

Check Credit Score

FICO® Small Business Scoring Service (SBSS)

scores use commercial and consumer data to predict purchase risk

	Example Qualified Profile SBSS Score 178	Example Disqualified Profile SBSS Score 119
FICO score	782	589
# of inquiries	0	10
Average months in file	120	120
Etc.: Credit utilization	Utilization: 0. Delinquencies: 0.	Utilization: >75%. Delinquencies: 6.
% sat. trade lines	100%	55%
Time as current owner	More than 2 years	Less than 2 years
Total # suits	0	2
Etc.: Paydex, trade lines	Good paydex. 4 lines; 0 past terms.	Poor paydex. 1 line; avg. 60 days delinquent.
DDA total balance	More than \$75k	Less than \$75k
Time as current owner	More than 2 years	Less than 2 years
Principals' combined net worth	More than \$100k	Less than \$100k
Etc.: Sales, employees, industry	Sales: >\$500k. Employees: >2.	Sales: <\$500k. Employees: 0. Mining industry.
Cash-to-assets ratio	High	Low
Current ratio	100%	55%
EBIT-to-interest ratio	High	Low

The Small Business Scoring Service (SBSS) is a tool used by lenders to evaluate the creditworthiness of small businesses. The SBSS score incorporates both personal and business credit data to provide a comprehensive risk assessment.

Questions for SBSS Credit Score Compiler

1. Business Information:

- How many years has your business been operating?
- What is your annual business revenue?

2. Owner's Personal Credit History:

- What is the owner's personal credit score?
- How long has the owner had their oldest personal credit account (in years)?

3. Business Credit History:

- How long have you had your oldest business credit account (in years)?
- How many active business credit accounts do you have?

4. Payment History:

- Have you missed any business payments in the past year? (Yes/No)
- If yes, how many?

5. Credit Utilization:

- What is your total business credit limit?
- What is your current total business balance?

6. Outstanding Debt:

- Do you have any outstanding business loans? (Yes/No)
- If yes, what is the total amount of your outstanding business loans?

7. Recent Credit Activity:

- Have you applied for any new business credit in the past six months? (Yes/No)
- If yes, how many new business credit accounts have you opened?

8. Business Financial Health:

- What is your current business cash flow?
- Do you have any unpaid taxes or liens? (Yes/No)

Scoring Model

Each question can be assigned a certain number of points, and the total score can then be mapped to an SBSS score range. Here's a simple scoring model:

1. Years in Business:

- < 1 year: 5 points
- 1-3 years: 10 points
- 4-7 years: 15 points
- 7 years: 20 points

2. Annual Business Revenue:

- < \$50,000: 5 points
- \$50,000 - \$200,000: 10 points
- \$200,000 - \$500,000: 15 points
- \$500,000: 20 points

3. Owner's Personal Credit Score:

- < 600: 5 points
- 600-650: 10 points
- 651-700: 15 points
- 700: 20 points

4. Oldest Personal Credit Account:

- < 1 year: 5 points
- 1-3 years: 10 points
- 4-7 years: 15 points
- 7 years: 20 points

5. Oldest Business Credit Account:

- < 1 year: 5 points
- 1-3 years: 10 points
- 4-7 years: 15 points
- 7 years: 20 points

6. Active Business Credit Accounts:

- < 3 accounts: 10 points
- 3-5 accounts: 15 points
- 5 accounts: 20 points

7. Missed Payments:

- None: 20 points
- 1-2: 10 points
- 2: 5 points

8. Business Credit Utilization:

- < 30%: 20 points
- 30-50%: 10 points
- 50%: 5 points

9. Outstanding Business Loans:

- None: 20 points
- < \$50,000: 15 points
- \$50,000 - \$200,000: 10 points
- \$200,000: 5 points

10. Recent Business Credit Activity:

- No new applications: 20 points
- 1-2 new accounts: 10 points
- 2 new accounts: 5 points

11. Current Business Cash Flow:

- Positive: 20 points
- Neutral: 10 points
- Negative: 5 points

12. Unpaid Taxes or Liens:

- No: 20 points
- Yes: 5 points

Score Calculation

Sum up the points from all questions to get a total score. This total score can then be converted to an SBSS score range (e.g., 0-300).

Example:

1. Years in Business: 4-7 years = 15 points
2. Annual Business Revenue: > \$500,000 = 20 points
3. Owner's Personal Credit Score: > 700 = 20 points
4. Oldest Personal Credit Account: > 7 years = 20 points
5. Oldest Business Credit Account: 4-7 years = 15 points
6. Active Business Credit Accounts: 3-5 accounts = 15 points
7. Missed Payments: None = 20 points
8. Business Credit Utilization: < 30% = 20 points
9. Outstanding Business Loans: < \$50,000 = 15 points
10. Recent Business Credit Activity: No new applications = 20 points
11. Current Business Cash Flow: Positive = 20 points
12. Unpaid Taxes or Liens: No = 20 points

Total Score = 15 + 20 + 20 + 20 + 15 + 15 + 20 + 20 + 15 + 20 + 20 + 20 = 220 points

Mapping the total score to an SBSS score range:

- 0-100: Poor (0-130)
- 101-150: Fair (131-160)
- 151-200: Good (161-200)
- 201-250: Very Good (201-240)
- 251-300: Excellent (241-300)

In this example, a score of 220 points would place the user in the "Very Good" range (201-240).

