

HOUSTON★CHRONICLE

GO IN WELL PREPARED WHEN ASKING FOR A LOAN



Jacqueline Taylor, Deputy Director, Strategic Operations, Texas Gulf Coast Small Business Development Center Network, shares her expert business advice in her bi-weekly column seen in the Houston Chronicle.

Q. When I started my business two years ago, I tried to get a loan but was turned down by my bank. I was able to “bootstrap” it, but now I need a loan for some new equipment I want to buy so I can grow my business. Should I try my bank again?

A. Banks are typically more willing to lend money to someone with a positive track record than to someone with no experience, so you may have better luck this time. But before you go back to your bank, take the time up front to do your due diligence. You stand a much better chance of getting a loan if you’re well prepared with all the necessary documentation, a good feel for how much you need, and a clear explanation of what you’ll use it for and how it will benefit your business. Also explore your options. Banks may specialize in certain types of loans, and it may be that another lender is a better choice.

Start by pulling your credit score. A lender will do that when you apply for a loan, but since your credit score is a big factor in whether or not you’ll qualify for the loan and what your interest rate will be, it’s better to know what it is ahead of time. Most banks generally want to see at least a 680 score. If yours is lower than that, you may want to take steps to improve it before you go to the bank.

Also gather your financial statements and tax returns from the two years you’ve been in business. Put together financial projections and a plan showing how having the new equipment will help your business make enough money to cover both the purchase cost and the loan repayment.

If you need help determining how much money you’ll need or what your documentation should look like, contact the UH Bauer College SBDC. Expert advisors are available to help you put together your loan proposal and provide advice on which lender you should approach, all at no cost to you. Email sbdcmetro@uh.edu or call 713-752-8400.



The Texas Gulf Coast Small Business Development Center (TGC SBDC) Network serves 32 counties in Southeast Texas. The program is anchored by a vibrant office facility in midtown Houston and supported by fourteen centers located with or sponsored by colleges and universities and economic development organizations throughout the Gulf Coast. The TGC SBDC Network focuses on providing business training and advising to start-up entrepreneurs, emerging businesses, and firms needing strategies for high growth. Professional business advisors work with client companies to assess feasibility of ideas and business models, develop business plans, identify funding opportunities, prepare loan and financing packages, and analyze financial results. Business advising is supplemented by a wide range of training classes and seminars concentrating on growing a successful business. Workshops are taught by experienced businessmen and women who blend formal learning and real-world experiences into practical curriculum.

The TGC SBDC Network is a program of the UH CT Bauer College of Business and a resource partner of the US Small Business Administration, and is funded in part through a cooperative agreement with the US Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA. SBDC programs are nondiscriminatory and available to individuals with disabilities. The University of Houston is an EEO/AA institution. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Contact the SBDC at 713/752-8488 for accommodations.