

Client Name _____

Date _____

Capacity (ability to repay) The evaluation is based on the ability to repay the full amount of the loan request within reasonable time period on agreeable loan pricing, terms and conditions.

Criteria	Strong		Average		Weak		N/A
		3	2	1	0		
Ability to make loan payments with interest. Score _____	Financial statements present realistic capacity to generate enough cash to meet needs of both business and business owner, provide margin of security		Financial statements present realistic capacity to generate enough cash to meet financial needs of business (including loan payments) at least 10 months in the year		Financial statements include unrealistic projections or project cash flow insufficient to meet the financial needs of the business more than two months in the year		
Personal and business debt to personal and business income ratio Score _____	Debt-to-income ratio is less than 35%		Debt to income ratio is between 36 and 55%		Debt-to-income ratio is 56% or higher.		
Payment history (existing business with previous loan) Score _____	Less than 2 late payments in previous year, no payments over 30 days late.		2 to 3 late payments in previous year and/or 1 to 2 payments over 30 days late, currently up to date.		Frequent late payments, more than 2 payments over 30 days late, and/or payments over 60 days late; AND/OR payments not currently up-to-date or defaulted.		
Financial history (existing business) Score _____	Historical profit over past 12 months		Historical break-even, with occasional profit over past 12 months		No historical profit, or failure to reach break-even point over past 12 months.		
Financial contingency planning Score _____	Applicant has sufficient income sources outside the business for repaying loan proceeds and for living expenses		Applicant has sufficient income sources outside the business for living expenses, and for repaying portion of loan proceeds		Applicant has insufficient income sources outside the business for living expenses		
Financial controls Score _____	CPA or bookkeeper produces high quality financial reports (existing business) OR system for financial systems and reporting established (start-up)		Produces adequate financial reports in-house on demand (existing business) OR addresses financial systems and reporting in plan with little detail provided.		Does not have financial systems in place (existing business) OR fails to address financial systems and reporting in plan (start-up)		

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Conditions (External and economic) This evaluation is based on key economic and other outside factors that impact on the ability to repay the loan						
Criteria	Strong		Average		Weak	N/A
		3	2	1	0	
Feasibility of business plan Score _____	Business plan indicates the business will have resources needed to succeed, industry is stable or growing in local area, market exists for product or service	Insufficient evidence for one of three feasibility indicators (resources, industry, market)		Insufficient evidence for two or more feasibility indicators (resources, industry, market)		
Trends and Risks Score _____	Evidence of extensive research regarding trends and risks, with sufficient sustainability/contingency planning to address these.	Evidence of adequate research regarding trends and risks, with limited planning to address these.		Lack of research regarding trends and risks and/or lack of planning to address these.		
Management and operations 4 Score _____	Has management and staff in place and well developed operations plans (start-up) OR evidence of efficient management procedures and smooth, consistent operations (existing business)	Basic management and operations plan that lacks sufficient detail (start-up) OR minor management or operations concerns with plan in place to address these (existing business)		Poorly-developed or no management and operations plan (start-up) OR insufficient plan to address management or operations concerns (existing business)		
Compliance Score _____	Licenses, permits, certifications and/or training requirements have been obtained and verified; requirements for tax reporting, waste disposal, zoning, and other civic issues have been met	Plans are in place to address all compliance issues, but tasks have not been completed.		Compliance issues have not been addressed		

