

**CREDIT SCORES: Why are they so important?**

- Lenders use your personal credit history as a measure of character and a way to understand how reliable you have been in repaying past loans. If you already own a business, lenders will also review your business credit score. Check your FICO personal score and FICO Liquid Credit SBSS small business score before you apply for a loan.

So, what score is needed for a Loan?

- Lenders differ as to what they consider an appropriate credit score. Some want borrowers to have exemplary scores, while others accept lower scores if sufficient cash and/or collateral is pledged. For some lenders, it all depends on what the Loan is for – if the Bank is really familiar with a specific Business Industry they may be a little more forgiving on the Credit Score for that Industry vs the same Bank with a different Industry. The good news is that you aren't limited to only 1 bank to ask.
 - **As a general rule of thumb:**
 - **700+ and a good business plan:** you are usually going to be lendable
 - **680-700:** typically still good with strong business plan & financials
 - **650-680:** sometimes depending upon market conditions, not as guaranteed even with good plan & financials.
 - **600-650:** sometimes local gap financing groups will work with you by providing some financing & taking a Secondary position on the Lien so a traditional lender might get on board. SBA will go as low as 620, but the issue is finding a participating SBA eligible Lender willing to go that low. **Your Local Kansas SBDC Advisor will know your options.**
 - **Below 600:** no one is going to lend to you until you repair your credit.

What's the best way to Repair/Improve your Credit Score?

- One of the best suggestions to help repair your credit is to look at your credit report & look for the bigger dingy to your score like "uncollected write-offs" - we have seen people denied loans go back and offer to pay 25-50cents on the \$1 for \$100 old cell phone bills to the companies to remove the item from their credit report. When the company agrees and removes the item, we have seen scores improved 30-50 points in 30 days. Aside from that, there isn't much we can help you with until your credit score improves to a lendable range of 600-650+. While a bank will run your credit thru their preferred Credit Rating Agency during Loan Review, www.CreditKarma.com can allow you a Free way to get a ballpark Score.

Ready to get started? Contact the Kansas SBDC State Virtual Center today at 1-800-949-7661

- Kansas SBDC State Virtual Center Hours: M-F 9am-8pm; Sat 10am-2pm
- Phone: (800)949-7661
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Funded in part through a Cooperative Agreement with the U.S. Small Business Administration

