

FTC Business Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Getting Business Credit

Whether you're planning to start your own business or expand the one you own, you may be in the market for credit. When you shop for a loan or line of credit, remember that the law protects you against discrimination. The Equal Credit Opportunity Act (ECOA) prohibits creditors from denying you a loan based on reasons that have nothing to do with your credit-worthiness.

The Federal Trade Commission (FTC) wants you to know that:

- You cannot be denied business credit on the basis of your race, color, religion, national origin, sex, marital status, or age — or that of your customers. For example, if you request a loan to open a store, a creditor can't deny your application based on your race or your customers'.
- If your application for business credit is rejected, you can find out why. You must submit a written request for the reasons within 60 days of the denial. The creditor must give you the specific reasons — in writing — within 30 days of your request. If you don't agree with the reasons, consider discussing your concerns with the lender; you may be able to resolve the issues.
- If your business is small (less than \$1 million in gross revenues), the lender must keep records of your credit application for one year after telling you of the credit decision. If your business grosses more than \$1 million, the lender has to keep your records on file for only 60 days after denying you credit. If you ask that your records be kept longer, however, or if you ask for a written statement of the reasons for denial, the lender must keep your file for a year. If you don't ask about the reasons for denial within 60 days, the law permits the creditor to destroy your records. Note that these records could be important for any legal action you may consider against a lender.

You have the right to sue a creditor who doesn't comply with the law. If you have a complaint about a government lender, public utility company, small loan and finance company, travel and expense credit card company, or other non-bank creditor, you may want to file a complaint with the FTC.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Opportunity To Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.