

How to Get a Business Loan

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What Loan Applicants Should Know

Business lending is different than consumer lending. Most people understand consumer lending due to previous borrowing experiences from making purchases of homes, cars, or approvals for credit cards.

What Loan Applicants Should Know

Business lending requires two qualifications:

- The business owners must qualify
- The business itself must qualify by meeting credibility guidelines

What Lenders Look For: Applicant Qualifications

- Owner's Industry Experience or Specialized Knowledge
- Owner's Personal Credit History
- Owner's Personal Income, Assets, and Net Worth
- Business Funding Amount Requested
- Type of Financing Requested

What Lenders Look For: Top 10 Steps to Building Business Credibility

1. Business Formation Documents Match
2. Business Licenses
3. Federal Tax I.D. No. (EIN)
4. Physical Business Address
5. Separate Business Phone

What Lenders Look For: Top 10 Steps to Building Business Credibility

6. National 411 Business Directory
7. Business Fax Number
8. Business Website
9. Business Email Address and Domain
10. No Public Records i.e. Tax Liens, Judgments, etc.

Where to Look for Business Loans (Financing): Lending Sources

1. Banks
2. Credit Unions
3. Community Development Financial Institutions (CDFI's)
4. Asset Based Lenders
5. Cash Flow Lenders

Where to Look for Business Loans (Financing): Lending Sources

6. Buy Now Pay Later Lenders
7. Equipment Finance Lenders
8. Dealer Finance Lenders
9. Crowdfunding Platforms
10. Loan Guarantor

Supporting Documents Required: Assemble Your Loan Package

- Business Plan or Executive Summary (For Startups)
- Business Formation Documents (Ownership & Control)
- Business Operating or Personal History (For Startups)
- Business Financial Statements i.e. B/S, P/L, A/R, A/P, Tax
- Business Financial Performance Ratios
- Business Use of Funds

Before You Begin: Applicant Expectations

Most lenders will not charge any upfront fees; however, business lenders will typically charge some type of fee at closing, so be prepared to pay some amount of fees.

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Thank You