

Business Credit & Financing — Workbook

This workbook turns the course into a working build-out for one real business, yours, a company you advise, or one you are studying. Before you start, gather your entity documents, your EIN, your business and personal credit reports, the last two to three years of financial statements and tax returns, and a list of any existing debt. Work the four sections in order: stand the business up as a creditworthy entity, build a profile of reporting tradelines, choose and price the right financing for a real need, then assemble a lender-ready package and place yourself on a 12-month roadmap. The templates are built to be filled with your own figures and reused every month as you build toward fundability.

Foundations: Business Credit Is Not Personal Credit

Stand your business up as a separable, creditworthy entity with the identifiers and accounts the bureaus require before any credit file can exist.

Exercise: Separate Your Business From Yourself

Audit how entangled your personal and business finances are today, then list the specific steps to separate them. Pull your last three months of spending across all cards and accounts.

- Which business expenses are currently running through personal cards or your personal bank account, and roughly how much per month?

- Does a dedicated business bank account in your exact legal entity name already exist, and is all business income flowing through it?

- Which of the four corners of a business credit file, legal entity, EIN, business bank account, and D-U-N-S number, do you not yet have?

- What is the single exact business name, address, and phone number (NAP) you will use identically on every future application and registration?

Worksheet: Business Identity and Identifiers Worksheet

Record the canonical details and identifiers for your business in one place so every future application matches exactly. Fill each field with the one correct value you will use everywhere.

Exact legal entity name (spelling, suffix, punctuation)

Entity type (LLC / S-corp / C-corp) and state of formation

EIN (Employer Identification Number)

Business address (one canonical format)

Business phone number and listing status

D-U-N-S number (or date requested)

Business bank account (bank, account in entity name? yes/no)

Business domain and email

NAICS / industry code

Checklist: Business Entity Setup Checklist

- I have formed a separate legal entity (LLC or corporation) registered with my state
- I have obtained a free EIN from the IRS at irs.gov
- I have opened a dedicated business bank account in the entity's exact legal name
- I have requested or received a D-U-N-S number from Dun and Bradstreet
- I use one identical business name, address, and phone number on every form
- I have a business phone listing, professional domain, and email that verify I exist
- All business income and expenses now run through the business account, not personal

Building a Strong Business Credit Profile

Move from having an entity to having a credit file lenders respect by opening reporting tradelines, managing utilization and payment timing, and protecting your personal credit.

Exercise: Plan Your Tradeline Build

Design the layered set of accounts you will open over the next 90 days. For each candidate vendor, confirm whether it reports to the business bureaus before adding it to your plan.

- Which three to five net-30 vendor accounts that report to the bureaus will you open first, and what do you actually need to buy from each?

- For each candidate account, have you confirmed it reports to Dun and Bradstreet, Experian Business, or Equifax Business?

- What is your standing rule for payment timing, and how many days before each due date will you pay to push toward a Paydex above 80?

- Once net-30 lines report, which store, fleet, or business credit cards will you target in the next tier?

Worksheet: Tradeline and Utilization Tracker

Track every credit account, its reporting status, and your utilization so no account slips and balances never report high. Fill one row per account and update monthly.

Account / vendor name

Tier (1 net-30 / 2 store-fleet / 3 card-bank)

Date opened

Reports to bureau? (D&B / Experian / Equifax / no)

Credit limit or terms (\$)

Current balance (\$)

Utilization (balance / limit %)

Statement close date

Payment due date and days-early target

Date last confirmed reporting

Checklist: Credit-Building Discipline Checklist

- Every tradeline I open is confirmed to report to at least one business bureau
- I pay all vendor invoices at least 10 days before the due date
- I keep revolving utilization under 30 percent, and under 10 percent on the statement close date
- I pay business cards down before the statement closes so a low balance reports
- I keep my oldest accounts open and active to preserve credit age
- I monitor all three business bureaus and my personal file and dispute every error in writing
- I avoid hard inquiries and high card balances in the 90 days before any loan application

Exercise: Audit and Protect Your Personal Credit

Because most lenders pull personal credit and the FICO SBSS blends it in, review your personal file against the factors lenders weigh. Pull your free reports at AnnualCreditReport.com.

- What is your current personal FICO score, and have you had any late payments in the last 24 months?

- What is your personal credit card utilization, and which balances need to come under 30 percent (ideally 10 percent)?

- How many hard inquiries are on your file from the last 12 months, and are any clustered before a planned application?

- What errors did you find on your personal or business files, and what documentation will you use to dispute each?

The Financing Menu: Choosing the Right Capital

Match the right financing product to a real need, weigh SBA programs, and convert every offer to a true APR so you never overpay for capital.

Exercise: Define the Need, Then Choose the Tool

Start from the need, not the product. Classify your capital requirement and let the classification point to the right financing type before you shop rates.

- What exactly do you need capital for, how much, and by when?

- Is the need short-term-recurring (cash flow, seasonal stock), a one-time investment, or a specific asset purchase?

- Which product does that classification point to: line of credit, term loan, equipment finance, or an SBA program?

- If the amount is over roughly 25,000 dollars and the timeline allows, would an SBA 7(a), 504, or Microloan

offer cheaper money than the alternatives?

