



5 C's of Credit Cheat Sheet

- **1 Character (Trustworthiness & Credit History)**

Assesses the borrower's reputation for repaying debts.

Factors: Credit score, payment history, references, past financial behavior

- **2 Capacity (Ability to Repay)**

Measures income and financial stability to determine repayment ability

Factors: Debt-to-income ratio (DTI), employment history, income sources

- **3 Capital (Financial Strength)**

Evaluates the borrower's assets and personal investment in the loan

Factors: Savings, investments, down payments, net worth

- **4 Collateral (Security for the Loan)**

Assets pledged to secure the loan in case of default

Factors: Real estate, inventory, equipment, vehicles

- **5 Conditions (External Factors)**

Considers market conditions and how they affect loan repayment