



12 CREDIT LINES & CARDS

YOU CAN GET FOR YOUR BUSINESS

LEASE FUNDERS

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A **credit line, or line of credit** (LOC), is an agreement between a financial institution or private investor that establishes a maximum loan balance that a borrower can access.

A borrower can access funds from their line of credit anytime, as long as they don't exceed the maximum set in the agreement, and as long as they meet any other requirements of the finance institution or investor such as making timely payments.



Credit lines provide many unique advantages to borrowers including **flexibility**. Borrowers can use their line of credit and only pay interest on what they use, unlike loans where they pay interest on the full amount borrowed. Credit lines can be **re-used**, so as you acquire a balance and pay that balance off, you can use that available credit again, and again.

*Credit lines are **revolving** accounts similar to credit cards, and contrast other forms of financing such as installment loans. In many cases, lines of credit are unsecured, much the same as credit cards are. There are some credit lines that are secured, and therefore easier to qualify for*

Credit lines are the most commonly requested loan type in the business world even though they are very popular, true credit lines are rare, and hard to find. Many are also very tough to qualify for requiring good credit, good time in business, and good financials. But there are other credit cards and lines that few know about that are available for startups, bad credit, and even if you have no financials.

Most credit line types that most business owners think of come from conventional banks and conventional banks use **SBA loans** as their primary loan product for small business owners. This is because SBA insures as much as **90%** of the loan in the case of default. These credit lines are the hardest to qualify for because you must qualify with SBA and the bank.

SBA Express and CapLines

There are two main types of SBA loans you can typically secure. One type is called **CAPLines**. There are actually **5** types of CAPLines that can work for your business.

You can also secure a lower loan amount faster using the **SBA Express** program. Most of these programs offer BOTH loans and revolving lines of credit. From SBA... "*CAPLines is the umbrella program under which SBA helps business owners meet short-term and cyclical working capital needs*". Loan amounts are available up to **\$5 million**. Loan qualification requirements are the same as with other SBA programs.

-  **Seasonal Line** - Advances against anticipated **inventory and accounts receivables**. Designed to help seasonal businesses. Loan or revolving are available.
-  **Contract Line** - Finances the **direct labor and material cost** associated with performing assignable contracts. Loan or revolving are available.
-  **Builders Line** - Designed for general contractors or builders constructing or renovating commercial or residential buildings. Used to finance direct labor-and material costs, where the **building project serves as the collateral**. Loan or revolving are available.
-  **Standard Asset-Based Line** - For businesses **unable to meet credit standards associated with long-term credit**. Financing for cyclical growth, recurring and/or short-term needs. Repayment comes from converting short-term assets into cash. Businesses continually draw from the LOC, based on existing assets, and repay as their cash cycle dictates. This line **generally is used by businesses that provide credit** to other businesses.
-  **Small Asset-Based Line** - Asset-based revolving line of credit of **up to \$200,000**. This line has It operates like a standard asset-based line except that some of the stricter servicing requirements are waived, providing the business can consistently show repayment ability from cash flow for the full amount.

The SBA Express program offers access to a credit line for well-qualified borrowers.

You can get approved for up to \$350,000. Interest rates vary, with SBA allowing banks to charge as much as 6.5% over their base rate. Loans over \$25,000 will require collateral.

SBA Approval Requirements

To get approved you'll need good personal and business credit...

- SBA states you should not have any "blemishes" on your report.
- Good bank credit... An acceptable bank score requires you have at least \$10,000 in your account over the last 90 days.
- You'll also need a resume showing you have industry experience and a well put together business plan.
- 3 years of business and personal tax returns... your business returns should show a profit.
- And, you'll need a current balance sheet and income statement... showing you have the funds to repay the loan.



To get approved you'll need verification of your account receivables... if you have them. Collateral to offset the risk... usually all business assets will be taken as collateral, and some personal assets including your home. It's not uncommon to need collateral equal to 50% or more of the loan amount. You also need articles of incorporation, business licenses, contracts with all 3rd parties and lease .

Private Investors and Alternative Lenders

Private investors and alternative lenders also offer credit lines. These are **easier to qualify** for than conventional SBA loans. They also require much less documentation for approval. These alternative SBA credit lines usually require good personal credit for approval

Unlike with SBA, many of them **don't require good bank or business credit** approval. Almost all of these types of programs require 2-year's of tax returns. Tax returns **MUST show a profit**. Rates can vary from **7%** or higher and loan amounts range from **\$25,000** into the millions. Loan amounts are typically based on the revenues and/or profits reflected on the tax returns. Sometimes lenders may want other financials including a P&L, balance sheets, and income statements.

Merchant cash advances have quickly become the most popular way to get financing, in large part due to the easy qualification process. Companies with **10k** in revenue can get approved, with the business owner having scores as low as 500. Some sources have now even started to offer credit lines that go with their loans. You will need to have at least **10k** in revenue for approval. You should be in business for at least one year, 3 years is preferred. Lenders often want to see a credit score of **650** or higher for approval.



Loan amounts are usually around **\$20,000**. Lenders often do pull your business credit, so you should have some credit already established and sometimes lenders will want to see tax returns. Rates vary based on risk for this program, and there aren't a lot of funding sources who offer it.