Worksheet: Financing Option Comparison Worksheet

Lay every offer you are weighing side by side on a true-cost basis. Convert any factor rate or fee to an APR before comparing. Fill one column per offer.

Lender / product name

Financing type (term / line / equipment / SBA / RBF / factoring / MCA)

Amount offered (\$)

Stated rate or factor rate

Total dollars repaid over the term (\$)

True APR (convert factor rate / fee to APR)

Term length and payment frequency

Collateral and personal guarantee required?

Time to fund and fit to need (good / fair / poor)

Exercise: Unmask the True Cost of an Offer

Take any offer quoted as a factor rate or flat fee and convert it to a true annualized cost, then compare it to a bank or SBA alternative. Use the merchant-cash-advance math from the course as your model.

- What is the total repayment (principal times factor rate, or principal plus all fees), and what is the dollar cost above what you received?

- Accounting for the declining balance as you repay, what is the approximate true APR (use a factor-rate-to-APR calculator)?

- How does that true APR compare to a term loan, line of credit, or SBA option for the same need?

- Have you exhausted every cheaper avenue before accepting a double- or triple-digit APR product?

Checklist: Smart Borrowing Checklist

- I matched the term of the financing to the life of the need it pays for
- I converted every offer to a true APR before comparing, including factor rates and fees
- I checked whether an SBA 7(a), 504, or Microloan fits the use of funds for larger needs
- I confirmed my FICO SBSS is above the lender's cutoff before formally applying
- I treated any line of credit as a bridge and planned to pay it back to zero periodically
- I reserved merchant cash advances as a genuine last resort only

Getting Approved: How Lenders Decide and How to Apply

Score yourself the way an underwriter will, assemble a complete lender package, and place yourself on a 12-month roadmap to fundability.

Exercise: Score Yourself on the Five Cs and Your DSCR

Read your own application the way an underwriter will. Rate each of the Five Cs honestly and calculate your debt service coverage ratio with the new loan included.

- Character: what are your personal FICO, business scores, and payment track record, and where are they weak?

- Capacity: what is your net operating income, your total annual debt service including the new loan, and the resulting DSCR (target 1.25 or higher)?

- Capital and Collateral: how much of your own money is invested (aim for 10 to 20 percent), and what assets can secure the loan?

- Conditions: what is the exact purpose of the loan, and how does your industry and the current environment affect the lender's view?

Worksheet: DSCR and Repayment Worksheet

Prove to a lender (and yourself) that cash flow covers the payment. Fill each input and compute the DSCR with the proposed new debt included.

Annual net operating income (\$)

Existing annual debt payments (\$)

Proposed new annual loan payment (\$)

Total annual debt service = existing + new (\$)

DSCR = net operating income / total debt service

DSCR meets lender cutoff (typically 1.25)? yes/no

If below cutoff: borrow less amount (\$) or income increase needed (\$)

Owner equity contribution as % of project

Collateral offered and estimated value (\$)

Checklist: Lender-Ready Package Checklist

- Profit and loss and balance sheet for the last two to three years plus year-to-date
- Personal financial statement for each owner of 20 percent or more
- Two to three years of business and personal tax returns
- Last three to six months of business bank statements
- A debt schedule listing balances, rates, payments, and collateral

- [] A clear use-of-funds statement and realistic projections showing repayment
- [] Entity and legal documents, ownership breakdown, licenses, and key leases or contracts
- [] A one-to-two-page cover summary with the DSCR calculation on the first page

Exercise: Place Yourself on the 12-Month Roadmap

Turn credit-building into a dated plan. Mark where you are on the course roadmap and schedule the next milestones with real calendar dates.

- Which roadmap phase are you in now (entity setup, net-30 tradelines, store/fleet credit, business cards/lines, package assembly, or applying)?

- What are the next two milestones you must complete, and on what specific dates will you finish each?

- Which avoidable mistakes (mixed finances, thin file, inconsistent NAP, inquiry clusters, wrong product, over-borrowing) are you most at risk of, and how will you prevent each?

- When do you realistically expect to need capital, and are you building the profile far enough ahead to apply from strength rather than desperation?

Your Action Plan

1. Form or confirm the entity, get the EIN, open a dedicated business bank account, and request a D-U-N-S number, locking one consistent name, address, and phone everywhere.
2. Pull all three business bureau files plus your personal report, set up monitoring, and dispute every error you find in writing.
3. Open three to five net-30 vendor accounts that report to the bureaus, place real orders, and pay each invoice at least 10 days early.
4. Manage utilization under 30 percent (under 10 percent at statement close) and protect personal credit by avoiding new inquiries and high balances.
5. Add store, fleet, and then business credit cards and a small bank line as your Paydex and Intelliscore reflect a clean reported history.
6. Define your real capital need, classify it, and match it to the right product, line, term loan, equipment finance, or an SBA program.
7. Convert every financing offer to a true APR, including factor rates and fees, and compare options on equal footing before choosing.
8. Calculate your DSCR with the new debt included and confirm it clears the lender's cutoff (typically 1.25) before applying.
9. Assemble the full lender package, two to three years of financials and returns, bank statements, debt schedule, use of funds, and a one-page summary with the DSCR up front.
10. Apply for the right product for a real need from a position of strength, having built the profile a year before you need the money.

