

Business loan

Getting a business loan during a time in which the economy and market isn't as stable as it was a few years ago, may be a bit more challenging than you may think. Not to say that it isn't highly possible to get a business loan; it just means that banks and financial institutions are being quite picky about their clients. A current business with established credit and profits is more likely to get a positive response than a start-up business at the moment.

In order to get a business loan as a start-up company, be prepared to give the lending institutions more information than you ever knew existed. Most places will ask you for a very detailed business plan. Sure, creating a business plan is a major challenge and time consuming but a vital part of establishing a business. A bank wants to see that your business plan has outlined every possible scenario and step that your company will be facing. Seeing all the details meticulously put together in a folder shows that you are organized and quite serious about your business venture. If you are able to obtain a new business loan without showing anyone a business plan, consider yourself either lucky or the victim of a scam.

Also, when pursuing a business loan, be prepared to show several years of your personal tax returns, paystubs and have a credit report pulled. If you own your own home, you may even have to agree to put a lien on your home. The lien allows the bank to recover their money should your business turn out to be a bad investment for them. Once the loan is paid off, the lien disappears. If you don't own a home, don't panic, there are lots of ways to still go about getting a business loan. Having a home and allowing a lien to be put on your residence simply assures the lenders that they are guaranteed to see a return on their loan.

Having a stellar business plan is key to applying for a first time business loan. If you don't have a business plan or have one that is unprofessional and unorganized, your chances are very slim in obtaining the funds that you need. There are lots of places on the internet that have advice on how to create a business plan and even templates that will make the creation much easier. It may require some research and a lot of thought but in the long run, it will be helping you think through all aspects of your business as well as provide facts for the lenders. All-in-all, the more organized that you are when pursuing a business loan, the smoother and faster the process will be for you. That's something that the lenders are sure to appreciate as well.