# Table of Contents

## Introduction

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHAPTER 1: THE FUNDAMENTALS OF LENDING</strong></td>
<td>3</td>
</tr>
<tr>
<td>Learn the language</td>
<td></td>
</tr>
<tr>
<td>- Fundamentals</td>
<td>4</td>
</tr>
<tr>
<td>- Consumer vs. Commercial Lending</td>
<td>8</td>
</tr>
<tr>
<td><strong>CHAPTER 2: TRADITIONAL SMALL BUSINESS (SMB) LENDING</strong></td>
<td>10</td>
</tr>
<tr>
<td>Banks and credit unions</td>
<td></td>
</tr>
<tr>
<td>- Traditional Small Business (SMB) Lending</td>
<td>11</td>
</tr>
<tr>
<td>- What The Banks Have To Offer</td>
<td>12</td>
</tr>
<tr>
<td><strong>CHAPTER 3: SHORT-TERM SMB LENDING</strong></td>
<td>14</td>
</tr>
<tr>
<td>Quick, but costly solutions</td>
<td></td>
</tr>
<tr>
<td>- Factoring</td>
<td>15</td>
</tr>
<tr>
<td>- Merchant Cash Advance &amp; Daily Debit</td>
<td>16</td>
</tr>
<tr>
<td>- “Merchant Cash Advance” Payment Structure</td>
<td>17</td>
</tr>
<tr>
<td>- “Daily Debit” Payment Structure</td>
<td>19</td>
</tr>
<tr>
<td><strong>CHAPTER 4: INVESTMENT SMB LENDING</strong></td>
<td>21</td>
</tr>
<tr>
<td>Lenders that invest in your growth</td>
<td></td>
</tr>
<tr>
<td>- Term Loans</td>
<td>22</td>
</tr>
<tr>
<td>- Asset Based Lines of Credit</td>
<td>24</td>
</tr>
<tr>
<td>- Pass-Through Accounts</td>
<td>26</td>
</tr>
<tr>
<td><strong>CLOSING THOUGHTS</strong></td>
<td>28</td>
</tr>
<tr>
<td>Figuring out what’s right for you</td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION

Choosing the right financing option is one of the biggest hurdles small business owners face. Understanding the trade-off between costs and benefits is a difficult exercise, and that's before you take into account the multitude of vendors, financial products, rates, and purposes.

Being familiar with the basics of the small and medium sized business (SMB) lending marketplace is important for making sure you take your first step forward on the right foot.

In the following chapters we will cover how different products in the market work to help you leverage your successes and grow your business.
CHAPTER 1

THE FUNDAMENTALS OF LENDING

LEARN THE LANGUAGE
THE FUNDAMENTALS OF LENDING

In a classic loan a certain amount is lent to you (called the “principal”), and is repaid over a certain amount of time (called the “term”) at a certain price (usually called the “rate” or “interest rate”).

Interest is calculated at the end of each month on the amount of principal that is remaining. Monthly payments are a fixed amount, and at the end of the term the loan’s balance is zero.

The lender accepts risk because the borrower may not pay the loan back, and is therefore compensated for that risk via the amount of interest that the borrower pays over the lifetime of the loan.

Example: a $100,000 loan at 20% APR, with a term of 12 months.
Here’s what the payments on that loan would look like:

<table>
<thead>
<tr>
<th>Term (months)</th>
<th>Loan Amount</th>
<th>APR</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>$100,000</td>
<td>20%</td>
<td>$9,263</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Balance at Beginning of Month</th>
<th>Interest Accrued During Period</th>
<th>Payment</th>
<th>Ending Balance (Balance + Interest - Payment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>$1,667</td>
<td>$9,263</td>
<td>$92,403</td>
</tr>
<tr>
<td>2</td>
<td>$92,403</td>
<td>$1,540</td>
<td>$9,263</td>
<td>$84,680</td>
</tr>
<tr>
<td>3</td>
<td>$84,680</td>
<td>$1,411</td>
<td>$9,263</td>
<td>$76,828</td>
</tr>
<tr>
<td>4</td>
<td>$76,828</td>
<td>$1,280</td>
<td>$9,263</td>
<td>$68,845</td>
</tr>
<tr>
<td>5</td>
<td>$68,845</td>
<td>$1,147</td>
<td>$9,263</td>
<td>$60,729</td>
</tr>
<tr>
<td>6</td>
<td>$60,729</td>
<td>$1,012</td>
<td>$9,263</td>
<td>$52,477</td>
</tr>
<tr>
<td>7</td>
<td>$52,477</td>
<td>$875</td>
<td>$9,263</td>
<td>$44,089</td>
</tr>
<tr>
<td>8</td>
<td>$44,089</td>
<td>$735</td>
<td>$9,263</td>
<td>$35,560</td>
</tr>
<tr>
<td>9</td>
<td>$35,560</td>
<td>$593</td>
<td>$9,263</td>
<td>$26,889</td>
</tr>
<tr>
<td>10</td>
<td>$26,889</td>
<td>$448</td>
<td>$9,263</td>
<td>$18,074</td>
</tr>
<tr>
<td>11</td>
<td>$18,074</td>
<td>$301</td>
<td>$9,263</td>
<td>$9,112</td>
</tr>
<tr>
<td>12</td>
<td>$9,112</td>
<td>$152</td>
<td>$9,263</td>
<td>$0</td>
</tr>
</tbody>
</table>

Total Interest: $11,161

As the principal is paid down, the amount of interest per month decreases (also known as “amortization”)

For this loan, the total cost for the initial $100k ends up being $11,161
TERM LOANS

When most people think of a loan (fixed payments that include both principal and interest), they’re actually thinking of a “term loan” – a loan with a stated Annualized Percentage Rate (APR).

- In these classic loans, the interest is calculated each period (usually each month), so each payment pays some principal and the new interest.
- The loan on the previous page is a term loan.
AMORTIZATION

- Amortization is when the amount of interest that accrues per month decreases due to the principal being paid down.

$100,000 Term Loan, 20% APR, 1 year interest per month

As payments are made, the amount of new interest decreases each month.
CREDIT LINES

- A credit line is a financial product that allows you to draw the specific amount you need, up to whatever the credit line’s limit is.

- In a credit line, you only pay interest on what is the outstanding balance (what you’ve drawn), so as you pay the balance down the monthly interest also decreases.

- Most credit lines are priced in terms of APR.

$100,000 Limit, 10% APR

- Interest is charged on your outstanding balance.

- If your balance is $0, no interest is charged.

- Credit cards are the most common form of credit lines that people are used to working with.
CONSUMER VS. COMMERCIAL LENDING

- As consumers, we are used to thinking of lending in terms of **Annual Percentage Rate**, or APR – whether it’s a mortgage, financing a car, or a student loan, all consumer loans are stated, by regulation, in APR.

- Unfortunately, commercial lending is NOT regulated like consumer lending, so commercial lenders don’t have to state their financial products in terms of APR.

- This causes a lot of confusion, because oftentimes small business owners think that a commercial lender is speaking in terms of APR, when in fact the loan has completely different (and oftentimes more expensive) terms.
CHAPTER 2

TRADITIONAL SMALL BUSINESS LENDING

WHAT THE BANKS HAVE TO OFFER
SMALL BUSINESS ADMINISTRATION (SBA)

- The Small Business Administration exists to help small businesses succeed.
- The SBA doesn't directly lend money to businesses. Instead, it provides guarantees on a portion of small business loans, enabling banks to offer more loans and lower interest rates.

