Knoxville RLF Loan-Risk rating Matrix (Existing Business)

RLF Applicant: Reviewer: Review Date:

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | And / Or |  |  |
| Rating | Quality of Management Team | Past Operating Performance | Company Payment History | Stability of Industry | Percent of project RLP will finance | Collateral Position or Loan Guarantees Available? | Projected Debt Coverage? (3 year min) | Potential FTE Jobs Created or Retained?(3 year min) | Tax Increase | Loan Guarantors’ Average FICO Credit Score? | Total Rating |
| Very Strong5 | Strong Management Expertise & Key-Position Depth | Three year or More of Profits & Positive Cash Flows | Clean Payment History Past Three Years | Very Stable Future | 1-10% | Pledgeable Assets 3X Loan Balance | Net Cash Flow 3X RLF Loan Payment | 15> 15 | 10% + increase | >750 |  |
| Strong4 | Satisfactory Management Expertise & Key-Position Depth | Two of Past Three Years of Profits & Positive Cash Flows | Generally Clean Payment History Last Three Years but Occasional Late Payments Due to Oversight | Stable Future | 11-20% | Pledgeable Assets 2X Loan Balance | Net Cash Flow 2X RLF Loan Payments | 11 – 14.9 | 7-9% | 690 to 749 |  |
| %Fair3 | Satisfactory Management Expertise but Limited Key-Position Depth | Mix of Profits & Losses but Attributable to External Issues | Generally Clean Payment History Last Three Years but Occasional Late Payments Due to Cash-Flow Issues | Modest Future Stability | 21-30% | Pledgeable Assests 1X Loan Balance + Strong Investor Guarantees | Net Cash Flow 1X RLF Loan Payments | 7 – 10.9 | 4-6% | 630 to 689 |  |
| SomewhatWeak2 | Minimal Management Expertise & Minimal Key-Position Depth | Mix of Profits & Losses Not Attributable to External Issues | Recent Trend of Late Payments of NSF Attributable to Cash-Flow Issues | Unlikely Future Stability | 31-40% | Limited to Second UCC Position + Fair to Strong Investor Guarantees | Net Cash Flow Will Cover RLF Loan Payments is Most Years | 3 – 6.9 | 1-3% | 600 to 629 |  |
| Very Weak1 | No Industry or Management Expertise | Two of Past Three Years of Losses & Negative Cash Flows | COD with Suppliers or Using Personal Credit Cards for Ordering | Current Instability | >41-50% | No Assets Available to Pledge + Weak Investor Guarantees | Net Cash Flow Will Not Cover RLF Loan Payments in Any Year | < 3 | 0% | <600 |  |

**GRAND TOTAL**out of 45 or 50