

Supply Chain Finance: Underwriting

SCF Finance General Underwriting Guidelines

AKA Cash Flow Transaction

- ▶ Buyer Business History \geq 3-5 years

- ▶ Financial Statements
 - ▶ Financial statements reviewed or audited
 - ▶ Financial statements submitted quarterly with covenant compliance

- ▶ Financial Covenants
 - ▶ Debt Covenants
 - No breach of loan covenants in last trailing 12 months
 - Debt service coverage covenant
 - Debt to tangible net worth ratio covenant
 - ▶ Equity Covenants
 - No negative equity
 - Negative retained earnings
 - A net loss in the last three years

- ▶ Revenue Range Between \$5-\$100 million

- ▶ Monthly Senior Lender Borrowing Base Certificate
 - ▶ Buyer has no more than 70% of line of credit on credit facility utilization
 - ▶ Buyer's SCF maximum credit limit is the inverse of the LOC utilization %

- ▶ Credit
 - ▶ No bankruptcies in last three years
 - ▶ No IRS claims/liens

- ▶ Accounts Payable
 - ▶ Detailed accounts payable report submitted monthly to lender
 - ▶ No more than 15% > 60 days
 - ▶ No credit card debt outstanding > 60 days and/or > \$100k



ARTIS TRADE
SYSTEMS

Developers of



The First Supply Chain
Finance App
Built by Lenders
for Lenders