PROCESSING THE CREDIT APPLICATION: GETTING IT RIGHT FROM THE START

JUNE 23, 2022

Thank You to our Alliance Webinar Partners

CMA
CREDIT MANAGEMENT ASSOCIATION®

NACM
National Association of Credit Management
BUSINESS CREDIT SERVICES

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HEARTLAND
Driving results

Southwest Business Credit Services

Thank You to our Panel of Credit Professionals & Attorney, Jim Reed

- **Jennifer Blend, CBA, Financial Manager,**

  Graybar Electric Company, Phoenix, AZ

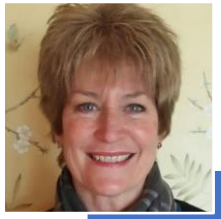
- **LuAnn Bertrand, CBA, Regional Credit Manager,**

  H&E Equipment Services, Inc., Las Vegas, NV

- **Jim Reed, Partner,**

  Udall l Shumway, Mesa, AZ

PRESENTER OVERVIEW



Mary Hannon

SWBCS

- Introductions
- Avoiding Mistakes
- Q & A

Jennifer Blend

Graybar Electric Co

- The Credit Application
- Verifying the Entity
- Defining the Terms

LuAnn Bertrand

H&E Equipment Svcs

- Joint Ventures
- Public Entities
- Account Info Sheet

Processing the Credit Application: Avoiding Potentially Costly Mistakes

Inaccuracies in subjects in the SWBCS database

- **Some subjects are added manually to the SWBCS system when polling/adding to the database**
- **Some come in via data files / trade tapes**

In the next few slides, we'll show you some common errors that have the potential to create issues when the relationship deteriorates and a 3rd party is needed to effect collection

One word can make a difference!

Processing the Credit Application: Avoiding Potentially Costly Mistakes

ENTITY SEARCH

Your search for **Name = UPSET CONCRETE State = AZ Country = US** returned **2** result(s). Modify Search

Many companies have multiple locations – **please select ALL of the listings that match your criteria** to ensure the most comprehensive credit report possible.

SELECT ALL RESULTS

	Name	Address	City	St./Pr.	Postal	Phone	Authority	Cos
☐	UP SET CONCRETE	PO BOX 2800	CAREFREE	AZ	85377	602-625-1183		10
☐	UPSET CONCRETE INC	601 S 19TH AVE	PHOENIX	AZ	85009			3

ENTITY SEARCH

<< Back to List

Your search for **Name = ACTION DIRECT State = AZ Country = US** returned **5** result(s). Modify Search

Many companies have multiple locations – **please select ALL of the listings that match your criteria** to ensure the most comprehensive credit report possible.

SELECT ALL RESULTS

	Name	Address	City	St./Pr.	Postal	Phone	Authority	Cos
☐	ACTION DIRECT LLC Also reported as: REDPOINT CONT, REDPOINT CONTRACTING	39506 W DAISY MT DR 122 430	PHOENIX	AZ	85086	602-792-0013		9
☐	ACTION DIRECT LLC	4 39506 N DAISY MOUNTA STE 122	PHOENIX	AZ	85086			2
☐	ACTION DIRECT LLC	4 39506 N STE 122	PHOENIX	AZ	85086	602-792-0013		2
☐	ACTION DIRECT LLC	DAISY MOUNTAIN DR 122430	PHOENIX	AZ	85086	602-792-0013		1
☐	REDPOINT CONTRACTORS Also reported as: ACTION DIRECT LLC, REDPOINT CONTRACTING	39506 N DAISY MOUNTAIN DR	PHOENIX	AZ	85086	602-792-0013		17

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Processing the Credit Application: Avoiding Potentially Costly Mistakes

Entity Name:	COMMERCIAL COMM AND ELECTRIC INC	**Entity ID:**	15977972
Entity Type:	Domestic For-Profit (Business) Corporation	**Entity Status:**	Active
Formation Date:	4/20/2010	**Reason for Status:**	In Good Standing
Approval Date:	4/26/2010	**Status Date:**	4/29/2021
Original Incorporation Date:	4/20/2010	**Life Period:**	Perpetual
Business Type:	CONSTRUCTION	**Last Annual Report Filed:**	2021
Domicile State:	Arizona	**Annual Report Due Date:**	4/20/2022