BUSINESS LOAN CHECKLIST

- Below are the documents most commonly requested by banks:
  - ✔ Personal Background Information
  - ✔ Resumes
  - ✔ Business Plan
  - ✔ Personal Credit Report
  - ✔ Business Credit Report
  - ✔ Income Tax Returns
  - ✔ Financial Statements
  - ✔ Bank Statements
  - ✔ Legal Documents
    - Business licenses and registrations
    - Articles of incorporation
    - Contracts with third parties
    - Franchise agreements
    - Commercial leases
  - ✔ Collateral
- For a full list of documents, visit the SBA website:
  
Source: [http://www.sba.gov/content/business-loan-checklist](http://www.sba.gov/content/business-loan-checklist)

A FEW QUESTIONS

- Institutions will almost always ask you these questions, so be sure you’ve discussed them with your team, and have good answers!
  - Why are you applying for this loan?
  - How will the loan proceeds be used?
  - What assets need to be purchased, and who are your suppliers?
  - What other business debt do you have, and who are your creditors?
  - Who are the members of your management team?
TIMELINE

- Although the SBA and most banks quote their underwriting process in terms of weeks, wait times of 3-6 months for a loan approval decision is not uncommon.

- If your business is facing a critical need where speed is of the essence, you might want to look at other options.

BANK TERM LOANS

- Established companies with cash flow are able to get sizeable loans from banks and credit unions at the lowest available rates.

- These loans typically have a term of more than 5 years.

  **Example:**
  - $2 million dollar loan
  - 5 year term
  - 7% APR

BANK CREDIT LINES

- Established companies are also able to open large, revolving credit lines.

  **Example:**

  ![Diagram of a $100,000 credit line with 10% APR, showing daily interest accrual and monthly compounding.]

<table>
<thead>
<tr>
<th>Rank</th>
<th>Lender</th>
<th>No. of Loans</th>
<th>Total Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wells Fargo Bank</td>
<td>2,781</td>
<td>$801,774,095</td>
</tr>
<tr>
<td>2</td>
<td>Live Oak Banking Company</td>
<td>463</td>
<td>$387,196,250</td>
</tr>
<tr>
<td>3</td>
<td>U.S. Bank National Association</td>
<td>2,326</td>
<td>$288,445,290</td>
</tr>
<tr>
<td>4</td>
<td>The Huntington National Bank</td>
<td>3,021</td>
<td>$264,885,000</td>
</tr>
<tr>
<td>5</td>
<td>JPMorgan Chase Bank, National</td>
<td>2,540</td>
<td>$249,692,480</td>
</tr>
<tr>
<td>6</td>
<td>CDC Small Business Finance Corporation</td>
<td>271</td>
<td>$210,118,725</td>
</tr>
<tr>
<td>7</td>
<td>Ridgestone Bank</td>
<td>232</td>
<td>$169,254,575</td>
</tr>
<tr>
<td>8</td>
<td>Noah Bank</td>
<td>225</td>
<td>$165,883,485</td>
</tr>
<tr>
<td>9</td>
<td>Celtic Bank Corporation</td>
<td>595</td>
<td>$147,124,521</td>
</tr>
<tr>
<td>10</td>
<td>Newtek Small Business Finance,</td>
<td>181</td>
<td>$135,340,490</td>
</tr>
<tr>
<td>11</td>
<td>BBCN Bank</td>
<td>157</td>
<td>$132,327,928</td>
</tr>
<tr>
<td>12</td>
<td>Mortgage Capital Development Corporation</td>
<td>132</td>
<td>$128,250,000</td>
</tr>
<tr>
<td>13</td>
<td>SunTrust Bank</td>
<td>252</td>
<td>$126,833,305</td>
</tr>
<tr>
<td>14</td>
<td>Empire State Certified Development Corporation</td>
<td>195</td>
<td>$122,148,180</td>
</tr>
<tr>
<td>15</td>
<td>Florida Business Development Corporation</td>
<td>200</td>
<td>$106,932,000</td>
</tr>
<tr>
<td>16</td>
<td>Florida First Capital Finance</td>
<td>129</td>
<td>$105,649,000</td>
</tr>
<tr>
<td>17</td>
<td>Seacoast Commerce Bank</td>
<td>170</td>
<td>$104,297,295</td>
</tr>
<tr>
<td>18</td>
<td>Wilshire Bank</td>
<td>246</td>
<td>$98,264,550</td>
</tr>
<tr>
<td>19</td>
<td>Compass Bank</td>
<td>1,100</td>
<td>$94,761,580</td>
</tr>
<tr>
<td>20</td>
<td>CertusBank, National Association</td>
<td>81</td>
<td>$90,893,685</td>
</tr>
<tr>
<td>21</td>
<td>NewBank</td>
<td>118</td>
<td>$86,532,500</td>
</tr>
<tr>
<td>22</td>
<td>Mountain West Small Business Finance</td>
<td>114</td>
<td>$84,425,700</td>
</tr>
<tr>
<td>23</td>
<td>Commonwealth Business Bank</td>
<td>116</td>
<td>$82,848,916</td>
</tr>
<tr>
<td>24</td>
<td>TD Bank, National Association</td>
<td>528</td>
<td>$81,480,900</td>
</tr>
<tr>
<td>25</td>
<td>Manufacturers and Traders Trust</td>
<td>889</td>
<td>$80,047,345</td>
</tr>
</tbody>
</table>

