

Before They Apply

A **professional's guide** to spotting lending risk before a client commits

For accountants, advisers, lawyers, agents and business professionals who want to recognise lending risk early – before a client applies, signs, pays a deposit or gets declined.



evolve.

Why this **guide exists**

Most clients don't come to their accountant, adviser or solicitor asking for a "loan structure".

They ask much more human questions.

- Can I buy this property?
- Can I refinance before the repayments hurt more?
- Can I use my SMSF?
- Can I buy the premises for my business?
- Can I get finance even though the latest tax returns aren't ready?
- Can I restructure debt before cash flow becomes uncomfortable?

On the surface, these sound like **lending** questions.

But they're really **structure** questions.

The risk is that a good client speaks to the wrong lender too early, submits the wrong type of application, receives the wrong answer, or commits to something before the lending pathway has been properly thought through.

That is where early **professional judgement matters**.

You don't need to become a lending expert.
You just need to recognise when a client's situation may need a more careful lending conversation before they apply.

The quiet **warning signs**

Not every lending risk looks dramatic.

Sometimes the client looks strong. Good income. Good assets. Good intention. Good reason for borrowing.

But lending can still become difficult when the file doesn't fit neatly into a standard lender process.

Here are seven warning signs worth noticing early.

1. The client is self-employed and the income story is not simple

Self-employed clients are often stronger than their paperwork suggests.

They may have real income, strong trading history and good business momentum, but their latest tax returns may not tell the full story. Common signs include:

- Tax returns are not yet completed
- Income has changed materially since the last financial year
- The client uses company or trust structures
- There are add-backs, retained profits or one-off expenses
- The client has strong cash flow but uneven documentation
- Business and personal finances are closely linked

The issue is not always whether the client can borrow.

The issue is how their income should be presented, which lenders will understand it, and whether full-doc, alt-doc or another pathway is more appropriate.

A good borrower can still receive a poor answer if the wrong lender reviews the wrong evidence.

2. The client is buying or refinancing through an SMSF

SMSF lending needs care because the loan isn't just about the property. The structure, trustee, fund position, contribution strategy, cash flow, compliance settings and property type are all important considerations.

Early warning signs include:

- The client hasn't confirmed whether the fund can borrow
- The property is commercial or used by a related business
- The client is unsure whether the structure is residential or commercial SMSF lending
- Cash flow inside the fund may be tight
- Contribution strategy hasn't been discussed
- The contract timing is moving faster than the advice process

SMSF lending is a good example of why early coordination matters.

The accountant, financial adviser, solicitor and finance broker all play a role. When the lending conversation starts too late, a client can face unnecessary stress, delay or reduced lender choice.

3. The client is buying commercial property

Commercial property lending is often more nuanced than residential lending.

The client could be purchasing business premises, investing in a commercial asset, refinancing an existing facility, or moving from leasing to ownership.

Warning signs include:

- the client assumes commercial lending works like a home loan
- they're focused only on rate, and not the structure
- lease terms, tenant quality or vacancy risk haven't been considered
- repayment terms and residual debt aren't fully understood
- the property is specialised or not easily re-let
- the client is relying heavily on business cash flow

The emotional pressure is often high because the purchase can feel like a major business milestone. But the structure still needs to work after settlement, not just on the day of approval.

4. The client wants to refinance because pressure is building

Refinancing is not always about chasing a sharper rate. Sometimes the client is trying to create breathing room.

Warning signs include:

- repayments have become uncomfortable
- tax debt or business debt is building
- credit cards or unsecured facilities are being used to manage cash flow
- the client is waiting too long to act
- the client has already been declined
- the current lender doesn't understand the broader position

When a client is under pressure, timing matters. The earlier the conversation starts, the more options there are available.

Waiting until arrears, defaults or urgent deadlines appear can make the pathway much narrower.

5. The client has business debt, tax debt or irregular cash flow

Many good businesses experience periods where cash flow becomes tight.

That doesn't automatically make the business weak.

But from a lending perspective, unmanaged debt, tax arrears or short-term funding pressure can change how a lender views the borrower.

