GUIDE

What Lenders Actually Look At

A walk-through of an underwriting review from the lender's side of the table, and the file that gets to yes.

The review, from the other side of the table

An underwriter is answering one question: will this be repaid, and what happens if it is not? Nearly every question they ask maps to the five C's below. Prepare your file in that order and the conversation gets much shorter.

The five C's, and the evidence behind each

What they assess	What they actually read	Common threshold
Capacity — can you repay?	Cash flow statements, debt schedule, projections	DSCR of 1.20x or better
Capital — what have you put in?	Balance sheet, equity contribution, reserves	10–25% owner equity
Collateral — what secures it?	Appraisal, equipment list, title work	LTV of 75–85%
Conditions — is the plan sound?	Use of funds, market context, contracts	Named repayment source
Character — will you follow through?	Credit history, references, track record	680+ guarantor score

The document package they will request

- ☐ Three years of business tax returns and financial statements
- ☐ Year-to-date P&L and balance sheet, dated within 60 days
- ☐ Personal financial statement and tax returns for each guarantor at 20%+
- ☐ Debt schedule listing every obligation, rate, and maturity
- ☐ Entity documents, licenses, and (for nonprofits) the determination letter
- ☐ 12-month projection with written assumptions
- ☐ Use of funds with quotes or bids supporting each line
- ☐ Copies of leases, major contracts, or grant award letters

What raises a flag

- Overdrafts or negative balances in the last 12 months of bank statements
- Financials that do not reconcile to tax returns
- Projections with no stated assumptions or a sudden hockey-stick jump
- Personal and business funds mixed in one account
- Recent short-term advances with daily or weekly repayment
- Unfiled tax returns or an open tax lien

What strengthens a file

- Monthly bookkeeping that is current and reconciled
- A conservative projection you can defend line by line
- Meaningful equity or documented in-kind contribution
- A second repayment source if the primary one softens
- Clear governance and a board that understands the obligation

Bring this list to your next lender meeting and ask which items they weigh most heavily. Their answer tells you exactly where to spend the next 90 days.