

# ***5 Reasons Why Banks Say No***

***August 4, 2025***



**S. Boyd Karen**



**SCORE** 

FOR THE LIFE OF YOUR BUSINESS

## What is SCORE:

- A nationwide nonprofit organization that is an independent resource partner of the U.S. Small Business Administration (SBA)
- SCORE provides America's small businesses with **free**, confidential business **mentoring** (in-person and online) and **business educational services**: local workshops and 24/7 online resources at 300+ chapters nationwide with 10,000+ volunteers
- With nearly 90 volunteers, SCORE Manasota has served Manatee and Sarasota Counties for 50+ years (excluding North Port, which is served by the Port Charlotte chapter).
- Our Chapter has recently been recognized as the National Chapter of the Year for mid-sized markets.

**Since its founding in 1964, SCORE has assisted over 11 million clients and small businesses throughout the USA**

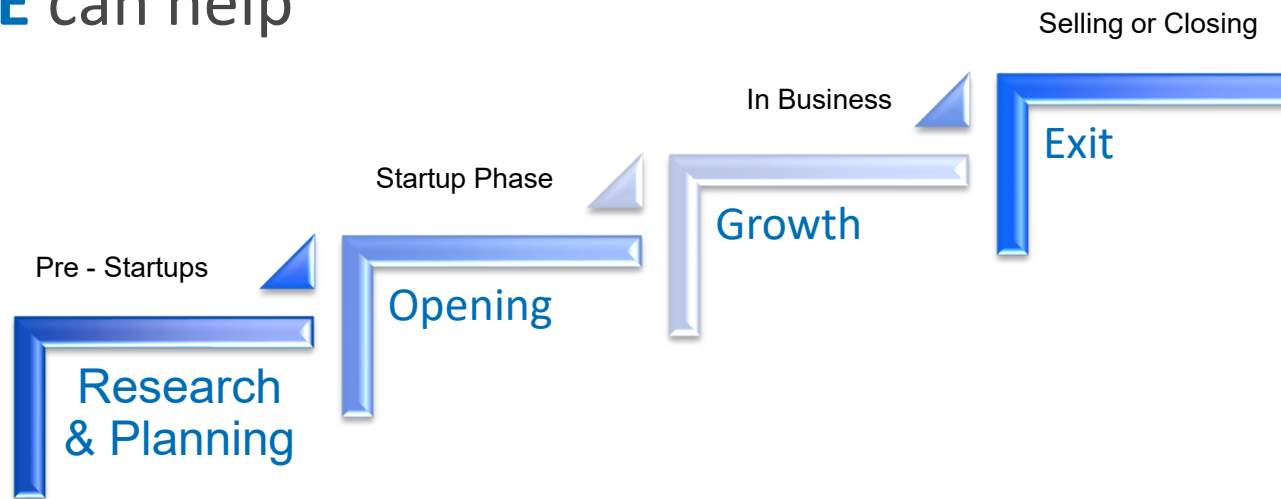


**SCORE** 

The SCORE logo graphic consists of three white, slanted parallel lines of varying lengths, creating a stylized 'S' shape.

FOR THE LIFE OF YOUR BUSINESS

Successfully Navigate The Business Process:  
Wherever you are in your business cycle,  
**SCORE** can help



**ACHIEVE YOUR BUSINESS SUCCESS:**  
SCORE's team of volunteer mentors,  
motivate and guide you along your business path.



## Thank you to the SCORE Manasota Sponsors and Community Partners!

### Sponsors



**BAYFIRST**

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### Community Partners

- Career Source Suncoast
- Community Entrepreneur Opportunity
- Florida Department of Revenue
- Golden Herald Awards
- Greater Sarasota Chamber of Commerce
- Manatee Chamber of Commerce
- Manatee County Government
- Manatee Technical College
- Robert L. Taylor Community Complex
- Sarasota County Government
- State College of Florida
- SWAT Networking
- University of South Florida
- Venice Area Chamber of Commerce
- Women's Resource Center



SCORE.org/Manasota  
941.955.1029

**Visit Our Website: [SCORE.org/Manasota](https://SCORE.org/Manasota)**

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## Request a Mentor

Don't have the time to browse mentor profiles? – Fill out the mentoring request form, and we will pair you with a mentor and assist you in setting up a free mentoring appointment.