Warning signs include:

- ATO debt is present or increasing
- the business is using short-term finance repeatedly
- suppliers are being stretched
- BAS or tax obligations are being deferred
- personal borrowing is being used to support business cash flow
- the client wants a quick solution without reviewing the structure

The key issue is whether the finance is solving the problem or simply delaying it.

A careful lending review can help separate a temporary cash flow issue from a structural debt problem.

6. The client has already been declined

A decline doesn't always mean the client can't borrow.

Sometimes it means the application was sent to the wrong lender, presented poorly, or assessed under criteria that didn't suit the scenario.

Warning signs include:

- the client can't clearly explain why they were declined
- the broker or banker has gone quiet
- the lender asked for documents that don't fit the client's situation
- the client is now trying multiple lenders quickly
- the client is embarrassed and wants the problem fixed urgently

This is where care is needed.

Multiple poorly planned applications can make things worse. The next step shouldn't be "try another lender" without first understanding what went wrong.

7. The client is making a commitment before the finance pathway is clear

This is one of the most important signs. The client might be about to sign a contract, pay a deposit, make an offer, bid at auction, order equipment, acquire premises, or commit business funds.

Warning signs include:

- they are emotionally attached to the purchase
- they are relying on a verbal lending indication
- they have not confirmed the conditions of approval
- they are assuming the bank will say yes
- they are under pressure from an agent, vendor or supplier
- they are using business cash reserves before finance is confirmed

This is often the moment where early advice protects the client from avoidable stress.

The right question isn't just, **"Can they borrow?"** It's, **"What needs to be true for this to work safely?"**

A simple **pre-application** checklist

Before a client applies, signs or commits, it can help to ask:

1. Is the income simple to verify?
2. Are the latest financials, tax returns or payslips available and accurate?
3. Is the borrower self-employed, using a company, trust or SMSF?
4. Is the property residential, commercial, rural, specialised or used by a related business?
5. Is there any tax debt, business debt, short-term lending or repayment pressure?
6. Has the client already been declined or told the file is difficult?
7. Is the client relying on a lender indication that is not formal approval?
8. Is there a deadline that could force a rushed decision?
9. Does the structure still work after settlement?
10. Would a second lending opinion reduce risk before the client commits?

If several of these questions raise concern, the client might benefit from a more careful lending review before an application is submitted.

Common scenarios where **early structure matters**

Evolve Lending & Finance is often involved where the lending scenario needs more thought.

This may include:

- self-employed borrowers
- business owners
- low-doc or alt-doc income verification
- commercial property purchases
- SMSF residential or commercial lending
- business lending
- equipment and vehicle finance
- refinancing under pressure
- complex income structures
- tax debt or business debt restructuring
- clients who have been declined
- rural, agricultural or specialised lending
- clients who need lender choice, not just a rate comparison

In many of these cases, the client may still be a good borrower.

The challenge is making sure the lender, structure and evidence fit the client's actual situation.

When to get a lending second opinion

A lending second opinion can be useful when:

- the client's situation doesn't feel straightforward
- the client has a deadline
- the client is self-employed and the income evidence is unclear
- the client is buying through an SMSF
- the client is purchasing or refinancing commercial property
- the client has already received a confusing or negative answer
- the client is about to commit funds, sign a contract or make an offer
- the lending answer could affect tax, legal, business or investment advice

A second opinion doesn't need to be complicated.

Sometimes it simply helps clarify the likely path forward, the questions a lender will ask, the documents needed, and whether the client should proceed, pause or restructure before applying.

About **Evolve Lending & Finance**

Evolve Lending & Finance helps clients work through lending scenarios that need more than a standard rate comparison.

Our work commonly includes home loans, refinancing, self-employed lending, commercial property lending, SMSF lending, business finance, asset finance and complex or declined scenarios.

With over 20 years in finance and more than \$1.5 billion in loans settled, our role is to help clients and their advisers think through structure, lender fit and the lending pathway before major commitments are made.

We work with clients directly and alongside accountants, financial planners, lawyers, agents and other professional advisers where lending forms part of a broader financial, business or property decision.

A simple next step

If a client situation doesn't look straightforward, you're welcome to contact Evolve for an initial lending conversation.

The goal isn't to push the client into an application. The goal is to understand the scenario early, identify the likely lending risks, and help the client move forward with more confidence.

Evolve Lending & Finance

Complex lending. Made simple.

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