Name	Address	City	St / Pr	Postal	Phone	Authority	Cos
COMMERCIAL COMM	2731 S SIGNAL BUTTE RD	MESA	AZ	85209			1
COMMERCIAL COMM	3444 N 27TH AVE	PHOENIX	AZ	85017			1
COMMERCIAL COMM & ELECTRIC	13013 N 111TH AVE	SUN CITY	AZ	85351	480-321-6379		4
COMMERCIAL COMM & ELECTRIC	2029 E ROSE GARDEN LN	PHOENIX	AZ	85024			2
COMMERCIAL COMM & ELECTRIC INC	7047 E GREENWAY PKWY STE 250	SCOTTSDALE	AZ	85254	602-245-6946		3
COMMERCIAL COMM A	140 N ARIZONA AVE STE 110	CHANDLER	AZ	85225			1
COMMERCIAL COMM A	1838 W BELL RD STE 117 & 119	PHOENIX	AZ	85023			1
COMMERCIAL COMM A	3201 N 1ST PL STE 900	PHOENIX	AZ	85012			1
COMMERCIAL COMM A	6677 W FRYE RD	CHANDLER	AZ	85226			1
COMMERCIAL COMM A	710 N 44TH ST	PHOENIX	AZ	85008			1
COMMERCIAL COMM A	7777 N GLEN HARBOR BLVD	GLENDALE	AZ	85307			1
COMMERCIAL COMMUNICATIONS LLC	14 MONTGOMERY ST	MIDDLETOWN	NY	10940	845-343-9078		1
COMMERCIAL COMMODITY SERVICES CORP	729 MOLALLA AVE STE 4	OREGON CITY	OR	97045		MC00117770 (I)	0
COMMERCIAL COMMUNICATIONS	16250 W ROGERS DR	NEW BERLIN	WI	53151	262-369-6153		1
HARTLAND FREIGHT SERVICE	1225 WALNUT RIDGE DR	HARTLAND	WI	53029		MC00456965 (I)	3

Processing the Credit Application: Avoiding Potentially Costly Mistakes

Your search for **Name = COMMONWEALTH ELEC State = AZ Country = US** returned **4** result(s). Modify Search

Many companies have multiple locations – **please select ALL of the listings that match your criteria** to ensure the most comprehensive credit report possible.

SELECT ALL RESULTS

	Name	Address	City	St./Pr.	Postal	Phone
☐	COMMON WEALTH ELECTRIC COD Also reported as: COMMONWEALTH ELECTRIC CO OF THE MDWST	2111 E 17TH ST	TUCSON	AZ	85719	520-792-3332
☐	COMMONWEALTH ELEC OF MIDW	PO BOX 1497	TUCSON	AZ	85702	
☐	COMMONWEALTH ELECTRIC CO	3901 E WINSLOW AVE	PHOENIX	AZ	85040	602-437-0354
☐	COMMONWEALTH ELECTRIC CO OF THE MIDWEST	3901 E WINSLOW AVE	PHOENIX	AZ	85040	602-437-0354

01063367	YOUNGER BROTHERS CONSTRUCTION COMPANY, INC.	Domestic For-Profit (Business) Corporation	Maricopa	JAMES R SCHMILLEN	Statutory Agent	Active
L08320708	YOUNGER BROTHERS DOOR AND TRIM, L.L.C.	Domestic LLC	Maricopa	James R Schmillen	Statutory Agent	Active
L11385530	YOUNGER BROTHERS ELECTRICAL SERVICES, LLC	Domestic LLC	Maricopa	GALLAGHER & KENNEDY SERVICE CO	Statutory Agent	Active
L13628280	YOUNGER BROTHERS ENTERPRISES LLC	Domestic LLC	Graham	DALLAS YOUNGER	Statutory Agent	Active

Processing the Credit Application: Getting it Right From the Start

Is your Credit Application asking the right questions?

Legal Company Name **DBA if any**

Parent Company if any or, are you a Branch?

ROC License

Applicant's Website

https://www.prosourcewholesale.com/apply-for-credit

ProSource WHOLESALE

Commercial Credit Application

Return the completed, and signed, application to your supplier or you may send via Fax: 877-321-6699 or Mail: ProTrade Credit PO Box 17825, Portland, ME 04112.

