

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The banking and finance world has changed significantly in the past decade with many farmers no longer having access to seeing a Bank Manager face to face or to a specialist in the sector. If and when you find somebody to look at your proposal, the first thing the lender will ask for on most occasions is a plan.

I spent over 20 years as a Regional Agricultural Manager for a Bank before taking early retirement in 2017 and moving to work as a Business Consultant for Berrys. These days I support potential borrowers in accessing the most appropriate finance for their businesses.

Getting a Lender to say “yes” can be a challenge despite a strong asset base as all Lenders want to see that the potential loan can be serviced comfortably as well as well secured so they can be sure they are lending responsibly.



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### So what you do need to cover off when making a proposal to a lender?

This is by no means an exhaustive list – you may need to provide more or even less detail dependent on the complexity of your proposal.

#### Background

- Give a brief overview of your business history, what do you farm, what is the business structure, have you borrowed & repaid money successfully in the past.

#### Purpose

- What do you want the money for?
- How will spending this money make a difference to your business?
- What changes will you make to the business as a result of this spending?



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## Amount

- How much is your project costing?
- Are you certain of this amount?
- Have you included all costs & any contingency for overspending?
- Do you need the funds in one amount or in stages?
- What contribution are you making to the costs in terms of cash or security you are providing?

## Repayment

- This is the really critical part of your plan. A lender will expect to see your last three years accounts at least to show the cash the business is generating and the cash needs of the business. You may need to produce forecasts and budgets to show how things will, change in the future. Include some “what ifs” in any forecasts and budgets.
- Calculate any loan repayments on a higher rate than you will be paying. With interest rates so low, lenders will want to “stress test” your ability to service if costs increase to 5.5 or 6%.
- Ensure the loan repayment term you are asking for is in line with the life expectancy of any assets being purchased.
- If you are considering an initial period of interest only borrowing, show the lender that you will be able to cover the repayments once they include capital.

## Security

- Most lenders will lend up to 60 or 70% of the value of the security you are able to provide, for example for a loan of £250,000 the security would need to be worth around £420,000.
- Lenders are likely to need to have a Professional Valuation and the Approved Valuer will be somebody they appoint.

**For any further help or support please contact me on 07384 250136 or at  
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