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Collateral (Security)						
Criteria	Strong		Average		Weak	N/A
	4	3	2	1	0	
Previously-owned assets Score _____	The collateral value equals 75% or more of the loan request, UCC1 can be completed to protect lien position		The collateral value equals 60% or more of the loan request, UCC1 can be completed to protect lien position on at least 50% of collateral provided		Collateral valued at 60% of the loan request or collateral on which UCC1 can be completed is not available.	
Assets purchased with loan funds Score _____	Applicant submits items purchased with the loan as collateral plus non-business assets to total value of at least 90% of the loan request.		Applicant submits items purchased with the loan as the only collateral		The loan request is for working capital with no collateral.	
Co-signer or guarantor Score _____	Co-signer is able to guarantee difference between available collateral and 90% of loan request.		Co-signer is able to guarantee difference between available collateral and 75% of loan request.		No co-signer available OR co-signer unable to provide guarantee sufficient to equal 75% of loan request.	
Capital (Borrower's investment in business) - This evaluation is based on the borrower's monetary investment into the business, and is an indicator to their personal commitment and risk should the business fail.						
Criteria	Strong		Average		Weak	N/A
	4	3	2	1	0	
Financial investment and equity Score _____	Applicant's personal investment of cash and unsecured assets in the business exceed 25% of start-up costs OR loan request (existing business)		Applicant's personal investment of cash and unsecured assets in the business exceed 10% of start-up costs OR loan request (existing business)		Applicant is unable to make personal investment of cash or unsecured assets in the business	
In-kind contribution Score _____	Financials indicate plan to defer owner's draw until business is showing profit.		Financials indicate plan to limit owner's draw to income after all expenses, including loan payments, are covered.		Financials indicate plan defer payments in favor of owner's draw	

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Character (Willingness and propensity to repay) - This evaluation assesses the personal integrity of the business owner(s) and family, as well as commitment and capability to operate the business effectively and repay the loan.						
Criteria	Strong		Average		Weak	N/A
	4	3	2	1	0	
Credit Score Score _____	600+		500 – 600		Under 500	
Credit-worthiness Score _____	Applicant has no derogatory credit and is current on payments.		Applicant has history of “slow pay,” or paid collections but is current on payments; or can demonstrate payment arrangements; charge-offs or bankruptcy more than 7 years old		Applicant has public records and derogatory credit not addressed; bankruptcy less than 3 years old; collections or tax liens, and or outstanding child support	
Payment history (for clients with limited credit history) Score _____	Rent, utility, other bills paid on time, no missed payments.		Occasional late payments requiring late-fee and/or less than 2 missed payments.		Frequent late payments requiring late fee, skipped payments, currently in arrears	
Personal finances Score _____	Household income sufficient to cover expenses, history of savings, prudent spending habits		Household income barely cover expenses, erratic saving; but indications of efforts to budget and improve spending habits		Household expenses exceed income, no savings, no budgeting or spending plan	
Business management experience Score _____	Applicant has 7 or more years of experience owning or managing business		Applicant has 5 or more years management experience or 2 or more years management experience with additional experience working in family-owned business		Applicant has little or no business management experience	
Skills Score _____	Applicant has well-developed skills related to this type of business		Applicant has developed basic skills related to this type of business and/or has plans to continue to develop skills		Applicant lacks the skills required to operate this type of business	

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Criteria	Strong		Average		Weak		N/A
	4	3	2	1	0		
Entrepreneurial training Score _____	Applicant has successfully completed an entrepreneur training program and met all program expectations		Applicant completed entrepreneurial training meeting minimum criteria for completion		Applicant did not attend or did not complete entrepreneur training program		
Reliability/dependability Score _____	Applicant demonstrates dependability/reliability by exceeding attendance and assignments expectations at work or school.		Applicant meets minimal attendance and assignment expectations at work or school.		Applicant fails to meet work or school attendance and assignment expectations.		
Family/personal issues Score _____	There are no family or personal issues that might impact the applicants ability to successfully operate this business		Applicant is in the process of addressing any family or personal issues and these are not expected to have significant impact on business operations		Unresolved family or personal issues could significantly impact the applicant's ability to operate business		
Commitment to business development process Score _____	Applicant has been diligent in plan development efforts, conducting comprehensive research, and seeking and incorporating suggestions from advisors		Applicant has put the minimal required effort into development tasks, has conducted only limited research, and/or has only reluctantly considered suggestions from advisors		Applicant has failed to engage in business development tasks on any consistent basis, has completed little or no research, and/or has resisted any assistance from advisors		

Category	Client Score	Client Possible Score	Total Possible Score	Client % of Possible Total
Capacity Score:			24	
Conditions Score			16	
Collateral Score			12	
Capital Score			8	
Character Score			40	
Total Score			100	

Client Percent of Possible Total _____%

81 % or higher: recommend financing at level requested

56 % to 80 % recommend financing at lower level or further plan development

Below 56 % recommend remediation to address issues