## Key Takeaways

- Bank and credit union loans are ideal for established businesses with solid cash flow and good credit.
- They typically offer the lowest rates but if you need access to capital quickly, you may want to look at other options.
CHAPTER 3

SHORT-TERM SMB LENDING

QUICK, BUT COSTLY SOLUTIONS
FACTORING

- Simply put, **factoring** is when a **factoring company** buys one (or more) of your invoices, advances you a certain amount of the invoice, and then collects the invoice for you and keeps a certain cut.

- Businesses that use invoices to track payments from customers (usually B2B businesses) oftentimes find themselves in a crunch when they are waiting for their receivables to be paid. Factoring is a common lending structure in this situation.

- There are three components of a factoring deal:
  - What you get **advanced**
  - The ‘rebate’ you’re given at the end of the deal
  - What the factoring company keeps

---

**Total Invoice Amount: $10,000**

**Advanced amount (usually 70-85% of invoice)**

- $8,500

**Factoring deals are stated in one of two ways:**
  - Percentage kept by the factoring company at the end of the deal
  - The “rebate” amount (with the factoring company’s take already deducted)

**Important:** when a factoring company quotes their price as a percentage, it is a percentage of the **invoice’s value**, *not* APR!
KEY TAKEAWAYS

- Factoring is beneficial for businesses that rely on accounts receivable.
- Factoring is best for short-term immediate needs, but not revolving needs (due to high cost).
- One common complaint from business owners is that factoring companies routinely contact their invoiced customers – both to confirm the invoiced amount and to collect.

MERCHANT CASH ADVANCE & DAILY DEBIT

- A Merchant Cash Advance (MCA) is a short term loan that is often offered to young businesses who do not have other funding options.
- For repayment, MCA lenders use one of two payment structures (that, in the end, are very similar): Daily Debit or Merchant Cash.
- MCAs almost always quote their loans in terms of “buy rate” (or “payment multiplier”).
- For example: an MCA lender offers you $100,000 at a 1.3 Buy Rate, to be paid off over 6 months.

1.3 is an average Buy Rate, although it isn’t uncommon to see buy rates of 1.4 or even 1.5.

Let’s look at the cost on this loan:

$100,000 x 1.3 = $130,000

$100,000 Advanced to business
$30,000

$130,000 Total Amount Owed
Our $100,000, 20% APR, 1 year term loan from earlier has a cost of $11,161 (or, $.11 per dollar borrowed). Compare that to this $100,000 MCA that has a cost of $30,000 ($.30 per dollar borrowed) - this MCA loan is nearly three times more expensive.

In fact, if you reverse-engineer the math, paying $30,000 of interest on a $100,000 loan over 6 months would have an APR of 96%!

MERCHANT CASH ADVANCE PAYMENT STRUCTURE

- A “merchant cash” lender processes credit card payments for the small business borrower and retains a portion of all credit card sales as a means of repayment.

- 10-20% of daily credit card sales is a typical repayment percentage. This is also called a “hold-back” or “redirection”.

- Because the repayment is determined by the business's daily sales, MCA lenders often cap their loans at 2x-3x of the average monthly credit card sales.

