



10 USEFUL TIPS for obtaining business loans

**01.****Establish and Monitor
Your Business Credit**

Registering for a D-U-N-S Number with Dun & Bradstreet is essential for building a strong business credit profile, as many lenders use D&B reports to assess creditworthiness. Additionally, maintaining separate personal and business finances with dedicated accounts enhances record-keeping and establishes legitimacy with lenders.

Prepare and maintain accurate financial statements, including balance sheets, income statements, and cash flow statements. Keep your business tax returns up to date, as lenders often require them to evaluate your financial health.

02.**Build Strong Financial
Documentation****03.****Start Small and Build
Credit**

Begin with smaller credit lines or loans to establish your repayment reliability. For example, apply for a small equipment loan or a credit card with a manageable limit. Use these credit tools responsibly to build a positive payment history that will support larger loan applications in the future.

Your business plan should clearly outline your operations, revenue streams, growth projections, and how the loan will be used. This demonstrates to lenders that you've thought through your strategy and are a lower-risk borrower.

04.**Develop a Comprehensive
Business Plan****05.****Check Your Credit
Scores Regularly**

Review your business credit score with agencies like D&B, Experian, and Equifax. Address any errors or discrepancies that could negatively impact your chances of approval.

Traditional Lenders: Best for well-established businesses.
Credit Unions: An excellent option for businesses seeking personalized service and competitive rates.
Online/Alternative Lenders: These may work for newer businesses or those with lower credit scores but often come with higher interest rates.

06.**Choose the Right
Lender****07.****Collateral or a Personal
Guarantee**

Many lenders require collateral (e.g., equipment or inventory) or a personal guarantee, especially for newer businesses. Ensure you're comfortable with these terms before proceeding.

Establish relationships with local banks, credit unions, and community lenders before you need financing. A good relationship with a banker can make all the difference.

08.**Network and Build
Relationships****09.****Monitor Cash Flow and
Debt Levels**

Keep your debt-to-income ratio manageable and maintain strong cash flow. Lenders want assurance that you have the capacity to make timely loan payments.

Open a dedicated business bank account and credit card to ensure your financial activities are distinct. This not only simplifies your records but also reinforces your business's legitimacy to lenders.

10.**Bonus: Separate Personal
and Business Finances**