

An Expert Explains how Critical it is to Keep Personal Credit Separate from Business Credit

Co-mingling personal and business finances can be trouble

Jan. 13, 2009 - [PRLog](#) -- Detroit, MI – A catastrophic mistake made by business owners is co-mingling their personal and business finances. This is a common mistake and for the most part, small business owners aren't even aware of the implications.

Mark Maupin, college instructor in the Business Department at Wayne County Community College, had an opportunity to talk to Susan Carter the other day and she had a lot to say about protecting personal assets by keeping business finances separate from personal. Business owners are often turned down for personal credit because they appear to be overextended with business expenses. They don't realize that by mixing their personal funds and personal credit history with their business, they create a situation that prevents them from obtaining both personal and business credit. Many small business owners, unfortunately, don't realize the damage they are causing until it is too late.

Susan explained that often the small business owner will use personal funds to either start-up or finance the growth of their business. They use personal credit cards or even take out a home equity loan. This co-mingling pierces the corporate veil, which opens the individual up to personal lawsuits. The money goes into the business with the goal that the business will pay it back. However, when sales go down, and the business can't afford to make the payments, it all comes back at the individual and their personal assets are now at risk.

It is critical not to get into this situation to begin with, but many small business owners are unaware of how to establish a separate business credit profile, and this can often result in unfortunate consequences. There are many situations that must be avoided when starting or funding a business, but this is the mistake that can be the most costly.

Susan Carter, author of "Basics of Business Credit," has created an e-Book that provides instructions on how to set up a business entity correctly from the start. She has the knowledge to help anyone avoid the trap of having to use personal funds and assets to get their business started.

Her book is clear, concise, and packed full of information that is invaluable for anyone who needs money to run their business. Her book informs the reader about the difference between personal and business credit bureaus and how they each work.

For more information, visit Susan's website: <http://www.SusansBooks.com>

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