



HOW DO YOU GET THE MONEY YOU NEED FOR YOUR BUSINESS?

Answer: Become a low risk investment!

Sounds simple, well it is. First, know who your investors are. If you are looking for a small business loan you are most likely going to approach a bank. A bank will look at you and your business and ask, "is this a good investment for us to loan them money". Then they look at their criteria of determining risk and make a decision to move forward with approving your loan request or not.

So again, knowing what the bank is looking for is key. Every bank has their unique system for determining a loan approval. In most instances you need a good personal credit score, at least two years in business and a business credit profile. You lower your risk as an investment for the bank the longer you are in business, the higher your personal credit score is and the more positive information you have on your business credit report.

When applying for credit you will find some banks accept a lower personal credit score than others. The banks have a choice of three Credit Bureaus to purchase your credit report from. Each Credit Bureau will have a different formula to determine your credit score, so you actually have three different personal credit scores.

We recently had a client receive a \$50,000 unsecured business line of credit after applying on their own at two banks and not receiving an approval. We were able to help this client because her personal credit score with Equifax was a 633, while at Experian she had a 685. The banks she went to bought the Equifax report and we sent her to a bank that purchased her Experian report. Having the knowledge of your credit scores from each bureau will help you decide if you can apply for a business line of credit or not.

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