You can get financing regardless of personal credit if you have some type of **stocks or bonds**. You can also get approved if you have someone wanting to use their stocks or bonds as collateral for your financing. **Personal credit quality doesn't matter** as there are no consumer credit requirements for approval.

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You can get approved for as much as **90%** of the value of your stocks or bonds. Rates are often less than 2%, making this one of the lowest rate credit lines you'll ever see. You can still earn interest as you normally do on your stocks and bonds.

Credit cards and lines are **very similar** each other.

Unsecured Cards up to \$150,000

Credit cards usually offer **0% intro rates** for up to 2 years... very helpful for startups especially. Credit lines allow you to **take out more cash** at a much cheaper rate than do cards. These are the main two differences that will affect you between credit cards and credit line. Investopedia even says that *"lines of credit are potentially useful hybrids of credit cards"*...

Both cards and lines are **revolving credit**. Credit lines are harder to qualify for as card approvals are typically very fast, many times automated, while line require an in-depth underwriting review. Lines usually offer lower rates, according to Bankrate card rates average 13% while lines average 4%.

Most banks offer unsecured business credit cards.

Most of them do report to the consumer credit reporting agencies. They all require a personal guarantee from you. You can get approved usually for **one card max** as they stop approving you when you have 2 or more inquiries on your report.

Most credit card companies offer business credit cards including Capital One, Chase, and Amex. These have rates similar to consumer rates and limits are also similar. Some report to the consumer reporting agencies, some report to the business bureaus. Approval requirements are similar to consumer credit card accounts.



Typically, when you apply for a credit card you put an inquiry on your consumer report. When other lenders see these, they won't approve you for more credit because they don't know how much other new credit you have recently obtain. So they'll only approve you if you have less than **2** inquiries on your report within the last 6 months... and more will get you declined.

With UBF, you work with a lender who specializes in securing business credit cards. This is a **VERY rare**, very little know about program that few lending sources offer. They can usually get you **3-5 times** the approvals that you can get on your own. This is because they know the sources to apply for, the order to apply, and can time their applications so the card issuers won't decline you for the other card inquiries. Individual approvals usually range from **\$2,000- 50,000**.

The result of their services is that you usually get up to 5 cards that mimic the credit limits of your highest limit accounts now. Multiple cards **create competition**, and this means you can get your limits raised typically within 6 months or less of your initial approval.

Approvals can go up to **\$150,000** per entity such as a corporation. With UBF they actually get you 3-5 business credit cards that report only to the business credit reporting agencies. This is HUGE, something most lenders don't offer or advertise.

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Not only will you get money, but you build your business credit also so within 3-4 months, you can then use your newly established business credit to get even more money.

The lender can also get you low intro rates, typically **0%** for 6-18 months. You'll then pay normal rates after that, typically 5-21% APR with 20-25% APR for cash advances. And they'll also get you the best cards for points, meaning you get the best rewards. Just like with anything, there are HUGE benefits in working with a source who specializes in this area... the results will be much better than if you try to go at it alone.

You must have excellent personal credit now, preferably 685 + scores... the same as with all business credit cards. You shouldn't have ANY derogatory credit reported to get approved, you must also have open revolving credit on your consumer reports now and you'll need to have **5** inquiries or less in the last **6** months reported.

All lenders in this space charge a **9-15%** success based fee and you only pay the fee off of what you secure. Remember, you get a ton of extra benefits and about 3-5 times more money with this program than you'd get on your own... which is why there's a fee... the same as all other lending programs.

You can get approved using a guarantor and you can even use multiple guarantors to get even more money. There are also other cards you can get using this same program but these cards only report to the CONSUMER reporting agencies... not the business reporting agencies. They are consumer credit cards versus business credit cards.

They provide similar benefits including 0% intro APRs and 5 times the amount of approval of a single card but they're much easier to qualify for. You can get approved with a **650** score and **7** inquiries in the last 6 months and you can have a BK on your credit... and other derogatory items. These are much easier to get approved for than UBF business cards.

Business Credit

With all previous cards mentioned, you need to have good CONSUMER credit to get approved but what if your personal credit isn't good, and you don't have a guarantor? This is when **BUILDING BUSINESS CREDIT** makes a ton of sense even if you have good personal credit, building your business credit helps you get even more money... and without a personal guarantee.

Business credit is credit in a business name, that's linked to the business's EIN number... not the owner's SSN. When done properly, business credit can be obtained with no personal credit check and no personal guarantee... something all other cards mentioned can't deliver. You can get 3 types of business credit cards. Vendor credit, offers net 20 terms used to start a business credit profile. Store credit, get credit cards with high limits at most stores. Cash and Fleet credit, Visa, MasterCard, Amex cards you can use anywhere. These can be obtained **with no credit check or guarantee**. Limits are often \$5-10 to start, and can exceed \$50k.

Summary

In this guide we've outlined 12 different types of business credit cards and lines you can get now. There are options available for you if you have challenged personal credit, if you have no collateral, even if you have no cashflow. These 12 options are some of many funding options that are available for your business. Contact us today to discover all the funding you can qualify for now with hundreds of lenders and every legitimate business funding options available today.



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