FUNDER MATRIX



THE MISSING HALF OF YOUR FUNDER MATRIX

By Jon Kim

How deal outcomes turn a static reference into a learning system

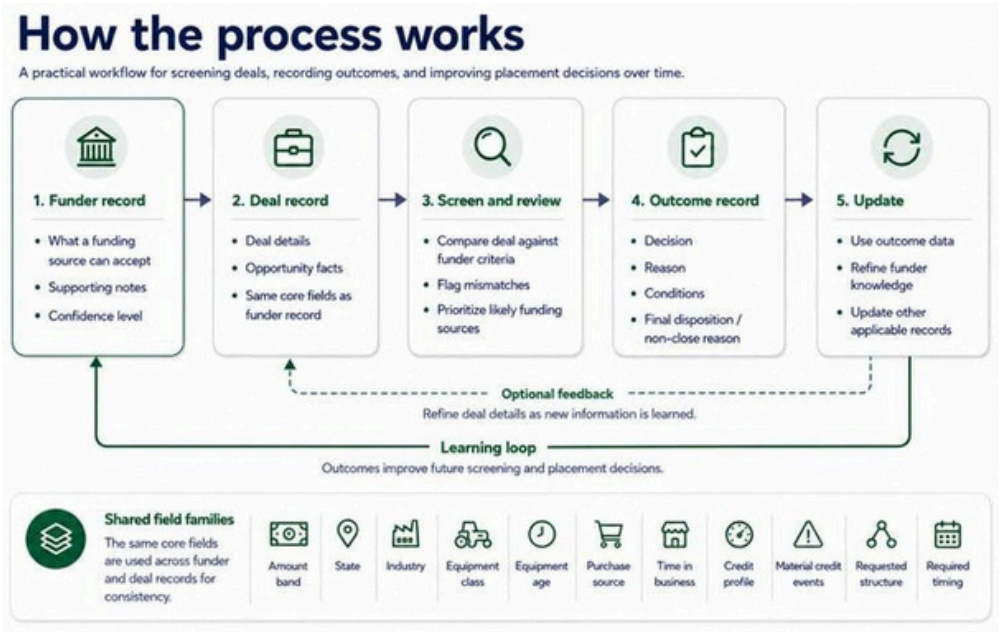
Most funder matrices capture what a source says it will finance. They rarely capture what the brokerage learns after actually submitting deals: the equipment age that required a second look, the purchase source that changed the documentation, the credit issue raised, or the approval condition that surprised the borrower.

Some of this information comes formally through program guides, agreements, rate sheets, and updates from representatives. Some comes from conversations, requested documents, approvals, deadlines, and closing conditions. If it is not formalized, it usually remains in emails, notes, pipelines, or even memories.

I worked in data and analytics in banking and fintech for nearly a decade before moving to the broker channel. I assumed that one of the challenging parts of commercial finance brokering would be learning about funding sources. What became even more interesting was the reverse relationship: tying what we learn about those sources back to incoming deals so the information becomes more useful over time.

That is the missing half of the funder matrix. The matrix stores what a source says it is willing to accept; the other half requires describing incoming deals in enough detail to compare them with that information later. Both sides need to speak the same language. Otherwise, each interaction with the same funder starts with reconfirming requirements the brokerage may have already learned.

Three records and two steps
The framework uses three records (funder, deal, and outcome) connected by two steps (screen and update):



The three-record system does not require sophisticated software; a well-structured spreadsheet can be enough. The main goal is standardization that brings transparency and reduces the need for extra explanations each time the brokerage interacts with the same funder.

The funder and the deal need the same language
A funder matrix typically stores ticket size ranges, states served, credit guidelines, collateral requirements, industry restrictions, structural preferences, and submission instructions. A pipeline record, on the other hand, usually stores the borrower's name, requested amount, equipment description, stage, and estimated close date.

Both records are necessary, but they often describe the same deal differently. A funder may classify an asset as construction equipment or yellow iron while the deal record says excavator. A funder may use amount ranges while the deal record stores an exact amount. The broker understands the connection, but the records do not unless the fields are standardized.

