

## **The Lender's Perspective**

**Why is it that some lenders say no when others say yes? Here is why. All lenders make a judgment about...**

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- character (your willingness to repay)
- capacity (your ability to pay)
- collateral (the value of what you are buying)

...before deciding whether or not to grant you a fixed loan or line of credit.

There are several tools that aid lenders in making this judgment, including automated credit or risk scores. In some cases, these scores replace human decision making. As a result, separate lenders can look at the same loan and view the same credit risk differently.

If your loan application met with a negative response from one lender, there may be another lender out there whose credit risk criteria is different. If so, they may have a loan for you. But be prepared to sign on the dotted line for a higher-than-usual interest rate. The more risk you present to the lender, the higher the annual interest rate.