**Example:** Let’s use our $100,000, 1.3 Buy Rate loan with a Merchant Cash Lender who has a 20% holdback on credit card sales. Let’s say that the small business does around $2,200 worth of credit card sales each day. (Chart found on page 18).
Here is how a typical day in Month 1 would be processed in this loan:

- **$2,200** Average Daily Credit Card Sales
- **20% Holdback**
- **$440 Holdback**
- **$1,760 Revenue Sent to Small Business**
- **22 Business Days per Month**
- **$9,680 Monthly Holdback**
- **$38,720 Monthly Revenue**

This example shows one of the key, hidden downsides to an MCA loan: the significant impact on your monthly cashflow. This borrower might not realize how severe the impact of retaining only 80% of their monthly cashflow could be.

As the amount sold via credit card changes each day, so does the payment amount.
“DAILY DEBIT” PAYMENT STRUCTURE

- Daily Debit is the other repayment method MCA lenders use. In Daily Debit a pre-determined amount is withdrawn from your business’s checking account at the end of each business day.

- **Example:** let’s use the same $100,000, 1.3 buy rate, 6 month deal.

  Using 22 business days per month, the MCA lender will determine what your daily debit amount will be:

  \[
  \frac{130,000}{(6 \text{ months} \times 22 \text{ business days per month})} = \$984.85 \text{ deducted each day}
  \]

  \[
  \$984.85 \times 22 = \$21,667
  \]

  One tricky thing MCA lenders do to hide the cost of their loans is to state their payments in terms of business days (22 per month), instead of amount per month. We all know that $21,667 is a significant sum of money, but “$984.85 per business day” doesn’t sound nearly as expensive.

- Daily debit can be tough on businesses that have sporadic cashflows during the month (maybe you’re a restaurant and make the majority of your revenue on the weekend). On good days you’ll make more than the $984.85, but on slower business days you might be below that $984, meaning you’ll be operating at a loss.
KEY TAKEAWAYS

▶ MCAs can fund within a day or two with minimal paperwork. If your business needs quick access to funds, this may be one of your only options - albeit an expensive one.

▶ Depending on buy rate, it isn't uncommon to see effective APRs of 40-120% APR on MCA loans.
CHAPTER 4
INVESTMENT SMB LENDING
LENDERS THAT INVEST IN YOUR GROWTH
INVESTMENT LENDERS

- Investment lenders are a new type of lender that have appeared in the last few years.
- What sets investment lenders apart is that their financial products are focused on creating new revenue and growth for small businesses.
- For investment lenders, risk is often mitigated by investing in small businesses with high potential for growth.

INVESTMENT LENDING TERM LOAN

- A term loan from an investment lender is identical in structure to a traditional term loan in that it's fully amortizing and has fixed monthly payments.
- Loans from investment lenders are usually under $500k, less than 5 years in length, and have rates that typically range from 9% to 27%.
- There is a great example of a term loan from an investment lender found on the next page.
# Term Loan from an Investment Lender

<table>
<thead>
<tr>
<th>Term (months)</th>
<th>Loan Amount</th>
<th>APR</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>$100,000</td>
<td>18%</td>
<td>$4,992</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Balance at Beginning of Period</th>
<th>Principal</th>
<th>Interest Accrued During Period</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>$3,492</td>
<td>$1,500</td>
<td>$4,992</td>
</tr>
<tr>
<td>2</td>
<td>$96,508</td>
<td>$3,544</td>
<td>$1,448</td>
<td>$4,992</td>
</tr>
<tr>
<td>3</td>
<td>$92,964</td>
<td>$3,598</td>
<td>$1,394</td>
<td>$4,992</td>
</tr>
<tr>
<td>4</td>
<td>$89,366</td>
<td>$3,652</td>
<td>$1,340</td>
<td>$4,992</td>
</tr>
<tr>
<td>5</td>
<td>$85,715</td>
<td>$3,706</td>
<td>$1,286</td>
<td>$4,992</td>
</tr>
<tr>
<td>6</td>
<td>$82,006</td>
<td>$3,762</td>
<td>$1,230</td>
<td>$4,992</td>
</tr>
<tr>
<td>18</td>
<td>$32,941</td>
<td>$4,498</td>
<td>$494</td>
<td>$4,992</td>
</tr>
<tr>
<td>19</td>
<td>$28,443</td>
<td>$4,565</td>
<td>$427</td>
<td>$4,992</td>
</tr>
<tr>
<td>20</td>
<td>$23,877</td>
<td>$4,634</td>
<td>$358</td>
<td>$4,992</td>
</tr>
<tr>
<td>21</td>
<td>$19,243</td>
<td>$4,704</td>
<td>$289</td>
<td>$4,992</td>
</tr>
<tr>
<td>22</td>
<td>$14,539</td>
<td>$4,774</td>
<td>$218</td>
<td>$4,992</td>
</tr>
<tr>
<td>23</td>
<td>$9,765</td>
<td>$4,486</td>
<td>$146</td>
<td>$4,992</td>
</tr>
<tr>
<td>24</td>
<td>$4,919</td>
<td>$4,918</td>
<td>$74</td>
<td>$4,992</td>
</tr>
</tbody>
</table>
ASSET Based LINES OF CREDIT

