



ARISE CAPITAL ADVISORY

What To Do After a Bank Says No

A Practical Guide for Business Owners & Their Advisors

This guide was prepared by Arise Capital Advisory to help business owners, investors, and their professional advisors understand what a bank decline really means — and what practical options exist beyond it.

Contents: Why banks decline · What lenders need · How to repackage a file · Alternative options · When to call an advisor

SECTION 01

Why Banks Say No — Five Common Scenarios

A bank decline is not the end of the road — it is the beginning of a more targeted search. Understanding the specific reason is the single most important step in finding a path forward.

- 01 Environmental Concern on Title**

Even a fully remediated property with a historical environmental notation on title can trigger an automatic bank decline under standard credit policy. Alternative lenders assess these files case by case based on current property condition and borrower strength.
- 02 Client in Special Loans / Workout**

Once a file is transferred to a lender's special loans department, no conventional bank will engage — it's a systemic rule, not a credit judgment. Bridge financing through alternative lenders can halt proceedings and create a runway to permanent financing.
- 03 Covenant Breach / DSC Failure — ABL Candidate**

A growing company hits a wall when its bank covenant is breached due to rapid expansion, margin compression, or a one-time write-down. Asset-based lenders (ABL) lend against receivables quality rather than covenant ratios — keeping operations funded while the business stabilizes.
- 04 Timing — Deal Needs to Close Faster Than the Bank Can Move**

Banks typically require 60–90 days for a commercial mortgage. When a firm closing date is 30–45 days away, private and bridge lenders can often issue a commitment in 5–10 business days — providing the certainty of close the deal requires.
- 05 Property Type Outside Bank Appetite**

Special purpose properties, mixed-use buildings with non-standard tenant profiles, or assets in smaller markets may fall outside a bank's lending appetite — not because the deal is bad, but because it doesn't fit their portfolio strategy. Alternative lenders assess on asset quality and income.

SECTION 02

What Lenders Actually Need

Whether you are approaching a bank, a credit union, or an alternative lender, the core information required is consistent. The difference is how it is presented and which lender's criteria it is matched to.

For Commercial Real Estate

- 3 years of financial statements (business and personal)
- Current rent roll (if investment property)
- Property appraisal or current assessed value
- Environmental Phase I report (and Phase II if applicable)
- Details of any existing mortgage or charges on title
- Business plan or use of proceeds if owner-occupied
- Proof of down payment / equity contribution
- Corporate structure chart if income flows through holding company

For Business Financing & ABL

- 2–3 years of business financial statements
- Most recent interim financial statements
- 6–12 months of business bank statements
- Accounts receivable aging report (critical for ABL consideration)
- Accounts payable aging report
- Inventory valuation (if applicable)
- Details of existing credit facilities and covenant terms
- Clear explanation of use of funds and repayment source

"The difference between an approval and a decline is often not the deal itself — it is how the file is packaged and which lender's desk it lands on."

— Jeffrey Ike, MBA · Managing Partner, Arise Capital Advisory

SECTION 03

How to Repackage a Declined File

A bank decline does not mean the deal is unfundable. In most cases it means the file needs to be restructured, repositioned, or presented to a different lender.

1

Get the decline in writing

Ask the bank to document the specific reason. Environmental concern, covenant breach, income documentation — each has a different solution path.

2

Identify the real issue

Is it the borrower profile, the property, the structure, the timing, or the lender's appetite? Each requires a different approach and a different lender type.

3

Strengthen the file narrative

Alternative lenders read files differently. A clear, well-organized presentation of the business history, deal rationale, and exit strategy dramatically improves approval probability.

4

Match to the right lender

An ABL lender may fund a covenant-breached company if receivables are strong. A MIC may lend on a property an environmental flag has sidelined. Lender selection is the advisory advantage.

5

Address the specific objection before resubmitting

Get the Phase II if it was environmental. Have receivables aged and ready if it was a covenant breach. Don't resubmit the same file — fix the problem first.

SECTION 04

Your Lender Options Beyond the Bank

The Canadian lending market is far broader than the Big 5. Understanding the landscape helps you identify the right solution for each situation.

<p>Credit Unions DUCA, Meridian, Libro, and others</p>	<p>Often more flexible than chartered banks on income documentation and property types. Competitive on rates. Best for: complex income, holding company structures, non-standard borrowers.</p>
<p>Trust Companies & Monolines Equitable Bank, Manulife, and others</p>	<p>Specialize in commercial and investment property financing. More creative on structure and LTV. Best for: investment properties, higher leverage, competitive term financing.</p>
<p>Asset-Based Lenders (ABL) BDC, specialized ABL lenders</p>	<p>Lend against the quality of business assets — primarily receivables and inventory — rather than covenant ratios. Best for: growing companies with DSC challenges or covenant breaches where receivables are strong.</p>
<p>Mortgage Investment Corporations (MICs) Various regional and national MICs</p>	<p>Private mortgage funds lending on real estate security. Higher rates, faster decisions, shorter terms. Best for: bridge situations, transitional files, properties with title or income complications.</p>
<p>Private Lenders Individual investors and private funds</p>	<p>The most flexible option — asset-based decisions, fastest closings (5–10 days). Best for: time-sensitive deals, complex situations, short-term bridge needs where speed is the priority.</p>

SECTION 05

When to Call a Capital Advisor

A capital advisor is most valuable when the path forward isn't obvious — or when the stakes of getting it wrong are too high to experiment.

Speak with an advisor if any of these apply:

- ✓ Your file has been declined by one or more banks
- ✓ Your lender has transferred your file to special loans or workout
- ✓ A covenant breach or DSC failure is restricting your access to capital
- ✓ You have a firm closing date that is less than 45 days away
- ✓ Your income flows through a holding company or multiple entities
- ✓ There is an environmental notation on the property title
- ✓ You need more than 75% LTV on a commercial property
- ✓ You are navigating a partner buyout, corporate restructuring, or bridge situation
- ✓ Your accountant or lawyer has suggested you speak with a financing specialist
- ✓ Your business is growing but your bank is restricting credit rather than expanding it

"The initial consultation is always free. Bring the file — we will tell you what is possible."

— Jeffrey Ike, MBA · Managing Partner, Arise Capital Advisory



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Ready to discuss your file?

The initial conversation is always free.
Bring the file — we will tell you what is possible.

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