[REQUEST MENTOR >](#)



**SCORE** 

FOR THE LIFE OF YOUR BUSINESS

# The Top 5 Reasons Why Your Small Business Loan Request Was (or will be) Denied.

And how to prepare yourself and your small business to get approved for business funding.



This is Your Time to Learn. FOCUS!

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# You're in the Right Place

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- You have a business idea
- You have identified a business to start
- You have identified a business to purchase
- You have a business that needs support, improvement or expansion

# You're in the Right Place

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- Maybe you have funded your start-up with your own cash and credit cards and have gone as far as you can with your own resources



- **You need cash to make it happen**

# You're in the Right Place

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- The bank has already told you no
- The bank is about to tell you no
- You want to know how to give yourself the best possible chance of being accepted and funded.

# So Why am I the One Talking About this Today?

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- I have started or purchased eight different businesses in my career, and getting business funding has always been the do-or-die part of each one (under contract as of yesterday for #9!)
- Banks have told me no
- After a recent “no”, I became a business loan broker so I could help others who were running into the same problems



Boyd Karren, Managing Partner



# So Why am I the One Talking About this Today?

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- Commercial loan officers, commercial real estate agents, business brokers, franchise consultants and SCORE Mentors & SBDC Mentors refer business owners (and would-be business owners) to me for funding.
- I match lenders with borrowers, **and I know what lenders need to see to make money available for you.**



Boyd Karren, Managing Partner



# Who Else Has Me Speak about Business Funding?

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- SCORE Tampa
- SCORE Treasure Coast
- SCORE Space Coast
- SBDC of Florida
- SBDC at the University of South Carolina
- SBDC at the University of Western Florida
- The Urban League of Central Florida
- Inventors' Council of Central Florida
- Volusia County (Florida) Dept of Economic Development



Boyd Karren, Managing Partner



# So Why am I the One Talking About this Today?

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- We match lenders with borrowers, **and we know what lenders need to see to make money available for you.**



Karol Guevara



# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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- 1.
- 2.
- 3.
- 4.
- 5.

# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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1. You asked a bank for a loan.
- 2.
- 3.
- 4.
- 5.

# Banks Usually Say “No” to Business Loans

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## **BANKS**

Appx 80% of small business loan requests are denied by large banks, and 71% are denied by small banks. (Forbes, June 6, 2023).

- Bank loans are the best option, if you can get them
- Best rates, best terms
- But banks have neat little boxes you must fit in (They are risk-averse)
- Banks want to see two years of history
- Banks want to see a business plan or how you will generate ROI on the loan
- It's possible (but difficult) to get start-up or early funding from a bank

# The SBA – Not that Small

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## SBA-guaranteed Loans

- SBA-guaranteed loans are available, but:
  - Common 7(a) and 520 loans are designed for acquiring existing businesses, buying commercial real estate, purchasing large equipment, etc., -- not funding start-ups.
  - SBA Microloans for Start-ups– “up to \$50,000” (average loan is \$13,000)\*

\*[sba.gov/funding-programs/loans/microloans](https://sba.gov/funding-programs/loans/microloans) (Sept 30, 2024)

# The SBA – OK, Really Small

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## Microlenders

### **ASCENDUS** (SBA-guaranteed Microloans)

Great programs, great rates and terms – but must first be in business *at least six months*.

### **BBIF** (SBA-guaranteed Microloans)

Great programs– but must first be in business *at least 12 months*.

# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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1. You asked a bank
2. Your business is less than two years old
- 3.
- 4.
- 5.



# Hard to Get Money if You're Under Two Years Old

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- Why? Because there is no business history to back up your idea
- No proof that the idea HAS worked (unless it's a proven franchise)
- You have hopes and dreams and forecasts
- Start-ups have a low success rate
- Lending cash to start-ups is a risky thing and banks don't like risk



# Hard to Get Money if You're Under Two Years Old

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From your first idea until you reach two years in operations, you are considered a “start-up” and as such, all credit and lending decisions are based entirely on the personal credit of the owner(s).

If your personal credit is good, there can be money available during the start-up period.

# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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1. You asked a bank
2. Your business is less than two years old
3. Your personal credit stinks
- 4.
- 5.

