



Building & Maintaining **Business Credit**



**Here
We
Grow.**



An Introduction to Business Credit

Business credit is the line of credit that organizations obtain from a banker or lender to finance their operations. It can be used to purchase inventory, pay salaries, and cover any other business expenses. Business credit is vital because it can help a business grow and expand. Having a track record of good credit for your business can help you get approved for loans and lines of credit to help with growth. Some people choose to buy a vacation home that doubles as an investment property. An investment property is purchased to rent it out and generate income. On the other hand, a vacation home is a property you are buying to use for personal enjoyment for at least part of the year.

Reasons to Consider Business Credit

- A good business credit score can help you get lower interest rates on loans, saving you money.
- A business credit line can help you get approved for loans and lines of credit to finance your company's growth.
- Business credit helps establish your company's financial history and shows lenders that you're a responsible borrower.

Choosing Credit for your Business

There are three general types of business credit: installment accounts, revolving accounts, and vendor accounts. Most businesses will use at least one type of credit, which makes understanding your options essential. Let's break them down:

- **Installment accounts** are loans for fixed amounts of money, with interest rates locked in for the life of the loan.
- **Revolving accounts** are like credit cards and other lines of credit that allow businesses to spend up to a fixed amount. Once the balance is repaid, companies are often free to charge up to the credit limit again.
- **Vendor accounts**, or trade credit, are credit accounts with vendors that allow businesses to pay for goods or services after they've been received. These accounts are typically on anywhere from net-15 to net-90 terms, depending on the vendor and specific payment arrangement.

When it comes to picking a business credit line, it's crucial to find one right for your company. Factors to consider include:

- What are the current interest rates?
- What is your company's credit history?
- How much credit is needed?

Credit history is important because it helps lenders determine how risky it is to loan money to your company. A good credit history indicates that you're likely to repay your loan on time and prepare your business for the future by being in good standing for future loans.

Whether it's a startup or an established company, every business needs good credit to succeed. A strong business credit score means you'll have access to more financing options, which can help your business grow. It also shows lenders that you're a reliable borrower and are likely to repay any loans or lines of credit you take out.



Getting the Credit you need at Penn Community Bank

Penn Community Bank offers comprehensive business credit services that can help your company choose the best line of credit for them. This is an essential step to maintaining a good credit rating and protecting your business finances. Penn CB can assist with the setup and maintenance of the best credit line for your company.

Penn Community Bank offers a variety of business lines of credit, so companies can find the one that best suits their needs. A good line of credit can help businesses cover short-term expenses, build up their credit rating, and even get discounts on future loans. In addition, Penn Community Bank provides valuable advice and support to companies as they work to establish and maintain a strong business credit history.



Building your Business Credit

If you're a company owner who wants to improve your chances of getting approved for financing, working on your credit score is an important step. Much like a personal credit score, lenders often use the information they find on your personal and business credit reports to help them make lending decisions. Even big companies with good financial health sometimes struggle to get financing because of poor credit.

Pros of building business credit:

- Helps improve the individual's personal finances as well.
- Shows a commitment to financial stability and responsibility.
- Increased chances of being approved for loans, lines of credit, and additional financing.

Cons of building business credit:

- Can be difficult if your company doesn't have a lot of financial history yet.
- Requires discipline and organization to keep track of payments and stay on top of debt.
- Can be time-consuming and frustrating to try and build a good credit rating from scratch without the help of a good bank.

One of the best ways for companies to build their business credit is to open a credit account with one of the major banks. Issuing debt, having credit extended to you, and paying it off will help improve your business's credit rating. Banks are more likely to lend money when they know that other lenders have already provided financing without any issues. The more a company gets approved for a loan and pays it off, the better its credit becomes.

Some tips for building your business credit include:

- Review and maintain your balance regularly.
- Request for an increase in the limit on your current account.
- Ensure that all payments are made within 30 days, ideally five days.
- Only take out the loans you need and have a specific plan for them.
- Maintain good personal credit, so it reflects well onto your company credit.
- Don't apply for too many loans at once; this will affect your scores negatively.

Growing a business requires capital. And when you grow, your vendors need to be able to trust that you will pay them on time. That's where the importance of maintaining good credit comes in. The best way to maintain high credit is by utilizing a professional banker or lender who can simplify the process for you with their expertise and knowledge of what it takes to build up your score. Penn Community Bank is the perfect resource for establishing your company's credit history, as well as managing loans, lines of credit, cash management accounts, wealth management services, and more. No matter how small or big your business becomes or what industry it is in, we can provide the best financial solutions and expertise to support you every step of the way.

