# 5 Factors That Affect Your Business Credit

What makes up your business credit score? What gives you the best chances of getting a loan? Here are a few factors that play into your business credit picture, and what you can do to make the most of them:

**1. Payment History** - Your payment history is an important part of your business credit profile, and is what your D&B Paydex score is based on. Many credit opportunities come with a minimum Paydex requirement. What you can do: always pay vendors EARLY. On time is “okay”, but paying early (as in before you receive the invoice) is best.

**2. Credit Applications** - Believe it or not, multiple applications for credit can be a red flag that will keep you from getting approved for a loan. Too many in a short period of time will make your company look desperate and be a sign to potential lenders that things are going downhill. What you can do: plan your use of credit accordingly, and keep applications to the minimum necessary to accomplish your goals.

**3. Blanket UCC Filings** - One thing that many people don’t realize is that they need to pay attention to the order in which they get certain types of loans, and what UCC filings the lenders will file. Some lenders may file a “blanket” UCC filing, which essentially says they have an interest in ALL of your assets. These blanket UCC filings will then take precedence over any subsequent ones, which drastically reduces your ability to get credit elsewhere. What you can do: plan your credit carefully, and negotiate UCC filings according to what your needs are. For example, if you need particular assets excluded from a UCC filing to use as security for another loan, explain that fact in advance to get those items excluded from any blanket filings, or, alternatively, get the loan or account with the more specific UCC filing first. Some experts recommend opening accounts with competing UCC filings at the same time, and negotiating the details with each party simultaneously.

**4. Company Financials** - With D&B, it’s important to make sure your financials in your credit file are up to date. If they are not, it could negatively reflect on your company when the lender is comparing the available data. What you can do: update your financials on your credit reports so that they reflect your current circumstances, and plan to do so periodically.

**5. Company Legal Structure** - The legal structure of your company (LLC versus INC versus Partnership, etc.) can also affect your business credit. Lenders are less likely to loan money to Sole Proprietorships and Partnerships than Corporations or Limited Liability Companies. What you can do: if you aren't incorporated, you should be. The advantages span far past just your ability to get credit.

*There are other factors that affect your ability to get credit, such as the amount of debt you already have, how heavily invested you are in your company, and even your personal credit can play a role in your approval or denial. Here we've covered five of them. In the end, the better the all-around picture you can paint, the better your chances of getting approved for loans will be.*

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