CREDIBLY

Get funded faster: What to fix before you apply

Most small business owners don't lose out on financing because their business isn't strong enough. It's usually because of things like unclear financials, the wrong financial product choice, or issues they didn't know existed.

This guide shows you what to fix before applying, what to avoid, and how to keep your financing options open.

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Welcome

Dear small business owners,

Securing financing doesn't need to be a guessing game. In fact, most setbacks, whether it's a delay, denial, or the wrong funding match, come down to the same avoidable issues: poor documentation, the wrong product choice, or financial red flags hiding in plain sight.

In this guide, we break it down for you.

You'll get a clear look at what financiers really look for, how to prep the right way, and which common mistakes cost business owners time and money.

We'll show you what to fix before you apply and how to improve your chances for faster approval.

The Credibly team

4 mistakes to fix before you apply

Before you hit "submit" on that financing application, take a step back. The difference between fast approvals and frustrating delays usually comes down to the basics: clean records, the right paperwork, and knowing exactly what you're applying for. Let's break it down.

1. Check your credit

Old dings on your credit, like a years-old utility bill, can quietly drag down your score. Clean those up now, and you could unlock better financing options with an increased score.

Most banks want to see scores in the 640–700 range. Financiers like Credibly* can work with lower scores, often starting at 550. Not sure where you stand? Check your reports with TransUnion, Equifax, and Experian to get the full picture.

2. Understand what financiers are actually looking for

Before you apply, know what boxes you need to check. Every provider is different, so always read the requirements first.

Here's what Credibly typically looks for*:

- 6+ months in business
- At least $20K in monthly revenue
- A business bank account
- A credit score of 550+

Get these basics in place to speed up your application and avoid back-and-forth.

3. Pick the financing product that fits your need

Not all financing products work the same and choosing the wrong one can cost you time, money, or both.

Here's a quick guide:

- **Term loan -** Great for large, one-time purchases
- **Line of credit -** Best for ongoing cash flow needs
- **Equipment financing -** Use it for tools, vehicles, and machinery
- **SBA loan -** Ideal for long-term growth and real estate

Match the loan to the need, not just the rate.

4. Get your financial records in shape

Financiers want to see that your business is stable, and your paperwork is the proof.

Common red flags:

- Incomplete balance sheets
- Missing tax filings
- Outdated profit & loss statements

Keep your financial records organized:

- Update your records monthly
- Fix any inconsistencies
- Keep business and personal finances separate

Make sure you understand where your business stands. If you've only been operating for six months, long-term loans probably aren't on the table yet, but you may have alternative options. Focus on the financing options that match your stage. When your financing type fits your time in business and revenue, you're more likely to get approved without delays.
*Some offers are made available through our partners.

Financial missteps that slow down approvals

Getting denied for financing doesn't always mean your business isn't ready. In most cases, it means the numbers, or the paperwork, don't line up with what providers need.

1. Not reading the fine print can cost you

Every financing provider has its own rules. Some look at credit score and revenue. Others care more about time in business or what industry you're in.

If you don't know what's required before you apply, you risk wasting time. Always check the criteria for the product you want. Look at what's needed for:

- Minimum monthly revenue
- Years in operation
- Industry fit
- Credit history
- Product-specific terms

Use provider websites, FAQs, and call the provider to clarify what you'll need up front.

2. Messy records create red flags

Accurate records help you show your progress, organize your expenses, and back up what you report on your application. If your financials are unorganized, financiers won't spend time trying to sort them out.

Here's what "ready-to-go" financials should include:

- Tax returns
- Up-to-date profit and loss statement
- Clean balance sheet
- Business bank statements
- Credit report
- Proof of ownership (for any asset you're financing)

3. Credit history counts, even your personal report

When you're applying for a business financing product, financiers will look at your personal credit score. These scores are often used as a benchmark to determine how responsibly you personally handle debt and how likely you are to do the same for your business.

Thinking about using a credit repair service? Do your homework. Some are helpful while others may be costly and ineffective. Review ratings, check credentials, and avoid any service that promises guaranteed results.

4. Cash flow tells financiers what your numbers don't

You might be profitable on paper, but if your accounts are empty, it can be a red flag. Cash flow shows how well your business manages money in real time.

Here's the difference:

- **Profit =** Revenue minus expenses
- **Cash availability =** The actual funds you can access right now

Financiers want to know you can handle regular remittances or repayments. Solid cash flow proves you can keep up without sacrificing growth.

5. Collateral gaps can block your path

Collateral can be a requirement depending on the type of funding you're looking for. What matters most? The difference between what your asset is worth and what you still owe on it. That gap is what financiers look at when deciding what they can secure financing against.

Accepted types of collateral may include:

- Physical assets like vehicles, equipment, or property
- Non-physical assets like certain investments or accounts

Not sure what qualifies? Ask before you apply, so you don't overestimate what you bring to the table.

6. Don't overlook your debt-to-income ratio

If you're carrying too much debt, even strong revenue might not be enough to get you approved. Financiers want to see that your business isn't stretched too thin and your **debt-to-income ratio (DTI)** is one of the fastest ways they judge that.

Your DTI compares what your business owes every month to what it earns. The higher the ratio, the more risky you look because it suggests your business might struggle to take on more.

How to clean it up

You don't need to be debt-free. But you do need to show that your cash flow supports what you owe.

Here's how to improve your position:

- **Consolidate** multiple financial obligations into one
- **Pay down** high-interest balances
- **Boost cash flow** with tighter expense management
- **Hold off** on new debt right before applying

Tightening up your DTI can push your application over the finish line and help you qualify for better offers, too.

Ready when you are

You've got the insight. Now get the funding.

Apply online in minutes and get a fast, no-obligation decision.

Or talk to a real person who can walk you through it.

Let's get your business funded.

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