Maintaining Your Companies Credit

Late payments to vendors cost businesses trillions per year. This is an alarming statistic for companies, but it's not surprising considering the number of firms struggling with cash flow problems, making maintaining your credit as crucial as getting a line of credit to begin with.

Credit scores are determined by several factors, including your payment history, the amount of debt you owe, the length of your credit history, and your credit utilization ratio. Your payment history is the most crucial factor, so be sure to always make on-time payments. You can improve your score by paying off your debt and keeping your credit utilization ratio low. One of the best ways to maintain your business's credit organization is by setting up reminders on each due date so that you don't forget. Not only will this help with being on time for bill payments, but it also helps you manage your accounts better. However, you should also:

- Avoid applying for new loans unless absolutely necessary.
- Keep an open line of communication with all your business creditors.
- Keep track of all debt payments by recording them in a check register.
- Build high balances with cash reserves and pay off debt gradually over time.

If you have a low credit rating or no credit rating at all, it can be challenging to get a loan. But that's where bankers and lenders come in. They are experts in helping businesses build and maintain good credit ratings. They can help you understand what goes into your credit score, advise how to improve your rating, and recommend products and services that can help you keep your business finances in order.

Building & Maintaining Credit with Penn Community Bank

Like many banks, Penn Community Bank offers business credit. We understand that you need the right funding at the right time, so we work with each business customer to help them explore available credit options for their business to grow.

First, Penn Community Bank will analyze your business needs and preferences to find the best solution for you. Second, one of our Business Relationship Managers works with you to answer questions and provide advice for your businesses. Finally, we work with you to create a line of credit that will fulfill your business' needs and help you maintain a good credit rating. We offer business lines of credit, term loans, commercial real estate loans, letters of credit, construction loans, and residential development loans to fit your needs.



Getting Approved for Business Credit

Your credit history may be good, bad, or average as an established or starting company. This will play a role in whether or not you're approved for a loan, line of credit, or another financing option. No matter your credit history, a lender or banker can help you get the funding you need by assessing your credit history and telling you what you need to do to improve your chances of being approved.

Here are a few tips on how to improve your companies chances of getting approved for a line of credit:

- Make sure you know your business credit score before applying for any loans. A lender may check two major types: your Dun & Bradstreet PAYDEX Score and Experian Intelliscore Plus.
- Pay off or reduce the number of outstanding loans and lines of credit. Lower balances will help increase your credit score while showing lenders you can repay creditors.
- The more you prove that your business is financially stable and profitable, the better your chance of being approved for loans or lines of credit.

Just like consumers are more likely to do business with a company that they know and trust in today's dynamic world, lenders want to trust their borrowers. To make sure you don't miss out on potential growth opportunities because you couldn't access capital when it was needed, you must have a credit history established for your company. That way, if the need arises for you to take out a loan or open an account with your suppliers, there's visible proof that you are credit-worthy.



The Penn Community Difference

Penn Community Bank is committed to helping businesses in any way it can. Penn offers credit services that work with you to find the best business credit line for your company. We understand how important it is to maintain a good credit rating and protect your finances, so we are here every step of the way. At Penn Community Bank, we want you to be able to choose the line of business credit that's right for you - even if you have bad or no previous credit history at all! That's why our team works closely with each company, understanding their needs and goals before recommending an appropriate line of business credit. It doesn't matter what industry your company supports; Penn has a loan product to help you grow.

Penn Community Bank is committed to working with you and your company to find the best line of business credit. We offer a variety of options that can help those who have been declined or those looking for additional lines of credit. Penn also provides resources on how to maintain good business credit and tips for using it wisely. At Penn, we're here every step of the way for your business's credit needs to prepare your company for when it's time to grow.

Resources:

<https://www.cpapracticeadvisor.com/small-business/news/12385872/late-payments-cost-small-businesses-3-trillion-per-year>

<https://www.investopedia.com/terms/t/trade-credit.asp>

<https://www.thinkingcapital.ca/resources/why-business-credit-is-important>

<https://www.nav.com/resource/what-is-business-credit/>

<https://www.cnbc.com/select/free-business-credit-score/>

<https://www.lendio.com/blog/small-business-insights/getting-approved-business-credit-cards/>

At Penn Community Bank, our commitment to helping families, businesses, and communities grow drives everything we do.

We know that, by working together, people can achieve remarkable things for their families, friends, neighbors, and community. As the largest independent mutual bank in eastern Pennsylvania, our mission is to stimulate and support those efforts—not only through the products and services we offer, but by sharing information and working side-by-side.



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**Here
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Member FDIC. Equal Housing Lender.