

THE 7 FUNDING FACTORS GUIDE

A Practical Guide to Understanding What Lenders Look For

Presented by NuCharter Funding Group

Introduction

Securing business funding isn't just about having a good idea—it's about demonstrating that your business is prepared for financing. Every lender evaluates risk before making a lending decision. Understanding what they look for can help you strengthen your business and improve your funding readiness.

This guide introduces the seven key factors that commonly influence business funding decisions and provides practical steps you can take to prepare.

1. Cash Flow & Ability to Repay

Why It Matters

Lenders want confidence that your business generates enough revenue to comfortably repay borrowed funds.

Questions Lenders May Consider

- Is the business generating consistent monthly revenue?
- Are expenses being managed effectively?
- Can the business support additional debt?

Ways to Improve

- Increase recurring revenue.
- Reduce unnecessary expenses.
- Maintain accurate financial records.
- Deposit business income into your business bank account consistently.

2. Credit Profile

Why It Matters

Your personal and business credit history helps lenders understand how you've managed financial obligations in the past.

Questions Lenders May Consider

- What is your current credit score?
- Do you have recent late payments?
- Is your credit utilization reasonable?
- Does your business have an established credit profile?

Ways to Improve

- Pay bills on time.
 - Reduce outstanding balances.
 - Correct errors on your credit reports.
 - Begin establishing business credit under your company's name.
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3. Time in Business

Why It Matters

Businesses with an established operating history generally present less risk than brand-new companies.

Questions Lenders May Consider

- How long has the business been operating?
- Has revenue remained consistent over time?

Ways to Improve

- Continue operating consistently.
 - Keep business registrations current.
 - Maintain organized financial records from day one.
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4. Business Legitimacy

Why It Matters

A professionally established business demonstrates credibility and readiness.

Questions Lenders May Consider

- Is the business legally registered?
- Does it have an EIN?
- Is there a dedicated business bank account?
- Does the business have a professional website and email address?

Ways to Improve

- Register your business properly.
 - Obtain an EIN.
 - Open a business checking account.
 - Use a professional business email address.
 - Maintain an up-to-date website.
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5. Industry Risk

Why It Matters

Some industries are viewed as lower risk than others due to market conditions, historical performance, or economic trends.

Questions Lenders May Consider

- What industry does the business operate in?

- Is demand stable?
- Does the business have diversified revenue sources?

Ways to Improve

- Demonstrate consistent customer demand.
 - Diversify income when possible.
 - Develop a clear business strategy.
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6. Existing Debt

Why It Matters

Current debt obligations affect your ability to take on additional financing.

Questions Lenders May Consider

- How much debt does the business already carry?
- Are existing payments current?
- Will additional financing create financial strain?

Ways to Improve

- Pay down high-interest debt when possible.
 - Avoid taking on unnecessary obligations.
 - Understand your monthly debt commitments before applying.
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7. Consistency

Why It Matters

Consistency builds confidence. Lenders appreciate businesses that demonstrate stable operations and reliable financial management.

Questions Lenders May Consider

- Is revenue stable?

- Are business records organized?
- Has the business maintained steady operations?

Ways to Improve

- Keep accurate bookkeeping.
 - Deposit revenue consistently.
 - File taxes on time.
 - Monitor financial performance regularly.
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Funding Readiness Checklist

Before applying for financing, ask yourself:

- ☐ Is my business legally established?
- ☐ Do I have a business checking account?
- ☐ Are my financial records organized?
- ☐ Do I understand my current credit profile?
- ☐ Can I demonstrate consistent revenue?
- ☐ Have I gathered the documents lenders typically request?
- ☐ Have I completed the NuCharter Funding Readiness Bootcamp?

The more "Yes" answers you have, the stronger your funding readiness may be.

Final Thoughts

Every business is unique, and funding decisions depend on many factors. While no approval can ever be guaranteed, understanding these seven funding factors can help you better prepare your business and make informed financial decisions.

At NuCharter Funding Group, our mission is to help entrepreneurs become funding ready through practical education, guidance, and access to financing resources.

Continue your learning by enrolling in the **Funding Readiness Bootcamp**, exploring additional educational resources, and scheduling a consultation when you're ready to discuss your business goals.

NuCharter Funding Group

Empowering Entrepreneurs Through Funding Readiness & Financial Education.

Apply with us when you are ready.