PTC-PS-052021

ProTrade Credit

Company Information

Legal Name

Doing business as (DBA), if different

Telephone Fax

Company Website

Fed Employer ID Number (Tax ID)

Gross Annual Revenue # of Employees

Business Start Date

Physical Address

Street (required)
No P.O. Boxes or CMRA

City State Zip

Billing Contact (First, MI, Last)

Telephone Email

When you provide your email address, we may use it to send you important information about your application and account(s), as well as other useful products and services.

Billing Address (if different)

City State Zip

Entity Type
(Choose one)

- ☐ Corporation
- ☐ General Partnership
- ☐ LLC/Limited Liability Partnership
- ☐ Government
- ☐ Sole Proprietorship
- ☐ Non-profit

If Incorporated, State: If Incorporated, Date:

Ownership Type
(Choose one)

- ☐ Publicly Traded
- ☐ Privately Owned
- ☐ Government Owned

Business Industry Code (NAICS):
Need help? Go to naics.capitalone.com and search by your primary business activity.

☐☐☐☐☐☐

Purchasing Information

REQUESTED CREDIT LIMIT
$

Monthly spend with this supplier $

Depending on your credit limit needs, we may require a current financial statement including balance sheet, P&L and statement of cash flow.

JENNIFER BLEND, CBA

FINANCIAL MANAGER,
GRAYBAR ELECTRIC COMPANY
PHOENIX, AZ

Jennifer Blend, CBA

Professional Experience

Graybar Electric Company – 33 years (1989 – Present)

- Financial Manager – Phoenix, AZ — 2015- Present
- Financial Manager – Fort Myers, Naples & Port Charlotte, FL — 2006 – 2008
- Financial Manager – Aurora, CO — 2008 – 2010
- Area Financial Manager – El Paso, TX & Phoenix, AZ — 2010 – 2014

Managed / Developed 4 Financial Managers; oversaw AR Portfolios of > $300M

Directly Managed 2 locations with combined AR Portfolios of > $60M

Education

Bachelor of Science in Business Administration - Hodges University, 2007

- Magna Cum Laude
- Minor in Management

Professional Affiliation

Credit Business Associate

NACM

CFDD Phoenix Chapter – Secretary & Membership Chair

National CFDD Area Director - Arizona

The Credit Application: The Importance of Getting it Right

The key goal of a credit application is to assist the seller in learning as much as possible about the applicant before making a decision to extend credit. The credit application is often considered to be the cornerstone of the customer's file.

A well-devised credit application is structured to assist the seller during the four stages of the buyer/seller relationship:

1. **prior to extending credit**
2. **during the credit relationship with the buyer**
3. **during problems in a credit relationship**
4. **during litigation**

Principles of Business Credit-8th Edition

The Credit Application: The Importance of Getting it Right

In addition to using the credit application as an investigative tool, the credit application should create a contract between the seller and the buyer.

Principles of Business Credit-8th Edition

Verifying the Entity: The Credit Application

- **Accounts Payable Contact Information**
  - Name
  - Phone
  - Email
- **If Incorporated, Date and State**
- **Number of Employees**
- **Contractor's License Number**

Verifying the Entity:
Trust No One , Verify Everything

Arizona Corporation Commission (azcc.gov)

(Secretary of State in most states)

Arizona Secretary of State (azsos.gov)

Arizona Registrar of Contractors (roc.az.gov)

What other resources are available?

When to return the application to the applicant?

Verifying the Entity: The Credit Application

- Years in business
- Amount of credit requested
- Lease or own
- Sales Tax Exemption
- Principals, Owners, Officers & Members
- Bank & Trade References

Verifying the Entity: Defining the Terms

Defining / Gaining Agreement on Terms

Agreement to Terms & Conditions

Signature

- *The person executing this agreement has the authority to bind (the customer) and is authorized by (the customer) to enter into the terms and conditions set forth in this credit agreement.*

Personal Guarantee

- *Personal guarantees are unnecessary for an entity structured as a proprietorship or general partnership because the proprietor, owner or partners of a general partnership are automatically personally responsible for debts incurred by the business entity owned or controlled by them.*

