

8 WAYS TO MAKE SURE YOUR LOAN CLOSES



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8 Ways to Make Sure Your Deal Closes

Running a business can be quite challenging, as it demands a clear vision of success, a capable team, and an ongoing commitment to expansion. Eventually, all businesses will need financial support to turn their aspirations into actuality. Even if you have received preliminary approval for funding, there's a chance that the lender might come across new information during the later stages of the transaction, which could impede the deal from finalizing. Here are the actions you can implement to ensure your transaction successfully navigates the final stages, securing the financing your business requires!

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1

Place All Funds Into Your Bank Account, Not Limited to just Sales

While credit scores have become less pivotal than before, your business's annual sales remain a critical factor. This metric provides lenders with insight into your business's monthly and yearly revenue. Consequently, it's advantageous to consolidate all your income, encompassing both credit card and cash sales, into your business bank account. By bolstering the balance in your business account, you can instill greater confidence in potential lenders. This practice holds particular significance in the six months preceding your business loan application, as a higher figure enhances the likelihood of your loan request gaining approval.



2

Maintain a Positive Account Balance

Similarly, lenders will scrutinize your account to ensure it maintains a positive balance. When seeking small business financing, it's crucial to avoid having a negative account balance. While managing cash flow can be challenging for many small business owners, having a positive business bank account is essential when you're aiming to expand your business and secure financing. A positive balance signals to underwriters that you're handling your financial resources prudently, making you a favorable candidate for small business financing.



3

Sustain a Steady Income Flow

Underwriters analyzing your financial records seek evidence of your business's growth and, equally importantly, consistency. Demonstrating a regular revenue stream in your account is pivotal. However, it's essential to avoid excessive, large deposits, as this could potentially have an adverse impact. Even if these fluctuations are upward, underwriters may find them concerning, as they prioritize a steady and safe financial cushion.



4

Precisely Disclose Your Debts - Underwriters Will Uncover Them!



Prior to granting final approval, underwriters meticulously review your account, including a comprehensive review of your credit history to identify past, current, and future debts.

It's imperative to accurately disclose all your debts during your initial application.

Misrepresenting your debt, such as claiming you owe less than you do, can have serious consequences if underwriters discover discrepancies. UW possess a keen attention to detail, making it unlikely that undisclosed debts will go unnoticed. Honesty is crucial when dealing with underwriters, so always provide a truthful account of your debts.



5

Reveal all of your business bank accounts, and the greater liquidity you demonstrate.

It's common for business owners to maintain multiple bank accounts as an organizational strategy to manage their finances, segregating funds for payroll, operations, and other expenses or revenue streams. When doing so, it's vital to clearly communicate this practice to the underwriter. Accurate financial disclosure is crucial; if you claim \$125K in annual revenue but the underwriter only observes \$100K, they might question your sales, potentially jeopardizing the deal. Therefore, always provide a comprehensive overview of your business bank accounts to offer underwriters a clear perspective. In terms of approvals, having ample liquid assets, which include cash, stocks, securities, inventory, and accounts receivable, enhances the likelihood of loan approval. Underwriters prioritize assessing your capacity to repay the loan on time, and a higher level of liquidity instills confidence in your ability to manage unforeseen challenges.



6

Precisely Manage Your Business's Financial Records.

Lenders may express a strong interest in understanding your business's earnings and expenditures on a weekly, monthly, or yearly basis, as this provides a transparent financial overview for them. In some cases, underwriters and lenders may simply seek assurance that you maintain diligent financial records.

Demonstrating your commitment to financial record-keeping can sometimes be sufficient to secure the deal, and you don't necessarily require a dedicated bookkeeper or accountant. Modern software solutions like Quickbooks offer convenient ways to log expenses and sales, while National's bookkeeping service offers a user-friendly alternative to handle this task.



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7

Maintain your debt payments, especially big amounts

Maintain Timely Mortgage or Lease Payments Staying current with your mortgage or lease payments is essential during the underwriting process. Operating costs can accumulate rapidly, and underwriters may contact your landlord to verify payment status. Falling behind on payments can negatively affect your application's evaluation.



8

Trust your sales consultant, question other brokers.



Place your trust in your sales consultant rather than assuming that every advertised rate is the best, as anyone can promise what you want to hear. Relying on the wrong brokers might lead to unfavorable outcomes. Some brokers may suggest acquiring multiple loans within a short timeframe to purportedly improve your credit score. However, this strategy can be detrimental. Prematurely applying for additional financing could jeopardize your current deal. Nonetheless, if your business is expanding and having extra capital is advantageous, consider taking on multiple loans wisely. Consult with your Business Financing Advisor to evaluate your choices and identify the optimal timing for securing additional financing.



Embark on the Business Growth Journey Now! If you have financing application queries, don't hesitate to contact your sales consultant. At Coastal Kapital, we're dedicated to steering your business in the correct direction as it expands.

APPLY NOW



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