

How to Get a Loan and Manage Your Debt



Preparing a strong loan application package can improve the odds of your loan being approved – but that’s only half the battle. It’s equally important to have a plan for how you’ll use and repay your loan. Here are some tools to help you prepare a successful loan application and effectively manage your debt.

Understanding How Lenders Evaluate Loan Applications: Before preparing and submitting a loan application, it is important to understand how lenders will evaluate your application. The following documents provide information on key factors in lending decisions:

1. [“Building Business Credit – Managing Credit Ratios”](#) (Citibank)

Developing Your Financial Statement: Financial statements are reports that let you know how your business is doing financially. They’re important because they help you manage your business finances, and they’re often required by lenders when applying for a loan. The three most common financial statements are:

- **Balance sheet** – Indicates everything your business owns (assets), everything your business owes to creditors (liabilities), and the value of the ownership stake in your business (shareholders' equity, or capital).
- **Profit and Loss Statement** (also known as an income statement) – Shows whether your business made or lost money during a given period of time.
- **Statement of Cash Flow** – Shows how much cash your business has on hand at any period of time.

The resources below will help you better understand your financial statements and will help you put them together for your business:

1. [“Business Plan Workbook – Financials – pg. 19”](#) (Capital One)
2. [Video Discussion on “Understanding the Statement of Cash Flow”](#) (Wells Fargo)
3. [“Manage Your Bottom Line”](#) (Chase)

Determining Your Credit Needs: Before submitting a loan application, it is important to determine how much money you need and how you will use your loan. Understanding the cash flow of your business is an important step to determining your loan amount and whether you will be able to repay it successfully. Here are some resources and tools that will help you navigate this process.

1. [“Financing Your Business – Step 2: Determine Your Credit Needs”](#) (Chase)
2. [“Building Business Credit – Responsible Use of Credit”](#) (Citibank)
3. [“Cash Flow Planner Tool”](#) (Wells Fargo)
4. [“Business Guidance – Cash Flow”](#) (HSBC)

Preparing Your Loan Application: Below you’ll find techniques to help you prepare a strong loan application package as well as tips to help you communicate to a lender why you need a loan:

1. [“Business Plan Workbook – Loan Request – pg. 18”](#) (Capital One)
2. [“Financing Your Business: Step 5 – Preparing Your Loan Request”](#) (Chase)
3. [“Video Discussion on “Tips to Prepare your SBA \(loan\) application”](#) (Wells Fargo).

Planning to Manage Your Debt: Make sure you have the money you need when you need it. Here are tools and strategies to help you understand the finances and cash flow of your business.

1. [“Business Expense Calculator”](#) (Chase)
2. [“Separating Personal and Business Finances”](#) (Wells Fargo)

To learn more about any of these topics, please enroll in the next [Business Financial Management](#) at your local NYC Business Solutions Center.