Credit Application: Know the Law

Equal Credit Opportunity Act (ECOA)

THE ECOA prohibits a business credit grantor from discriminating with respect to the extension or renewal of credit based on race, color, religion, national origin, sex, marital status or age. **It is important that a credit application does not contain questions which could be interpreted as discriminatory. (Principles of Business Credit – 8th Edition)**

LUANN BERTRAND, CBA

REGIONAL CREDIT MANAGER,
H&E EQUIPMENT SERVICES, INC.
LAS VEGAS, NV

LuAnn Bertrand, CBA

Originally from Milwaukee, Wisconsin; now living in Las Vegas, Nevada.

Thirty years of credit industry experience – construction supply sector.

Actively involved in trade credit groups throughout career; served on the board of the Credit Management Association materialman's trade group in the Las Vegas area in various capacities over the years, stressing exposure to continuing education in the field.

Currently, Regional Credit Manager for H&E Equipment Services, Inc., covering the States of Arizona, California & Nevada.

Verifying the Entity: Types of Entities

- Very often the type of business or contract will determine your approach, especially if/when multiple parties are involved
- Government entities come with their own set of challenges to address, e.g., how to gather the information required for proper verification; ensuring you identify all legal and contractual parameters without a credit application
- What specific information about your applicant requires additional verification and/or research?

Verifying the Entity: Joint Ventures

- **Allows partners in the joint venture to combine resources and expertise to complete larger, more complex projects**
- **Registered and licensed (if contracting) as a business entity separate and distinct from partners' normal business entity**
  - Verify with Secretary of State and Contractor's Board (if applicable)
  - Obtain application, if able, as this is an entity in and of itself
  - If no application can be obtained, require a joint venture credit information sheet directly from the entity and verify source email
  - Obtain purpose/scope of the joint venture so the account can be monitored for charges beyond the scope of the joint venture

Verifying the Entity: Joint Ventures

- **In construction, Joint Ventures are generally job specific and very often a public contract**
  - Obtain all job information up front as a requirement to open account
  - Be sure the information includes bond information if it is a public job
  - Properly notice the job per your State's requirements
  - Suggest setting limit of account charges to dollar amount of estimated charges to help monitor for notice amendments needed

Verifying the Entity: Public Entities

- **Public Entities generally will not fill out credit applications**
- **Source of B2B fraud because they are often extended credit without much investigation**
  - PO often accepted which is easily forged
  - Customer pick up or delivery to offsite addresses from which merchandise can be moved quickly
- **Often are complex organizations with many departments and may have centralized OR departmental invoice processing**

Verifying the Entity: Public Entities

- **Suggest a required information sheet (example on next slide) be completed by the entity along with purchase order(s)**
  - Allows you to verify the email address as coming from an employee of the public entity (website or phone verification)
  - Allows you to set up the account accurately with correct billing address and accounts payable contact
  - Gives you specific department and purchasing agent information for follow up if necessary
  - Can request additional information up front (i.e. tax exemption letter) to prevent payment delays due to invoicing errors

State & Local Government Account Information Sheet

Thank you for your interest in doing business with H&E Equipment Services, Inc.

In order to set up your State or Local Government account correctly, please submit your vendor information sheet (or fill out the information below) along with any tax exemption and insurance (certificate of insurance or letter of self-insurance) paperwork to:

creditlasvegas@he-equipment.com

Since we do not require a standard credit application, we request that this be submitted from your official email for verification purposes.

If you have any questions, you can either email the above address or call 702-320-6560 and of our credit assistants will be happy to help.

State & Local Government
Account Information Sheet, Cont'd

Invoicing

Name of "Bill To" Entity:
Physical Address (City, State, Zip) "Bill To" Entity or Invoicing Address
Phone Number / Fax Number:
Email Invoices? Yes ☐ No ☐ Email Address if Yes: _____

Purchasing

Purchasing Department:
Contact Information (Contact Phone, Contact Email):

Purchase Order Required? Yes ☐ No ☐

Accounts Payable

Contact Information (Contact Phone, Contact Email):

INTERNAL USE
Branch #:
Sales Rep:

Q & A

QUESTIONS?