National
BUSINESS CAPITAL & SERVICES

9 WAYS

to Prevent Your Deal from Dying

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Operating a business isn't easy– it takes a vision of success, the right team, and a continued thirst for growth. And at some point, all businesses require funding to shape these dreams into a reality.

Even if you're pre-approved for financing, it's possible for a lender to learn new information in the later stages of the deal that prevents the deal from closing.

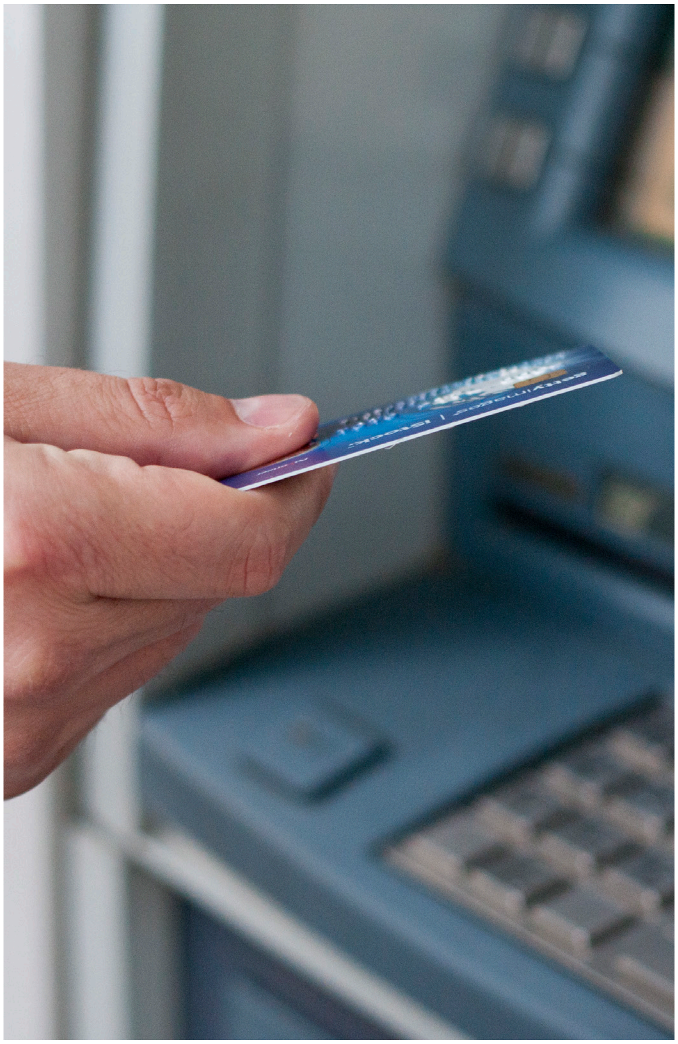
These are the steps you can take to make sure that your deal makes it through the final steps and your business gets financing!

01

Deposit All Monies In Your Bank Account, NOT Just Credit Card Sales

While credit score is no longer the make-or-break factor that it once was, your business's annual sales are still crucial. This figure tells the lender how much money your business is making on a monthly or yearly basis. For this reason, it's helpful for you to deposit all of your monies into your business bank account, including both credit card and cash sales.

With your business bank account showing a larger number, lenders can be more confident about lending to your business. This is an especially important step to take in the 6 months leading up to your business loan application. The higher the number, the higher the chances are that the lender approves your deal.



02

Keep Your Account Positive

In the same vein, lenders will want to make sure that your account is positive. When you apply for small business financing, you should always avoid having a negative balance.

Managing cash flow isn't always a cakewalk—it's actually one of the most common difficulties among small business owners.

But if you're planning to grow your business and need financing, getting your business bank account positive is a must. Underwriters tend to steer clear of making significant offers to applicants with negative balances.

Having a positive account balance shows the lender that you're managing your financial resources responsibly, and are a suitable candidate for small business financing.

03

The More Liquidity, the Better

When it comes to approvals, the more cash you have on hand, the better.

Underwriters consider a lot of different factors. But as far as approvals are concerned, underwriters are primarily interested in whether or not you have the capacity to pay the full amount back on the appropriate timetable.

Having more liquid assets—namely cash, but also stocks, securities, inventory, and accounts receivable—will increase the chances of the deal being approved.

The more liquidity the underwriter sees in your account, the more trusting they'll be that you can afford to pay back the loan—even with unpredictable challenges.

04

Maintain a Consistent Revenue Stream

Underwriters that investigate your financials are looking to see that your business is growing. But they're also looking for consistency.

Showing revenue in your account is crucial. But going overboard and making massive deposits can actually work against you.

Fluctuations in your account can be alarming to underwriters who are looking for consistency and a cushion of safety, even if the fluctuations are upward.

05

Accurately Report Your Debt - The Underwriter Will Find It!

Before giving the final stamp of approval, underwriters will take a thorough look inside your account.

By examining your credit history, they'll be able to find all of your past, current, and future debts.

For this reason, it's important that you accurately report all of your debt the first time around.

If you owe 90K, then don't tell them that you owe 50.

If underwriters are investigating your account and find a debt they hadn't previously taken into consideration, the deal has the potential to die right then and there. Underwriters have an eye for detail, too, so it's rare that you can slip debts under their radar.

Lying about your debt to an underwriter will never help you, so be sure to always report your debts in full detail.

06

Show ALL of Your Business Bank Accounts

It's not uncommon for business owners to have multiple bank accounts. This is an organizational tactic many business owners use to keep their monies organized by separating payroll, operating, and other expense/revenue streams.

But if you do, then be sure to make this clear to the underwriter.

If you claim to be generating $100K in revenue in a given year, but underwriters can only see $70, then they will question your sales and the deal may end up dying. Always inform the underwriter about all of your business bank accounts so they get the clearest picture.

07

Accurately Keep Track of Your Business's Financials

Depending on your unique situation, lenders might be very interested in seeing how much your business is earning and spending on a weekly, monthly or annual basis.

This can help with creating a crystal-clear picture of your financials for the lender.

Sometimes, underwriters and lenders will only want to verify that you keep track of your financials at all. Knowing that you're diligent in keeping these records might be enough for them to finalize the deal.

Contrary to popular belief, you don't need to have a dedicated bookkeeper or accountant to record this information. New software like Quickbooks allows you to quickly and easily log all of your expenses and sales.

National's bookkeeping service can also take this time-consuming task off your plate with a user-friendly system.

08

Stay Up to Date on Your Mortgage or Lease Payments

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It's no secret that operating expenses can add up quickly. But if you want to get through the underwriting process without issues, be sure to keep up to date on your mortgage or lease payments.

Often, underwriters will reach out to your landlord to ensure that you're up to date on your payments. If you're not, this reflects poorly on you.

09

Don’t Believe the Broker Hype And Stack

If you trust the wrong brokers, then you could be putting yourself in a bad position. Many brokers will advise you to take on multiple loans in a very short period of time to "boost your credit score”. But in reality, this is one of the worst moves you can make. If you apply for additional financing too soon, your deal has the potential to die right then and there.

That being said, it’s not always a bad choice to take on multiple loans if your business is growing, and having extra cash on hand could help you take things to the next level. It's always a good idea to speak with your Business Financing Advisor to weigh your options, and discuss the ideal time to take on additional financing.

Get on the Right Path to Business Growth Today

If you have questions about applying for financing, then be sure to reach out to your Business Financing Advisor! At National, we're always here to guide you in the right direction as your business grows.

Apply Now

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