

A Guide to Asset Refinancing



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XL Business Finance is one of the leading specialists in [refinancing plant machinery](#) and existing equipment. Refinancing existing equipment is completely different from traditional [equipment finance](#) and so to help you to understand those differences here are our **10 Top Tips** on asset refinancing.

Tip Number 1: Identify why there is a need to raise additional cash

It makes sound commercial sense to ensure that, if you are refinancing assets, it is to aid the long term stability of the company. You must be sure that the refinancing can be supported to avoid loss of vital equipment.

Tip Number 2: Draw up a list of the equipment and machinery to be refinanced.

The age, manufacturer, and model will be required as a minimum. List any other information which may help to increase the refinance value such as any extras, original cost, condition and usage.

Tip Number 3: Look for current finance agreements in place on the equipment.

If the equipment is the equipment subject to any finance agreements settlement figures will be required. Request these figures from the finance companies, as these figures will form an integral part of the refinance package.

Tip Number 4: Look at the existing finance structure.

Are the existing finance agreements hire purchase or finance lease? This will make a difference to the settlement procedure and VAT treatment?

Tip Number 5: Are there any debenture holders?

If a business has a bank overdraft, uses factoring, or invoice discounting, they will have a charge over the book debts and a floating charge over the assets. A debenture waiver will be required to release the assets and it is important to that the relevant funder is approached early in the decision making process.



Tip Number 6: Is there a Landlord?

If there is a landlord then a waiver will be required before the equipment is refinanced. A landlord's waiver will prevent the landlord from distraining against the equipment in the event of non payment of rent. It will also give the finance company a period of time to sell the equipment. A landlord's waiver is usually 90 or 180 days, and the longer the period the bigger the valuation.

Tip Number 7: Obtain a desk valuation.

This will give you an indication of the value of all the equipment to be refinanced, and is obtained using a specialist company such as XL Business Finance. Depending on the type of equipment you need to obtain different valuations from professional valuers, dealers, and various finance companies.

Tip Number 8: Personal guarantees.

Can a personal guarantee be provided? These are not always essential although it will help obtain a higher loan to value. Sometimes a limited personal guarantee can be taken.

Tip Number 9: Directors warranty.

A warranty confirms the goods are free from encumbrance, and ensures the goods are returned to finance company in the event of any default situation.

Tip Number 10: Collate your paperwork .

Coordinating the paperwork is important to ensure the transaction is seamless from start to finish. It will ensure that funds are drawn down as quickly as possible.

Asset refinancing can be a daunting undertaking for a business. XL Business Finance are experts in making sure that the process runs smoothly from start, to finish. Please contact us for a no-obligation chat about your requirements.

