

How to Get a Business Loan with Bad Credit

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This is genuinely bad news for people with bad credit who are seeking business loans. There are companies out there that claim to help business owners with bad credit, get credit lines of up to \$250,000.

It sounds too good to be true for a reason.

The fact is that if you bad personal credit, you are severely limited when it comes to finding funding for your business. However, there are some steps that you can take.

Some of the ideas may require that you have some patience when it comes to actually getting your business up and running, but if you have bad credit, you may not have a choice.

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Is it Really That Bad?- Before you write off the possibility of getting a business loan with bad credit, try talking to a bank or other funding source. Some people think they have horrible credit when, in reality, it's not as awful as they think.

You don't need perfect credit to get a business loan. People with fair credit may be able to find someone willing to extend a line of credit. Unless you know for sure that your credit is really bad, it's worth trying.

Again, small business loans for people with bad credit are virtually non-existent. Just make sure you really are in the "bad credit" category before you dismiss the idea of finding funding.

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Talk to Family or Friends- While this certainly isn't an option for everyone, one possibility for a bad credit business loan is to talk to friends and family to see if anyone would be willing to extend you a loan.

Since no business is a sure thing, you must keep in mind that there is a chance your business will fail and you won't be able to pay back the loan. Be honest with your family member or friend about this fact, and make sure they understand the risk.

Perhaps someone will be willing to take a chance on you if you offer them a high return on their investment if the business is successful.

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Establish Business Credit- The most logical step for small business owners with bad credit is to establish business credit that is not tied to your personal credit. By doing this you will, in the future, be able to obtain funding for your business without a check of your personal credit.

The bad news is that this can take a few years. You should set up a business name and get a business checking account. If you can operate in some way while you establish business credit, that is great. If not, you'll need to continue to earn a living in another way while you establish your business credit history.

Get a phone in the name of the business and find a company that offers secured business credit cards or loans. Then **PAY THESE BILL ON TIME WITHOUT FAIL.**

Be sure to ask the credit card company if they report their accounts to the credit bureaus. If they don't, ask them if they would be willing to do so. If not, find another company.

Also, see if your phone company, internet provider or any other bill you can open in the business name would report your account to the credit bureaus. This is a long process, but it might be the only answer.

Just because you have bad credit today doesn't mean that you'll never be able to start a business. A bad credit small business loan may not even be needed.

Sit down and figure out if you can start in some small way without any seed money. While it's difficult - impossible for some - there are stories of successful small business owners who have done just that.

If not, then be patient and establish good business credit. In a few years you won't need to worry about finding a business loan with bad credit, because your small business will have established an excellent credit history.