



# Credit Factors That Make A Good Loan Candidate

- FICO score above 680 (no significant derogatory items/trends)
- No bankruptcies
- Good personal financial history
- Debt service coverage ratio (DSC) of 1.25 or better
- More than \$250,000 in annual revenue (can include revenue of the business being acquired)

## CALCULATIONS:

- **Net operating income (NOI)** = revenue - expenses + interest + depreciation + amortization + owner's salary
- **Officer's compensation (OC)** = 2 x minimum required salary to support liabilities (from credit report)
- **Debt service (DS)** = proposed Live Oak debt and any other existing business debt
- **Debt service coverage (DSC)** =  $(NOI - OC) / DS$

## EXAMPLE OF DSC:

**NOI** = 200,000

**OC** = \$37,500 x 2

**DS** = \$100,000

**DSC** = 1.25

*Contact a loan officer to learn what financing can do for you.*



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