

How to Obtain a Commercial Loan

Applying for a commercial bank loan involves several approaches. Obtain a term loan for your small business with quarterly or monthly payments. These typically last 2 to 5 years. Apply for a line of credit that you pay back any time during the set period and draw upon as needed. Banks look closely into your ability to pay and the reason for the loan. Best advice-be prepared with documentation and answers.

Things You'll Need:

- Commercial bank
 - Application
 - Financial history
 - Collateral
1. Find out before applying for a loan what the bank requires. The bank provides this information. Gather all the pertinent data that fulfills the requirements.
 2. Go to your nearest bank or one you do business with for an application. Working with a bank where you're a customer and have a good history gives you an advantage.
 3. Prepare yourself beforehand for an interview. Know your business well and details on how the loan applies to your business. Present positive reasons why the loan makes sense.
 4. Know the purpose for the commercial bank loan. For example, discussing facilities improvements, inventory and other revenue enhancing purposes for increasing cash flow demonstrates you understand your business.
 5. Ready your financial standing of assets and liabilities. The commercial bank looks for income exceeding loan costs and your ability to repay the loan.
 6. Consider collateral for the commercial bank loan. The bank considers collateral as identifiable, saleable and with a measurable market value. The collateral applies to assets owned by you or your business.