Is Your Conditions Library **Doing Its Job?**

Principles + self-audit. Having a conditions library is not the same as having one that gates the loan, scales without a rewrite and survives an audit. Here are seven principles of a healthy library, and a 15-question self-audit to score your own.

SEVEN PRINCIPLES OF A HEALTHY CONDITIONS LIBRARY

1 It's layered, not flat

A flat list of every condition that could ever apply is hard to maintain and easy to misapply. A healthy library is layered: a **core baseline** firing on every loan, **characteristic-triggered categories** that fire only when the loan has a given trait (entity borrower, cross-collateralized, commercial, construction, above a dollar threshold), and **investor / program overlays**.

2 It's two-axis

Structural characteristics and investor are orthogonal. Model them as two axes (characteristics × investor); the condition set for any loan is Core + the categories its characteristics trigger + the overlay its investor triggers, minus duplicates. The payoff: a new investor is one new column, a new product is one new row. No full-library rewrite.

3 Every conditional condition names its trigger

Anything not core records what makes it fire: the field and the rule, marked AUTO (system fires it) or MANUAL (a person flags it). "Manual for now" is fine; "nobody knows what fires it" is not.

4 Conditions are decomposed to the right grain

A condition bundling multiple distinct documents should be split into individual conditions. A single document with multiple review points stays one condition plus a checklist. ("Borrower verification" bundling ID, OFAC, and a credit pull should split; a single background report with several review points stays one condition with a checklist.)

5 Clearing is owned, evidenced and guarded

Each condition names the role that clears it. A received document is evidence; the condition is met only once someone has reviewed it, and the record shows what satisfied it, who cleared it and when. Checklist sub-checks are yes/no with a defined ineligible value: if the answer hits it, the condition can't clear without an explicit waiver. ("ID expired? → ineligible if YES.") A waiver is a decision, recorded with a named decider and a reason. These are the in-system safeguards that stop a bad loan from advancing quietly.

6 Every condition is stage-assigned and gating

Each condition belongs to a stage (for example application, underwriting, approval, closing and funding), and an open gating condition actually blocks the transition. A library that records but doesn't enforce is a checklist, not a gate.

7 It's data, not code

Authoring a new condition, category, or overlay is a template-driven admin task, not an engineering ticket. If adding an investor or a product needs a developer, the library is built wrong.

THE SELF-AUDIT: SCORE YOUR LIBRARY (ONE POINT PER YES)

Credit only what your system enforces today. If you don't know, answer No. Questions 9, 11 and 13 are critical: a No on any of them keeps your result below Strong, whatever the total.

STRUCTURE

1. Is your library layered (core baseline + triggered categories + investor/program overlays), not one flat list?
2. Are structural characteristics and investor overlays modeled as separate, independent axes?
3. Can you add a new investor or product without rewriting the library?

TRIGGERS

4. Does every non-core condition record the field and rule that fires it?
5. Is each trigger explicitly marked AUTO or MANUAL (no "nobody's sure")?

GRAIN

6. Have coarse, multi-document conditions been split into individual conditions?
7. Do single-document conditions with multiple review points use a checklist instead of exploding into separate conditions?

CLEARING

8. Does every condition name the role responsible for clearing it?
9. **Critical.** When a condition is cleared, does the record show the document, check or decision that satisfied it, who cleared it and when?
10. Do checklist sub-checks carry ineligible values that block clearing?
11. **Critical.** When a condition is waived, is the waiver recorded as a decision with a named decider and a reason (not silently suppressed)?

ENFORCEMENT

12. Is every condition assigned to a stage?
13. **Critical.** Does an open gating condition actually block the stage transition (not just show a warning)?

OPERABILITY

14. Can a non-developer author a new condition or overlay from a template?
15. Can you produce, on demand, the full condition set that fired for any given loan and why?

YOUR SCORE

0-7 · WEAK

A list, not a gate. Loans advance on judgment and memory; the audit trail has holes that surface only when someone asks.

8-12 · DEVELOPING

The bones are there, but some controls are leaking. Fix any critical gap first, then the rest in order. A total of 13 or 14 with a critical No also lands here.

13-15 · STRONG

By your own answers, a real gate, with all three critical questions Yes. Confirm the gate, the evidence and the waiver records on a recent loan, then look at your Decisions and Cycles the same way.

Start from a template, not a blank page.

The Conditions Library Starter Kit ($300) is an Excel workbook of 80+ generic conditions for bridge and commercial real estate lending, with type, stage, responsible role, gate and trigger fields. Wiring the triggers and gates into your own system is a separate build.

wadeintel.com/toolkit

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October 2026 edition · Built on the open-source five-concept framework (CC BY 4.0): github.com/wade-intel/loan-framework