# Your Personal Credit Stinks

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This is the #1 reason that Otro cannot help someone.

- Credit score of at least 680 (the higher the better)
- “Derogatory comments” kill: Late payments, charge-offs, collections, etc. – especially on your mortgage. Don’t ever be late on your mortgage!
- Credit is too thin – need to be using at least one credit card from a major bank
- Co-signers above 680 are always welcome



# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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1. You asked a bank
2. Your business is less than two years old
3. Your personal credit stinks
4. Your personal credit utilization is too high
- 5.

# Your Personal Credit Utilization is Too High

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This is the #2 reason that Otro cannot help someone:

- Credit utilization of 45% or less (the lower the better)
- We're only looking at utilization of revolving accounts (credit cards), not student loans or mortgages or personal loans.
- Sometimes we can get you a personal loan to pay down the credit card balances, and then when your score jumps up and your credit utilization goes down, additional money can be available.



# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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1. You asked a bank
2. Your business is less than two years old
3. Your personal credit stinks
4. Your personal credit utilization is too high
5. You have not established sufficient business credit

# You Have Not Established Sufficient Business Credit

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- Many businesses get started with the owner's personal cash and/or credit cards and then reaches a point they really can't grow anymore without a new infusion of cash, because they've spent all their money and/or maxed out their personal credit cards and now their credit score is down. They have not known about business credit or how to build it properly.
- Business credit is **superior** to personal credit in every way
- When you build business credit the right way, you can get the best possible deals, AND banks begin chasing you with offers for free or nearly free capital.

# What is Business Credit?

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- Credit tied to your business (existing or future)
- The business entity itself qualifies for funding and credit – it is not tied to your SS#, or your FICO score; no personal guarantees needed.
- Credit/funding is based on the business's ability to pay, not yours.

The things you can do with business credit far exceed what you can do with personal credit.

# The Top 5 Reasons Why Your Small Business Loan Request Was (or Will Be) Denied

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2. Your business is less than two years old
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# But There is Hope. There is Still Funding Available.

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**There ARE funding options for true start-ups and businesses younger than 6, 12 and 24 months in business.**

# In the Not-so-Distant Past, I Wanted to Buy an Existing Business

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- The business was priced at \$120,000
- My credit score was above 800
- I had 25% cash to put down

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**PERFECT CANDIDATE FOR A BUSINESS LOAN, RIGHT?**

# In the Not-so-Distant Past, I Wanted to Buy an Existing Business

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- I called a commercial lender at a local, community bank

# In the Not-so-Distant Past, I Wanted to Buy an Existing Business

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- I called a commercial lender at a local, community bank
- She said...

“This deal is too small for us to take on.”

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“It would be easier for us  
to get you \$1 million.”

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to get you \$1 million.”



# In the Not-so-Distant Past, I Wanted to Buy an Existing Business

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- However, she did say that she knew someone who might be able to help me.
- She referred me to an alternative lender.
- Someone who works on small deals.

# Enter the Alternative Lender

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- The Alternative Lender should have just said, “Yes, we can get that money for you.”

# Enter the Alternative Lender

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- The Alternative Lender should have just said, “Yes, we can get that money for you.”
- Instead, the Alternative Lender launched into an overly complicated, 45-minute technical description of how the loan would work, which confused me and intimidated me.

# Enter the Alternative Lender

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- I half-expected to meet him behind a 7-11 and have him peel \$100 bills from a wad of cash from his pocket.
- I couldn't believe this was my only option.



# I Rejected the Status Quo

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- Fortunately, I had previous experience in raising capital and I found a private source who loaned me the money to buy the business.
- But I was lucky
- So many entrepreneurs and would-be entrepreneurs don't get past the bank saying no.