The brokerage can address this by using controlled values for the characteristics that matter while still preserving the original deal language. A used excavator purchased from a dealer, for example, might be tagged as:

- Equipment class – construction equipment
- Equipment condition – used
- Purchase source – dealer sale
- Equipment age range – 6-10 years
- Amount range – $75,000-$150,000

The controlled lists should be relevant to the business. For example, a brokerage that only funds construction equipment may have narrower categories than one that funds various assets.

A starter vocabulary
The controlled lists should include all possible values needed to adequately describe the opportunity. Below is one example of how the fields mentioned above can be populated:

Field	Illustrative values
Amount band	Under $25,000; $25,000-$75,000; $75,000-$150,000; $150,000-$400,000; over $400,000
State	Two-letter state abbreviation
Industry	Construction; transportation; manufacturing; medical; staffing; other
Equipment class	Construction equipment; transportation equipment; material handling; shop equipment; medical equipment; other
Equipment age	New; 1-5 years; 6-10 years; over 10 years
Purchase source	Dealer; auction; private party; sale-leaseback
Time in business	Under 1 year; 1-2 years; 2-5 years; over 5 years
Credit profile	Brokerage-defined internal tiers
Material credit events	None; prior bankruptcy; open judgment; tax lien; other
Requested structure	Equipment finance agreement; capital lease; fair market value lease; other
Required timing	Under 7 days; 7-21 days; over 21 days

Every funder rule needs a history
The rules in the funder record become more useful when they also include the source of the information, the date it was confirmed, and a confidence level. Source quality matters: a requirement stated in a current program guide should carry more weight than an observation from one submission. A single approval or decline is useful evidence, but not necessarily a rule; it can remain an observation or exception until confirmed or repeated.

Recency matters too. Funders review and update guidelines, so a recently confirmed rule is generally more relevant to a current deal than information that has sat unchanged for years. As information ages, the broker may need to verify it before relying on it for a critical submission.

The record should also indicate whether a rule is confirmed, observed, pending confirmation, or unknown, and whether it is a requirement or a preference. A requirement can eliminate a source; a preference may simply help the broker choose between otherwise similar funders. The funder record should answer two questions: what does the source consider, and what supports that position?

How this system works on a deal
Consider a construction equipment deal. The contractor acquired a used excavator from a local dealer for around $105,000. The company has been operating for six years, and the owner's credit falls in Tier 2 under the brokerage's internal tiers.

Based on the funder rules and the deal's characteristics, one source is screened out because its documented equipment-age limit excludes the excavator. A second source remains viable but lists credit as a preference. A third appears to fit, although its record has not been confirmed in two years. At the screening step, the system does not choose which funder the broker should pursue. It narrows the field, shows why each source fits or does not, and flags the items that need further discussion. This gives the broker a reasoned shortlist before submission and reduces broad, trial-and-error submissions. The broker still considers current appetites, relationships, timing, and other factors the system does not account for.

The outcome is the learning layer
The outcome record is what turns the matrix into a learning system. It stores the brokerage's actual experience with a particular funder: an approval within the stated guidelines, a condition the broker did not anticipate, an exception, or a decline for a specific reason.

The outcome record should describe the funder, submission date, decision date, decision, reason for decision, conditions, final disposition, and non-close reason, if applicable. Reasons and conditions should be separated, as the same funder may behave differently with similar deals, depending on circumstances. Additionally, a credit issue is typically different from a collateral concern, which, in turn, is distinct from a coverage restriction. Similarly, conditions and final disposition should also be stored separately, as an approval with conditions can still result in a deal that never closes. Ideally, the record should also note who ended it – the borrower or the funder.



