

Denied Business Credit?

According to recent reports, as many as one third of applications for business loans are denied.

If you find yourself as part of that group, there are some things you can do to help the situation. The first thing you need to do is try to determine where the problem is. Possible areas of concern may include:

Your business profits. Does your business have a healthy profit margin? Improving your profits by reducing and trimming down the operational excess and unnecessary business spending can help improve profits and boost your chances of getting approved.

Your business assets and liabilities. If your balance sheet is out of whack, most lenders will run the other way. If your business is already heavy on debt, then this will be an area of concern that you'll want to address.

Your payment histories and business credit profile. Obviously, how you are paying your existing obligations will play a role in your approval or denial for credit. If you've been denied business credit recently, check your Paydex and other payment performance data and make adjustments as necessary.

Most payment experience data is only reported for 2 to 3 years (depending on the credit bureau), so if you've made a mistake or hit a bump or two in the road, don't let it worry you. Just keep the positive payment history building, and make sure what is being reported to date is accurate.

Your bank ratings. If your business bank account balances are habitually low, this can actually rule you out for certain types of business credit. Try to maintain \$10,000 or more in your business bank accounts to avoid trouble.

The bottom line, if you've been denied credit, is that there is something about your business that makes it appear to be a bad risk.

Your job is to analyze and understand your business credit report and business finances, determine where the problem is, and take the necessary steps to correct your course. Sometimes the lack of history or data on your business will be a key factor in a credit denial. This is something that can be easily remedied by taking careful steps to shape your business's financial picture and credit profile.



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