



## **27 Mistakes That Will Get You Denied For Business Credit & Loans (and how to get approved)**

If you are looking for a credit or loans for your business, there's something important you should know. Lenders and credit issuers will often automatically decline you based on you not meeting their approval standards. There's a formula you must meet for approval and if you meet it, you'll often get an automatic approval, or a decline if you don't. Knowing this formula is key to understanding why you may be declined, or have been declined in the past and it's essential to ensure you get approved.

In this article, we'll discuss what lenders DON'T want to see, and what to avoid and what lenders DO want to see, what you need to do to get approved. By following the advice on what to do, you'll often get your loans and credit automatically approved.

One of the most common reasons for loan and credit card applications being denied is that the lender can't easily locate your business online. The business name on your application should be the EXACT same as what's listed online and with your Secretary of State.

It is very important that you use your exact business legal name. Your full business name should include any recorded DBA filing you will be using. Ensure your business name is exactly the same on your corporation papers, licenses, utility statements, and bank statements. Also make sure that your business name and all other information is the same on as many online listings you can find.

While you are checking your name with your Secretary of State, also ensure that they have all of the necessary information for your company and make sure that you are in good standing with them, and that your entity is ACTIVE. You'll need to file annual reports and pay a fee each year to stay active.

Many lenders will automatically decline you if your name indicates you're in a high risk industry. Some restricted industries include Ammunition or Weapons Manufacturing, Bail Bonds, Check Cashing Agencies, Energy, oil trading, Finance, Pawn shops, Political campaigns, X-rated products or entertainment.

In many cases, the SBA and even private lenders will seek protection in case the founder ("key person") dies by requiring a Key Person Policy. This is typically a business-owned life insurance policy set up with a collateral assignment to pay the lender(s) and/or investor(s) if the founder/leader dies. The good news is that the policies are typically written with a Return of Premium provision whereby the entrepreneur is reimbursed all eligible premiums if the policy doesn't pay out. Therefore, it really just becomes a pre-funded savings/retirement account.

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To get financing or credit for your business you must have an entity. A corporation or LLC does give you more credibility in many cases, and helps you reduce your liability. Make sure your entity is setup in the same state as your business address.

Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN). Just like you have a Social Security Number, your business has an EIN. Your Tax ID number is used to open your bank account and to build your business credit profile. Take the time to verify that all agencies, banks, and trade credit vendors have your business listed with the same Tax ID number. Also make sure your address with the IRS is the same as listed everywhere else.

Business Address must be a real brick-and-mortar building, deliverable physical address, cannot be a home address and cannot be a PO Box. Lenders will check with USPS and places like Google Maps to see if you're using a home address. If you are, you'll often get an immediate DECLINE. NEVER USE A HOME ADDRESS ON YOUR APPLICATION!!! You can use a virtual address but you may have issues getting your D-U-N-S with a virtual address. Try to stay away from UPS mailing addresses, only use this if you can't get or afford a virtual address.

Lenders perceive 800 Number or toll-free phone numbers as a sign of business credibility. Even if you're a single owner with a home-based business, a toll-free number provides the perception that you are an even bigger company. It's incredibly easy and inexpensive to set-up a virtual local phone number or a toll free 800 number and you should have a fax number or e-fax as well.

A cell or home phone number as your main business line could get you "flagged" as un-established. DON'T give a personal cell phone or residential phone as the business phone number. Your phone number MUST be listed with 411 for most credit issuers and lenders to approve you. Check your record to see if you're listed, and that your information is accurate. If you aren't listed, List Yourself, Yext, D&B Credit Builder can help you get listed.

Credit providers will research your company on the Internet. It is best if they learned everything directly from your company website. Not having a company website will severely hurt their chances of obtaining business credit. Additionally, it is important to get a company email address for your business. This will usually come with your website domain provider such as Go Daddy. It's not only professional, but greatly helps your chances of getting the thumbs up from a credit provider. Do NOT use a Yahoo, AOL, Gmail, Hotmail, or similar type of email.

NOTE: We have grant funding to assist you in getting your website and branded email set up.

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Your business banking history is vital to your future success of being able to secure larger business loans. The date you open your business bank account is the day that lender's consider your business to have started. So if you incorporated your business 10 years ago, but you just opened the business bank account yesterday, then your business started yesterday. The longer your business banking history, the better your borrowing potential will be.

When applying for a BANK LOAN, you should maintain \$10,000 on average in your bank account. This is because less than 10k in your account will give you lower than a Low 5 bank rating, making you un-lendable with most conventional banks. If you don't have that you can still get business credit and alternative loans, just not a conventional loan.

Make sure you have the proper licensing for your company and make sure the address on your licenses is the same as all of your other documents. You will need to contact the State, County, and City Government offices to see if there are any required licenses and permits to operate your type of business.

We often see denials due to the applicant not being setup with the business credit reporting agencies. Get your free D-U-N-S number with D&B <http://www.dnb.com/duns-number>. You may also want to pay for credit monitoring with Experian and Equifax to see if they have information on you now, and that the info they do have is accurate [www.creditsuite.com/reports](http://www.creditsuite.com/reports).

You will often get declined if you aren't listed with the reporting agencies or if you don't have established credit.

You can also get denied if you don't have a credit score, or have a low credit score with D&B, Experian, or Equifax.

Conventional banks look at 3 types of credit:

- Bank credit
- Business credit
- Personal credit

Alternative lenders look at 2 types of credit

- Personal credit
- Business credit

For conventional bank loans you'll need good personal, bank, and business credit. Alternative lenders require average personal or business credit. One reason you may get denied for a loan is your credit quality. Bank credit possible denial reasons are

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less than 10k on average in your bank account and mismanagement of your bank account. Personal credit possible denials may include dents and dings with consumer lenders and active bankruptcy with alternative lenders. Business credit possible denials may include no business credit and bad business credit, low scores.

To get a bank loan you must be “lendable”, or have the necessary criteria required to get approved. Setting up your business credibly is the first and most important aspect. Once you do this you’ll need to determine if you can get a business loan as well. To get a business loan at a conventional bank you’ll need good personal, business, and bank credit, and collateral for 50%+ of what you are borrowing, Cash flow and profits that increase year-to-year per your tax returns.

Alternative lenders may approve you if you only have cash flow of \$10,000 or more monthly, good personal credit, 700 + FICO scores, and collateral such as equipment, inventory, account receivables, 401k or stocks. If you have none of these, getting business credit is your best option.

Even if you can get a business loan, keep in mind your business credit quality WILL determine if you get approved or denied, the interest rates you’ll pay, the loan term you’ll get and the loan amount you’ll receive. Make sure you build your business credibility to get approved for business credit cards and loans by doing this and you can often get an automatic approval. But if you don’t meet these credibility criteria, you’ll often be denied financing. Business credit is obtainable even if you can’t get a loan... and gets you better terms when you can.

The good news is, in some cases, qualifying entrepreneurs can rapidly access \$100,000 to \$150,000 in business credit (under the EIN of their business) in just 30-45 days through our innovative program. Even when not the case, all entrepreneurs can access a minimum of \$100,000 in short order.

**If you have questions or need assistance, don’t hesitate to contact us. With grant funding we’ve received, we can assist any business, even if pre-launch or start-up, access a guaranteed \$100,000 in business credit with no up-front costs for the Business Credit Building Program.**

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