

The 5 C's Of Credit

Familiarizing yourself with the five C's of credit—capacity, capital, collateral, conditions and character—can help you get a head start on presenting yourself to lenders as a potential borrower.

Use this worksheet to give yourself an honest assessment of each of the 5 C's of credit.

1. **Cash Flow** – sometimes this is referred to as Capacity – does your project or idea have the ability to make a profit in a reasonable amount of time?

Answer:

2. **Character**- includes a look into who you are as a borrower, including your educational background, business experience and your ability to manage a business.

What character traits make you a good borrower?

3. **Credit** - Your personal credit history is important because you may be required to personally guarantee the loan. Banks may have issues lending to anyone with less than 640 score. To obtain your free copy click here, <https://www.annualcreditreport.com/index.action> (you are allowed 1 free report/year)

Answer:

4. **Capital** – Lenders usually want to see an owner provide at least 20% of the total project cost. There’s no such thing as 100% financing! How much money can you bring to the table?

Answer:

5. **Collateral** – Lenders will want something of value to accept as security for a loan. What assets do you own that you could provide as collateral?

Answer: