

FUNDING GUIDE: **10 Mistakes That Will Get You Denied For Business Funding**

*and learn how the US Start-Up Grant can help you access
a minimum of \$250,000 to start or grow a business*



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Why This Matters

- Lenders and credit issuers will often automatically decline you based upon 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 is essential to ensure you get approved).
- Too often, entrepreneurs have a “consumer mindset” versus a “business mindset” when it comes to funding.
 - For example, not focusing on the credibility of the business and only thinking about their personal credit/finances.
- Contrary to popular belief, it is inaccurate to think that a new business can't have strong financials.
 - Only a fool would think that a business' credibility, collateral, and solvency won't effect access to business funding.
- In short, your business must become “credible on paper” prior to applying for funding.
 - In the next few minutes, we'll help you understand what this means and then we can assist you in having a business positioned for a successful capital raise.

Don't fret if you don't have everything in place as we can help you with ALL of these “credibility factors”.

Mistake 1: Business Address

- Your business address should be a real "brick and mortar" building with a physical address.
 - A home address or a P.O. Box is often not an adequate substitute.
- Lenders will typically request a copy of your lease to validate your address.
- Virtual addresses are no longer preferable even if your address matches the IRS, the State, and your bank.
 - In some cases, banks and Dun & Bradstreet (and even banks) will push back on virtual addresses.
- Some lenders only loan in specific geographic areas.
 - For instance, get up to \$250,000 from the Chapman Fund instead of applying to a bank.
- We'll provide you a free business address with geographic access to the Chapman Fund.

Mistake 2: Entity Selection

- To get financing or credit for your business, it is best to have an entity.
- A corporation or LLC gives you more credibility and helps reduce your liability.
- Investors are going to prefer a C-Corp.
- Ideally, form your entity in the same state as your business address.
- Your business does NOT have to be formed in the same state that you reside in.
- We'll pay the Secretary of State filing fees to set up your new, compliant business entity.

Mistake 3: Business Name Mismatch

- One of the most common reasons for funding 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.
- Ensure your business name is exactly the same on your corporation papers, licenses, utility bills, and bank statements.
- Also ensure that your business name matches to on-line listings.

Mistake 4: Not Being In Good Standing

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

Mistake 5: EIN

- Whether you have employees or not, your business entity must have a Federal Tax ID number (EIN).
- Just like you have a SSN, 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.
- We want to pursue business funding under the EIN (versus SSN).

Mistake 6: Business Credit Reporting Agency Profiles

- We often see denials to the applicant not being set up with the business credit reporting agencies.
- Start, if you haven't already, by getting your free DUNS number from Dun & Bradstreet.
- You will often get declined if you aren't listed with the business credit reporting agencies or if you don't have established credit.
- We will assist you in getting your profile set up with Dun & Bradstreet for free.

Mistake 7: Inadequate Business Credit Scores

- You should, at least, establish credible business credit ratings with Dun & Bradstreet and Experian Business.
- Business credit scores range from 0 to 100 with the higher the better.
- Quickly, you can establish an 80+ business credit scores.
 - D&B has a PAYDEX score
 - Experian Business has an Intelliscore
- Once you establish an 80 with each, continue to build to increase your recommended credit limits to access more capital.
- We'll assist you in establishing business credit for free.

Mistake 8: Lack Of Credible Financial Statements

- Every business, even start-ups, should be able to produce key financial statements such as:
 - Balance Sheet
 - Income Statement/Profit & Loss Statement
- Yes, even a business formed just yesterday should have prepared financial statements.
 - There are some innovative ways to RAPIDLY strengthen your financial statements.
 - For instance, the Opportunity Fund can provide you \$1,000 daily deposits into your business bank account for improved liquidity and solvency.
- We'll assist you in creating credible financial statements for free.

Mistake 9: Collateral

- While accessing business credit does not take into consideration collateral, most business loans will.
- Collateral are the assets you are pledging in case of default.
- Different lenders and different loans have varying collateral requirements.
- Yes, this is relevant even for start-ups.
- We'll provide you assets to add to your financials so you have collateral immediately after the formation of your new business.

Mistake 10: Overlooking Alternative Sources Of Financing

- Funding is available from non-bank lenders.
- For example, the Chapman Fund offers up to \$250,000 to start or grow a business
 - Can be used for fixed assets, new construction, renovations, leased property, equipment, inventory, and working capital.
- We'll assist you in geographically qualifying for the Chapman Fund for free.

Let us help you create a business that is “credible on paper” to access the capital you need.

The Start-Up Business Funding Package is a simple, grant-subsidized, program to create a “fundable” business.

- **FREE** unique business address
- **FREE** filing with the Secretary of State
- **FREE** assistance with obtaining your EIN
- **FREE** assistance in building your business credit profile
- \$10,000 in assets immediately transferred to your new business for liquidity and collateral for funding
- **FREE** access to the Opportunity Fund—\$1,000 daily deposits into your business checking account
- Geographic access to the Chapman Fund (up to \$250,000)

Phone: (833) 443-5200

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Business Credit Literacy, a 501(c)(3) non-profit

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