

# CoGrow Financial Guide



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## Business Funding Qualification Checklist: Are You Ready for Funding?

Securing funding is a critical step for business growth. Understanding what lenders and investors look for will help you prepare better and increase your chances of obtaining the necessary funds. This checklist will guide you through key criteria and help you identify areas for improvement.

### 1. Credit Score and Credit Profile

#### ***Know Your Credit Score***

Aiming for a score of 680 or higher is essential. Regularly check your credit score through major credit bureaus like Experian, Equifax, and TransUnion to stay informed of your credit standing.

#### ***Ensure Your Credit Report Is Clean***

Review your credit report for inaccuracies and resolve any issues. Late payments, defaults, and high debt levels can negatively impact your funding prospects. Clean credit reports are crucial for building trust with lenders.

#### ***Credit Profile Details Matter***

A well-rounded credit profile includes a mix of credit types (e.g., credit cards, installment loans) and a long credit history. This diversity shows lenders your capability to handle different types of credit responsibly.

### 2. Credit Utilization

#### ***Maintain a Low Credit Utilization Rate***

Keep your credit utilization below 30%. This means if you have a total credit limit of \$10,000, your balances should not exceed \$3,000. High utilization rates can signal financial distress to lenders, impacting your chances of securing business funding.

### 3. Inquiries

#### ***Limit Credit Inquiries***

Too many hard inquiries can lower your credit score and raise red flags for lenders. Space out credit applications and consider using soft inquiries for preliminary checks to avoid negative impacts on your credit score.

### 4. Business Age

#### ***Understand the Impact of Business Age***

Businesses that have been operating for several years are generally seen as less risky. Maintain comprehensive records of your business

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activities and milestones to demonstrate stability and growth. Lenders prefer businesses with a proven track record.

## 5. Monthly Revenue and Expenditure

### ***Know Your Average Monthly Revenue***

Consistent and growing revenue streams are crucial. Track your revenue trends and be prepared to present detailed financial statements showing stable income. Lenders want to see a reliable income source before offering funds.

### ***Manage Your Monthly Expenditures***

Lenders examine your expenses to ensure you have a healthy balance between income and outgoings. Detailed expense reports and a solid budget plan will demonstrate fiscal responsibility. Highlighting controlled expenditures can significantly boost your funding potential.

## 6. Funding Potential

### ***Meeting These Requirements Can Help Secure Funding***

By meeting the criteria outlined above, you could potentially secure between \$10k and over six figures in funding for your business. Regularly update your financial records, business plans, and credit profiles to reflect ongoing improvements.

### ***Improvement Is Always Possible***

If you don't currently meet all criteria, work on improving your credit score, reducing debt, and maintaining accurate financial records. Engage with financial advisors to develop strategies for enhancing your funding readiness.

## Where to Start if You're Not Ready

- **Improve Your Credit Score:**

Focus on timely bill payments, reducing outstanding debts, and avoiding new credit applications. Regularly monitor your credit report for accuracy.

- **Clean Up Your Credit Report:**

Address any negative marks on your credit report. Dispute inaccuracies and resolve outstanding issues to present a cleaner credit history to lenders.

- **Lower Your Credit Utilization:**

Pay down credit card balances to lower your credit utilization rate. Aim for a utilization rate of 30% or less.

- **Build Business History:**

If your business is new, work on building a longer business history. Show consistent operations and growth to improve your appeal to lenders.



## Notes

- Use this checklist to identify strengths and areas for improvement: Position your business for successful funding applications by understanding where you excel and where you need to improve.
- Continually work on your financial health: Stay informed about the latest funding options and requirements. With the right preparation and understanding, you can secure the funds needed to grow and thrive.

Need personalized advice on securing business funding? Contact CoGrow Finance for a consultation to explore your options and streamline the process. Let's grow your business together!

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