

Lending Policy (SBLP)

Version: 1.0 **Effective Date:** January 1, 2025 **Scope:** Unsecured Working Capital Loans & Equipment Financing

1. Eligibility Framework

To qualify for a lending product, the applicant business must meet **all** of the following minimum criteria. Failure to meet any single criterion results in an automatic decline.

1.1 Minimum Operational History

- **Requirement:** The business must have been in active operation for a minimum of **24 months** (2 years).
- **Verification:** Verified via Secretary of State filing date or date of the first business bank account opening.

1.2 Annual Revenue Thresholds

- **Tier 1 Loans (\$10k - \$50k):** Minimum gross annual revenue of **\$100,000**.
- **Tier 2 Loans (\$50k - \$250k):** Minimum gross annual revenue of **\$250,000**.
- **Tier 3 Loans (\$250k+):** Minimum gross annual revenue of **\$1,000,000**.

1.3 Credit Score Requirements

- **Primary Guarantor:** At least one business owner with >20% ownership must act as a guarantor.
- **Minimum FICO Score:** The guarantor must have a personal FICO score of **660** or higher.
- **Bankruptcy History:** No personal or business bankruptcies within the last **7 years**.

2. Restricted Industries (Prohibited)

Applications from businesses operating in the following North American Industry Classification System (NAICS) sectors are **ineligible** for financing:

1. **Gambling & Casinos:** Businesses deriving >50% of revenue from gambling activities.
2. **Adult Entertainment:** Any business involved in adult-oriented products or services.

3. **Cannabis & Marijuana:** Dispensaries, cultivators, or direct ancillary businesses (federal prohibition).
4. **Cryptocurrency Trading:** Crypto exchanges or mining operations.
5. **Firearms Manufacturing/Sales:** Retailers or manufacturers of weapons.
6. **Non-Profit Organizations:** 501(c)(3) entities are excluded from this specific lending program.

3. Financial Underwriting Guidelines

The AI Engine must analyze the uploaded bank statements and calculate the following metrics.

3.1 Debt Service Coverage Ratio (DSCR)

- **Formula:** Net Operating Income / Total Debt Service
- **Requirement:** The business must maintain a DSCR of **1.25x** or higher.

3.2 Bank Statement Health Checks

- **Non-Sufficient Funds (NSF):**
 - **Max Allowed:** No more than **3 NSF events** in the last 90 days.
 - **Auto-Decline:** >5 NSFs in the last 90 days is an automatic decline.
- **Average Daily Balance (ADB):**
 - Must maintain an average daily balance of at least **\$5,000** across all operating accounts.
 - **Negative Days:** The account cannot have a negative closing balance for more than **5 days** in any single month.

4. Loan Terms & Limits

4.1 Loan Amounts

- **Minimum Loan Amount:** \$10,000
- **Maximum Loan Amount:** The lesser of **\$500,000** OR **15% of Annual Gross Revenue**.

4.2 Interest Rates (Risk-Based Pricing)

- **Prime:** (FICO > 720 + DSCR > 1.5): **8.5% - 10.5%** APR.
- **Standard:** (FICO 680-719): **11.0% - 14.0%** APR.
- **Sub-Prime:** (FICO 660-679): **14.5% - 18.0%** APR.

4.3 Repayment Terms

- **Working Capital:** 12 to 24 months.
- **Equipment Financing:** 24 to 60 months.

5. Required Documentation

The following documents must be uploaded to the portal for AI analysis:

1. **Bank Statements:** Most recent **6 months** of business bank statements (PDF format).
2. **Tax Returns:** Most recent **2 years** of filed business tax returns.
3. **Identification:** Government-issued ID for all owners with >20% equity.