

**Title:**

Small Business Loans: Qualification and Benefits

**Word Count:**

591

**Summary:**

Learn how a small business loan can benefit you and find out what it takes to qualify...

**Keywords:**

small business loan, business loan, business financing, business loans, small business loans, working capital, business

**Article Body:**

If you're starting a new business, a small business loan can help you get started by providing working capital to build a store, buy inventory, or promote your business. But how does a small business loan benefit you in real terms, and do you even qualify for a loan?

**What is a Small Business Loan?**

By definition, a small business loan is a certain amount of money that is borrowed by a person who wants to start or operate his or her own business. It is basically a type of personal loan given by lenders to small business owners.

There are several types of small business loans. Unsecured business loans are issued by a lender based on your credit alone without any sort of collateral. Usually, you will need a high credit score and a very good credit history as well as have a stable personal finance situation.

There is also business financing that can be based on collateral such as real estate collateral, a vehicle or property that is free and clear of debt, and so forth. Then, there is a commercial real estate finance loan for which money is granted for a commercial property that is to be used for business. There is also a business line of credit, which is a fixed, predetermined amount of credit that a company can borrow against as needs arise. The borrower will only be required to pay interest on the amount used.

**Benefits of Small Business Loans**

Obtaining a small business loan for your new business can bring relief in many

ways. It can give you working capital to help build your business, promote it, and keep inventory. It can also help with the costs of hiring employees if needed at the start. A small business loan enables you to grow your new business without the financial stresses of a new business. Also, the interest on a small business loan is tax deductible.

### Small Business Loan Qualifications

Once you understand how business financing works, you must consider whether or not you will qualify. It's good to know this before you apply so that your credit history will not show various credit checks and inquiries from lenders, which can lower your credit score for the future.

First, be sure your personal credit history is in order. Find out your credit score by requesting a copy of your credit report. There are many online resources available to check your own credit history. Also, be sure your personal bill and loan payment histories have been consistent and on time over the past two years or more. Small business lenders are likely to base your approval on your personal credit history, especially if you do not offer collateral.

Next, ask the lender directly about their business loan qualifications. This can eliminate any questions in your mind before applying.

### Finding a Lender

Do some research to find a small business lender that's right for you. Check around online for interest rates, small business loan plans and qualifications, and for flexibility. Some lenders will offer creative small business loan options to work with your particular situation. Some lenders make it easy to get approved while others make it almost impossible. Look for a lender that is easy to work with from the start. Ask about early pay-offs, lines of credit, flexible financing, guaranteed interest rates, and any fees you will incur by using their services.

Keep these tips in mind as you search for small business finance solutions. You'll be on the road to success in no time!