An outcome typically contains five elements described below:

Field	Examples
Decision	Approved; declined; no decision
Decision reason	Credit; collateral; industry; documentation; structure; policy; other
Conditions	Cash contribution; additional guarantor; inspection; additional documents; modified term
Final disposition	Funded; borrower declined; withdrawn; expired; approved but not closed
Non-close reason	Pricing; structure; timing; documentation; vendor issue; borrower decision

Every outcome should be reviewed for whether it updates something: the funder record, the intake process itself, or the panel. It may reinforce an existing rule, flag a possible policy change, store an exception, or describe a deal-specific circumstance that does not affect other files. A single approval or decline may simply remain an observation, while several similar outcomes can give the broker a pattern worth confirming with the funder.

The update can affect more than the matrix

Suppose the broker submits the excavator deal to the source whose record had not been confirmed in two years. It declines because of equipment age, a restriction that was not in the matrix, so the broker flags it as an observed restriction pending confirmation. In a different outcome, a source might approve a deal but require a substantially higher cash contribution, which the brokerage stores as an exception unless several similar outcomes appear. Another source might request a document the brokerage did not collect, prompting two updates: the funder record and the intake checklist so that the next submission is not missing anything.

The outcome record, therefore, can update more than the funder matrix. It can improve the submission process, borrower communication, and even the panel strategies, as some classes, industries, or ticket sizes will consistently display fewer sources, updating the broker's research priorities accordingly.

Where artificial intelligence fits

Artificial intelligence (AI) fits in only after the records exist and are standardized enough for software to use them reliably. It can help extract relevant language from funder guides, categorize incoming deals, summarize representative emails, and surface similar past transactions. But inconsistent fields or outcomes left in email chains give the technology little dependable information to analyze. Appetites change and exceptions can override stated rules, so human judgment should remain in control of placement decisions. The brokerage should also decide what data may be used with these tools, particularly borrower PII and funder program materials that may be subject to confidentiality obligations.

From reference sheet to learning system
The funder matrix is typically where the brokerage's relationship with a funding source begins. It captures stated criteria, but the broker's experience with that source goes beyond the matrix and needs a place to reside. The three-record system described above provides a reference and a learning layer at the same time while keeping the broker in control of both.

A brokerage can start small with the above five fields: Decision, Decision reason, Conditions, Final disposition, and Non-close reason. Then make sure the funder record and deal record use consistent categories for the characteristics that matter most to the business. The learning system can become more sophisticated later; the first step is simply making the experience reusable.

ABOUT THE AUTHOR
Jon Kim is the founder of VeriFunding.com, a commercial finance brokerage. He spent nearly a decade building analytics systems across banking and fintech, including work at UMB Bank, Square, and First Help Financial, before moving into the broker channel. He holds an MS in Economics from Purdue.

LEGAL CORNER



THE TELEPHONE CONSUMER PROTECTION ACT: A TRAP FOR THE UNWARY

By Ken Greene

The Telephone Consumer Protection Act (TCPA) and its state counterparts are presumably a well-meaning attempt by the government to put the kibosh on all those annoying, unwanted calls and texts from spammers. You know the ones. Your “Medicare officer.” Or the “Deputy Sheriff’s Widows and Orphans Charity.” They usually come during dinner.

It doesn’t really fulfill that goal, does it? In fact, it has had the presumably unintended side effect of creating a new area of liability for many businesses, particularly those that engage in outbound calling campaigns.

While the TCPA is often associated with consumer telemarketing, the statute continues to present significant compliance challenges in the commercial equipment finance and leasing industry. As the attorney for funders and a broker in three different cases alleging TCPA violations, I can tell you matter-of-factly that they are no picnic. As lenders and brokers increasingly rely on automated communications, text messaging, and calling campaigns to market products, service accounts, and collect delinquent receivables, understanding TCPA requirements has become an essential component of risk management.

Enacted in 1991, the TCPA regulates certain telephone calls and text messages made using automated dialing technology and prerecorded voice messages. The statute is enforced by the Federal Communications Commission and provides consumers with a private right of action. This means an aggrieved consumer can sue. Violations can result in statutory damages of $500 per call or text message and up to $1,500 per violation for willful or knowing misconduct. Given the volume of communications generated by finance companies, even a relatively small compliance failure can result in a multi-million dollar hit.