

Quick Reference to Underwriting Guidelines
WHEDA Small Business Guarantee and Agribusiness Guarantee

Criteria	Guideline
Debt Service Coverage	Minimum projected debt service coverage of 1.2x based on all the Borrower's debt as an average over two years and where no single year is below 1.0x.
Collateral Coverage	Minimum collateral coverage of 110% using estimated market values. Minimum collateral coverage of 80% using standard liquidation values.
Mission	The project meets the minimum eligibility requirements of the program.
Owner's Equity	<p>For Existing Businesses: Cash or non-cash equivalent equity of no less than 10% of total project costs.</p> <p>For Startup Businesses: Cash equity of no less than 15% of total project costs.</p>
Leverage (Debt/Worth)	Debt to tangible net worth ratio of 4:1 or less. The acceptable ratio may vary based on published RMA median industry standards.
Liquidity (Current Ratio)	Current ratio of 1:1 or better. The acceptable ratio may vary based on published RMA median industry standards.
Market	<p>For Existing Businesses: The Borrower is in an industry experiencing stable trends and/or the Borrower has a favorable competitive position and there is demonstrated market demand for the Borrower's product or service.</p> <p>For Startup Businesses: The proposed business will have a favorable competitive position and can demonstrate market demand for the Borrower's product or service based upon a detailed written market analysis.</p>
Management	<p>For Existing Businesses: Management has a minimum of two years experience in related business ventures.</p> <p>For Startup Businesses: Management has a minimum of two years management level experience in the industry that Borrower wishes to pursue.</p>
Business Tenure	<p>For Existing Businesses:</p> <p>a) The business has been in operation for at least one full fiscal year.</p> <p>b) The business can document satisfactory historical performance.</p> <p>For Startup Businesses: Not applicable</p>