# I Rejected the Status Quo

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- I couldn't believe these were my only options
- Fortunately, I had previous experience in raising capital and I found a private source who loaned me the money I needed to buy the business.
- But I was lucky
- So many entrepreneurs and would-be entrepreneurs don't get past the bank saying no. ***WHICH THEY DO 80% OF THE TIME.***

# Otro Financial Offers These Alternatives

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- ***“Denied by banks, he became the very hero he needed!”***
  - My own experience showed me that we need new alternatives to traditional banks.
  - Seeing the need, I became a business loan broker
- **“Otro” is Spanish for “other” or “alternative”**
- **Our slogan is, “Bank said no? Call Otro!”**



# Alternative Funding Options for Start Ups

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## Syndicated Line of Credit (SLOC)

- Usually up to \$150K per partner/applicant (can go up to \$500K per)
- **Pre-revenue, no revenue OK**
- Qualify via “soft” credit pull that does not affect credit score
  - Minimum score is 680
  - Ideally using 25% or less of available credit on consumer cards
- Decision based on **personal credit score and existing credit utilization**
- Flexible
  - Use as credit card to pay for things
  - Convert available credit into cash
- Initial funding fee, then **0% interest for 12-24 months**



# Alternative Funding Options for Start Ups

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## Have an idea, but no cash to get started?

- **Use existing retirement funds (401K / IRA) without penalty**
  - Minimum \$50K in IRA or 401K from previous employer
  - Can access up to half of it without penalty to start/invest in your business
- **Borrow Against Real Estate**
  - Will lend against any real estate owned, regardless of credit score
  - Availability fluctuates

# Alternative Funding Options for Start Ups

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**Have an idea, but no cash to get started?**

- **Use existing retirement funds (401K / IRA) without penalty**
  - ROBS program
  - Your retirement account becomes an investor/partner in your business
- **Borrow Against Real Estate**
  - Will lend against any real estate owned, regardless of credit score
  - Availability fluctuates
- **Personal Term Loans up to \$500K**



# Alternative Funding Options for Existing Businesses

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- **Lines of Credit** – based on current revenue, years in business, brick-and-mortar
- **Working Capital Loans** – shorter loans, flexible pay-back terms to help cover payroll, inventory, normal operating expenses
- **Term loans** – longer term loans for equipment or major purchases (up to \$1 million)
  - Some lenders don't look at financials or tax returns, some do
  - Some lenders don't “season” down payment money
  - Some require you have an actual business address, some don't



# Alternative Funding Options for Existing Businesses

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- **Cash advances** against future revenue
- **Equipment leasing** (construction, trucking, manufacturing, medical)
- **Invoice factoring** to help smooth out cash flow
- **Bridge loans** while waiting for an SBA-guaranteed loan
- **SBA-guaranteed loans** to refinance start-up loans (after two years), to acquire another business, and/or commercial property

# What if Otro Can't Help?

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- Most of our options are available with a credit score of **680+**
- If your credit score is **below 680**, but you have been in business at least six months (with revenue) I can refer you to Ascendus.
- If your credit score is **below 680**, but you have been in business at least 12 months (with revenue) I can refer you to the BBIF.
- We have credit repair specialists who can help clean up your credit report
- This can all help you qualify (later) for more and better funding
- “Improve your credit, pay less for stuff.”

# Why This Matters to You, as a SCORE Client

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- You may be here with funding need
- The banks will say no to up to 80% of you
- You need to know there are alternative sources of funding
- Bank said no? Call Otro – let's explore additional avenues for funding your business



# Our Goals for You:

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- Help you get your business started.
- Help you stay funded and alive to celebrate the two-year mark.
- After two years, many more funding and refinancing options open up to you, including traditional banks with better rates and terms.
- Once you establish your business credit the right way, you will have the banks chasing you with low-cost and nearly free offers to use capital. *That's a different lesson, but it's amazing.*

THANK YOU!

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## Otro Financial

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# RESOURCES

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**For a link to credit repair help...**

**For a copy of this slide deck...**

**To schedule a consultation...**

Send a request to: [karol@otrofinancial.com](mailto:karol@otrofinancial.com)

**To apply for funding...**

Go to [www.otrofinancial.com](http://www.otrofinancial.com)

click on APPLY NOW.



# QUESTION AND ANSWER TIME!

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## Otro Financial

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SCORE.org/Manasota  
941.955.1029

QUESTIONS?



Scan to apply  
for a mentor



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## Thank You!

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- ▶ Help Us Help You:
  - ✓ Please complete the survey
    - **What can we improve?**
    - **What other topics are you interested in?**
  - ✓ Refer Manasota SCORE to those
    - Who may benefit from our programs
    - Seeking volunteer opportunities



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