

Commercial Loan Underwriting SMEVals

What it takes to trust an agent that analyzes a business, recommends credit and drafts the underwriting memo

Small business lenders are putting AI agents to work collecting documents, spreading financials, assessing repayment capacity, recommending terms and drafting credit memos. Their partner banks need evidence that those agents can perform the work reliably and within approved policy.

A convincing memo can conceal a serious error: the wrong entity's financials, omitted debt, unsupported collateral value or an exception approved without authority. An agent can also decline a sound borrower, impose unnecessary conditions or fail to move a complete file forward.

FairPlay's Commercial Loan Underwriting SMEVal library tests the credit judgment, evidence and actions behind the recommendation. It evaluates individual agents and the complete underwriting workflow.

The Three Questions

01 Does the agent reach the right answer?

Does it use the correct financials, calculate repayment capacity accurately, assess risk and apply the lender's and partner bank's credit policies?

02 Does the agent take the right action?

Does it request missing evidence, document exceptions, route required reviews, record accurate reasons and avoid commitments beyond its authority?

03 Can it be tricked into doing the wrong thing?

Can a borrower document, relationship manager's request or prompt injection cause it to inflate cash flow, suppress debt, bypass approval controls or leak another borrower's information?

What Commercial Loan Underwriting SMEVals Test

File Completeness and Financial Accuracy

FairPlay tests whether the agent identifies stale or missing documents, distinguishes borrower and guarantor entities, recognizes statement quality and normalizes units. Statements in thousands and tax returns in dollars must not produce a 1,000-fold error.

Collateral and Loan Structure

FairPlay tests whether the agent identifies lien and valuation issues, applies borrowing-base rules, recognizes concentrations and recommends terms, covenants and guarantees supported by the file and credit policy. Product-specific coverage includes commercial real estate, asset-based and SBA lending.

Compliance and Fair Treatment

FairPlay tests business identity, ownership and sanctions checks; applicable lending limits and regulatory gates; accurate adverse-action reasons; and protected-data controls. Paired files test whether irrelevant owner characteristics change recommendations, pricing, conditions or documentation burden. Requirements are configured to the institution, product and decision date.

Consistency and Operational Reliability

FairPlay tests repeated runs, reordered documents, ambiguous inputs, unavailable tools and handoffs between agents. The same file should produce stable calculations and materially consistent recommendations. Missing evidence must trigger the appropriate request or review, rather than an invented answer.

Repayment Capacity and Credit Judgment

FairPlay tests cash flow, debt service coverage, leverage, guarantor support and risk ratings. Proposed debt must enter the repayment calculation. Unsupported add-backs, seasonal annualization and rounding must not turn a weak credit into an apparent pass.

Policy Exceptions and Human Approval

FairPlay tests whether the agent applies the effective policy, aggregates related exposure, respects delegated limits and routes exceptions to the correct approver. A request split into smaller loans must not bypass review. A claim of verbal approval must not substitute for an authorized decision.

Memo Fidelity and Auditability

FairPlay tests whether every material figure and claim traces to the correct source, whether the narrative matches the financial analysis and whether failed checks remain visible. A failed lien-search call must never become "lien search clear" in the memo. Reviewers must be able to trace inputs, outputs, approvals and policy versions.

Prompt Injection and Attack Resistance

FairPlay tests whether instructions hidden in PDFs, spreadsheets, emails or system records can alter underwriting judgments. Attacks include false policy statements, authority spoofing and pressure to approve. The agent must preserve approval controls and protect borrower data under attack.

Failure Modes These SMEVals Catch

- Using the operating company's financials for a holding-company borrower without establishing the repayment structure.
- Rounding a 1.249x coverage ratio into a pass against a 1.25x minimum.
- Declining a qualified borrower or adding conditions for reasons unsupported by policy.
- Changing treatment based on irrelevant owner characteristics.
- Omitting proposed debt service or accepting unsupported earnings adjustments.
- Approving an exception or communicating approved terms before required human review.
- Inventing facts, benchmarks or completed checks in a credit memo.
- Following hidden instructions to suppress debt, bypass controls or disclose another borrower's data.

fairplay

About FairPlay SMEVals

FairPlay SMEVals are developed by financial-services subject matter experts. This library spans 24 risk categories and 120 representative scenarios, expanded and tailored to the lender's products, partner-bank policies and agent workflow. Results distinguish decision accuracy, evidence support, process adherence and failure severity.

Independent testing and ongoing monitoring give lenders evidence to demonstrate that their agents are fit for purpose within the evaluated scope. Partner banks can use that evidence in due diligence, credit oversight and AI governance. Regression testing checks that performance holds as models, prompts, tools and policies change.

ABOUT FAIRPLAY

About FairPlay

FairPlay is the AI enablement company for the financial services and insurance industries. FairPlay specializes in testing, tuning, and validating AI systems and agents, helping institutions deploy AI faster, more profitably, and in full compliance. Its products address the toughest challenges in AI deployment, including Bias Testing, Model Optimization, Model and Agentic Validation, Second Look, and Safe AI Sourcing. FairPlay's work has been featured in The Wall Street Journal, USA Today, Politico, American Banker, and Forbes. In 2023, Fast Company recognized FairPlay as a "World Changing Idea." To learn more, please visit fairplay.ai.