Quidity Direct – 7(a) Small Loans (\$100,000 to \$500,000)

	Credit Segment 1	Credit Segment 2	Credit Segment 3
Loan Amount / SBSS Score Range	- \$100,000 - \$150,000, SBSS ≥ 170 ; - \geq \$150,000, SBSS ≥ 185	- \$100,000 - \$150,000, SBSS 155-169; - \geq \$150,000, SBSS 170-184	- \geq \$150,000, SBSS 155-169
SBSS < 155	SBSS < 155 underwritten as a Standard 7(a) Loan		
Borrower Conditions	- Not a Startup or New Business; - Not a Business Acquisition; - Borrower Net Income (plus depreciation and amortization) \div Loan Amount ratio $\geq 15\%$ for the most recent FYE tax return and interim YTD financials (annualized)	- Not a Startup or New Business; - Not a Business Acquisition; - Borrower Adjusted Net Income \div Loan Amount ratio < 15% for the most recent FYE tax return and interim YTD financials (annualized) - Borrower cash flow analysis demonstrating a DSCR of 1:1 on all existing and proposed indebtedness.	- All others not meeting Credit Segment 1 or 2, i.e., startup, new business, business acquisition and defined loan amount / SBSS score range.
Eligible Use of Proceeds	- Working Capital (1st lien position not required); - Debt Refinance; - FF&E; - Inventory; - Owner Occupied Real Estate Purchase	- See Credit Segment 1	- Credit Segments 1 and 2, plus: - Business Acquisition or Partner Buyout; - Start-up, new business
Lending Restrictions	- Standard SBA ineligible industries (i.e., Investment real estate, marijuana, prurient sexual nature, non-profits, religious organizations, businesses engaged in lending, speculative businesses, etc.); - Transportation / Logistics; - Construction, Renovations and Leasehold Improvements (cosmetic improvements ok); - Refinance of MCAs considered on a case-by-case basis.		
Underwriting Treatment	- SBSS Score	- Borrower cash flow analysis demonstrating a DSCR of 1:1 on all existing and proposed indebtedness.	Existing Business - Business DSCR of $\geq 1.15x$ for the applicant for the most recent tax year and interim period. - Global DSCR of $\geq 1.00x$ based on cumulative cash flow of applicant(s), guaranteeing affiliates and individuals for the most recent tax year and interim period. - For business expansions and/or introduction of new products/services, projection-based cash flow analysis may be used. For historical periods, DSCR will be calculated on existing indebtedness only.

			<p>Startup or New Business</p> <ul style="list-style-type: none"> - A DSCR ratio of $\geq 1.00x$ is required for the applicant for Year 1 and $1.15x$ for Year 2. If no tax returns are available, 24-month projections will be required and DSCR requirements will be applied to these. - A DSCR ratio of $\geq 1.00x$ is required globally, including affiliates and personal cash flow, for both Year 1 and Year 2. If no tax returns are available, 24-month projections will be required and DSCR requirements will be applied to these. - If the above DSCR requirements are not met in Year 1, but supported in Year 2, sufficient cash from owner(s) personal cash flow and personal liquidity to meet 2 years of debt obligations will be required.
Standard Credit Policy	<ul style="list-style-type: none"> - Minimum Personal FICO of 640; - No Bankruptcy in the previous 3 years; - Not currently involved in any active lawsuit, litigations, or divorce; - Judgments are subject to case-by-case review; - Felonies are subject to case-by-case review; - Tax liens required to be paid or on an approved payment plan; - Life insurance not required 		
Collateral	<ul style="list-style-type: none"> - 1st lien on assets financed, less working capital which will take best available position. 	<ul style="list-style-type: none"> - See Credit Segment 1, plus: <ul style="list-style-type: none"> - If SBSS <170 and loan not fully secured by assets financed and/or existing business assets collateralized, Lender may collateralize Personally owned investment and/or residential real estate with $>25\%$ available equity. 	<ul style="list-style-type: none"> - Credit Segments 1 and 2, plus: <ul style="list-style-type: none"> - Non-franchise start-up and new business to be substantially secured with Real Property ($\geq 80\%$ DCC) - Franchise start-up will collateralize Real Property with $>25\%$ available equity to the point the loan is substantially secured.
Equity Injection	<ul style="list-style-type: none"> - N/A (note standard GFD required at time of commitment letter) 	<ul style="list-style-type: none"> - See Credit Segment 1 	<ul style="list-style-type: none"> - Credit Segments 1 and 2, plus: <ul style="list-style-type: none"> - Business acquisition: 10%, can be a combination of seller note and borrower funds (i.e., 5% borrower, 5% seller note). Seller note must be on full standby for a minimum of 24 months. - Start-ups generally require 10%, however, this can be waived subject to underwriting review of guarantor FICO score (weighted average ≥ 700) and personal liquidity (≥ 4 months of P&I payments).