

# How Do I Qualify?

## Insight into credit criteria



*Here are some of the credit criteria a lender may review in determining your company's monthly lease payment:*

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**Time-In-Business:** Lenders prefer their applicants to have a long-standing, profitable operating history. Generally speaking, the longer a company has been in business, the more competitive their monthly payment will be.

**Corporate Pay History:** Lenders like to see a business pay bills in a consistent, timely manner. Providing a lender with viable bank & trade references for your business is an excellent way to demonstrate a strong corporate pay history. The quality of your corporate pay history can often result in more competitive monthly payments.

**Personal Pay History:** For privately held businesses, an owner's personal pay history is a strong indicator of the corporation's pay practices. Personal pay blemishes, bankruptcy, judgments and/or liens may have an impact on your business' perceived credit risk. In general, the cleaner the personal credit of the business' principal owners, the more competitive your monthly payment.

**Equipment:** Lenders often have a list of equipment with which they are not familiar. Ask your lender if they are comfortable with the equipment you are acquiring. In addition, reliable vendors typically sell reliable equipment which results in satisfied users who are more apt to make their monthly payments. You are more likely to receive a competitive monthly payment if your lender is comfortable with your equipment and vendor.

**Transaction Size:** Each lender has a "comfort zone" of transaction sizes in which it conducts business. Ask your lender about their preferred transaction sizes. Request too much credit and your lender may get nervous. Request too little credit and your lender may lose interest. Understanding your lender's transaction "comfort zone" can result in a more competitive monthly payment.

**Lease Terms:** Lenders typically prefer lease terms that reduce their risk. The quicker you repay your lease the better. The larger your down payment the better. Shorter lease terms and larger down payments typically result in a more competitive lease payment.

**Financial Reporting:** The more financial information you can provide your lender about your company, the easier it is for a lender to evaluate its credit risk. Accuracy and reliability in your financial reporting is also important. Providing your lender with accurate and appropriate financial information can assist your company in receiving a more competitive monthly payment.

**Financial Performance:** Last but not least, lenders like to see strong cash flow. Lenders also like to see businesses retain reasonable portions of their profitability in the company. Generally, the more profitable and well-capitalized your company, the more competitive your monthly payment is likely to be.

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