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### **You Need Good Business Credit to Get a Loan – Do You Have It?**

There are so many reasons that your business may need a loan – cash flow problems, to cover an emergency, or expansion plans. For the very smallest businesses, you may not be able to find a lender to give you a loan. You may be applying for a credit card to get an unsecured loan. For larger businesses, you may be talking to the bank where you keep your business accounts or your local community bank where you know the branch manager and he knows your business. In all circumstances, your business will need good credit. Business credit is one the basic foundations of owning, operating and growing a business.

For smaller businesses and for start-ups, your business credit and your personal credit may be one and the same. In many instances, lenders will insist on a personal credit check when you apply for a business loan. If you have bad personal credit, you want to look for a lender who will not ask for a personal credit check. You may not get the best loan terms but you may at least get the loan.

A better way to operate your business is to plan in advance to create a good credit record for your business. You need to have a separate business identity from your personal identity. It is easier to do this by creating a separate entity for your business, either a corporation or a limited liability company. Make sure that you get all of the permits and licenses that are required for your business. For all business transactions, you want to use funds from your business checking account. You should apply for a business credit card and not use your personal credit card for business expenses. You should make sure that you pay all of your bills on time. There are business credit bureaus like Dun & Bradstreet. You should check your business credit reports to ensure that all of the information about your company is accurate and that your repayment history is correct.

It is still a good idea to maintain a good personal credit history because lenders do want to see how you handle your personal finances, especially when you are a new business. Their thinking is that if you can't handle your personal bills, how will you handle your company's finances? It is a difficult argument to refute, unless you have special circumstances like high medical bills or a divorce where there was some disagreement about who would pay which bill.

When your business has a good credit history, you are able to make the most of the borrowing resources that are out there and get the best terms that they offer.

You should be planning how to create and maintain good business credit so that you can grow your business to great success.

Robin M. Gronsky, Esq. is the owner of Gronsky Law Office in Ridgewood, New Jersey. If you need some legal advice about business issues or strategies, contact Robin by telephone at: 866-821-4602 and by e-mail at: [RGronsky@Gronskylaw.com](mailto:RGronsky@Gronskylaw.com). For more information about the different services that Gronsky Law Office provides to mortgage companies, go to: <http://www.Mortgagelicensolutions.com>.