

Funding Sources

There are many sources who offer business funding today. Knowing the different sources will help you find the best funding options for your business.

Business Charge and Credit Cards are a fast and easy way to access cash for business. You can use the money for any purpose, and you can be approved for business credit with no personal guaranty or credit check. Many merchants will approve you for individual credit cards of \$10,000 or higher.

Angel investors have been responsible for funding over 30,000 small businesses each and every year. With over 250,000 active angels in the country you may want to consider an angel investor network to simplify your search. These investors are a great source of funding when banks won't approve you, and perfect for projects where you need a lot of money.

Asset Based Funding is perfect if your company has collateral such as accounts receivable, inventory, equipment, purchase orders, or real estate. These assets can be used to secure the financing you need, and you can secure asset based funding even if your credit isn't very good. Bank Loans are still available, although they have become harder to get approved for. Many large banks tend to be much more conservative in lending so you may want to consider a community bank or credit union for a SBA loan.

Equipment Leasing helps when you want to lease expensive equipment, and some equipment leasing and financing also works for you to borrow against existing equipment you already own. Factoring is perfect if you have high amounts of account receivables. You can obtain funding up to 25 million and you can receive your advance within 24-48 hours in most cases. With factoring, you sell your company's accounts receivables to a company (known as a factor) at a discount, in order to free up your cash. The company that purchases the receivables then assumes the responsibility for collecting them. This is a great option as they absolutely don't care about your own personal credit.

Grants are a great way to get money for your business, especially government grants. Depending on your business types and intended use of funds, there are many options available for you to receive grant money that doesn't need to be paid back.

Lines of Credit are perfect sources of working capital. A line of credit works like a revolving credit card but with much lower interest rates and higher available credit limits. You can get credit lines over \$150,000 and write checks from the account or use a debit card to withdrawal funds or use for purchases.



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Merchant Cash Advances and Merchant Lines of Credit are perfect for businesses who process credit card payments. This type of financing will advance you money against future credit card transactions. You can even get a debit card to use the funds you secure.

Microfinance Loans are less difficult and time intensive to qualify for with loan amounts ranging from \$500 to \$35k. Many businesses use several micro loans to get money for their business versus applying for one larger loan due to the easier qualifying criteria.

SBA backed Loans are still one of the most popular financing options available today. SBA backs, or insures about 80% of the loan while the lender lending the money takes on about 20% or so of the risk. Due to the lower risk to the bank, many major banks are more apt to lend money using SBA backed loans than regular loans.

Venture capital is neither easy nor fast to be able to tap into but can be a viable source of funding. This is a great source when you need higher loan amounts, and don't mind giving up a potential stake in your company. Plus you don't have some of the headaches that come with conventional funding.

It's always easiest to obtain financing when you know what you are looking for. Now you have a great understanding of some of the many financing options available to small business owners today.



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