



Your Credit Score and Your Business Loan

Your personal credit score is a reflection of how you manage your credit and pay your bills. Small business lenders consider it an important part of how they evaluate your business creditworthiness—so it's very important to take steps to make sure your personal credit score is as strong as possible.

Banks and business lenders will consider your personal credit score when evaluating a loan application.

* A personal credit score below 680 will make a loan with a bank problematic. In fact, most banks want to see a score above 700. Also, this will make it very difficult to qualify for a SBA-Guaranteed loan.

* There are some online small business lenders and Microloan programs that will work with a borrower who has a score lower than 650, provided they can demonstrate their ability to make payments and can demonstrate an otherwise healthy business. If this applies to your business, you should be aware that these loans come with high interest rates and specific terms to compensate for the increased risk associated with a lower personal credit score.

Resources and guidance to improve your score:

- Start by getting a copy of your Credit Report for free at:
www.freecreditscore.com or www.annualcreditreport.com
- Some credit card companies let you see your credit score for free.
- Track your credit card purchases and monitor the charges to your credit cards
- Look for inaccuracies on your credit report
- Pay your bills on time, including student loans.
- Use websites to help you improve your score for free: Lendingtree.com, Creditkarma.com, or Creditsesame.com
- If you have overwhelming amounts of debt, consider getting help from a Debt Management Service Organization: MoneyManagement.org or Debt.org



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