- One product type is an Asset Based Line of Credit (ABL). Instead of capital, an ABL is secured by an asset such as the borrower’s Accounts Receivable balance.

- **Example:** Tim needs financing to meet payroll, he has $100,000 in Accounts Receivable.

  *An investment lender offers Tim an ABL equal to 85% of his “eligible A/R” (anything less than 90 days old).*

```
Total Accounts Receivable (A/R) $100,000  \rightarrow  A/R \times 85\%  \rightarrow  Available Credit Line $85,000
```

*Dealstruck*
ASSET BASED LINES OF CREDIT

To understand how the charges and payment of an ABL work, let’s keep using Tim as our example:

- The rate for Tim’s credit line is 18% APR
- There is a 1% servicing fee on the amount drawn
- Tim draws $20,000

**Date of Funding**

- Accounts Receivable $100,000
- 85% Available Credit Line ($85,000)
- Draw $20,000 (+1% servicing fee at draw, $200)

**30 Days Later**

- 30 days $20,200 x (18% / 12) = $303 interest
- Draw $20,000 Servicing Fee $200 Total $20,200
- Balance $20,503

Days 1 - 30
PASS-THROUGH ACCOUNTS

- A pass-through account is one way a lender can collect outstanding balances. It is another way investment lenders are able to mitigate losses and delays in payment.

- Pass-through accounts are commonly maintained by the investment lender but remain in the borrower’s name.
  - *This way the borrower’s customers don’t have to be bothered by a third party (like what happens in factoring deals).*

- Here’s what Tim’s $85,000 credit line (with $20,503 outstanding) would look like when a customer pays off an invoice to the pass-through account.

```
Customer payment of $50,000

Payment $50,000

Remaining $29,497

Balance $20,503

Tim’s Checking Account +$29,497
```

**Outstanding Balance:** -$20,503  
**Paid:** +$20,503  
**Ending Balance:** $0.00
KEY TAKEAWAYS

- Businesses that are not able to get SBA financing should look at investment lenders as the next best option.

- Because investment lenders look at the overall health and growth potential of the business, they are usually more willing to approve loans that banks turn away.

- Although interest rates offered by investment lenders are not as low as bank rates, they offer competitive pricing and will work with businesses to structure a loan that fits the needs of the business.

> “[Investment lenders] give businesses enough time to take a loan to make an investment in their company, let the loan improve their business, and pay it back over a reasonable time period. This is a sharp contrast to the cash advance lenders whose short-term loans often force the borrowers into multiple renewals and increased rates.”

> “A New Group of Alternative Lenders: Investment Lenders”

Inc.com, Ami Kassar July 2014
CLOSING

CLOSING THOUGHTS
WHAT'S RIGHT FOR YOU?
KNOW WHAT YOU’RE GETTING

- No matter what the product or price you choose, do your due diligence to ensure that you know exactly what you’re getting – it’s your money and you deserve to know.

WHAT’S RIGHT FOR YOU?

- There are many factors at play in choosing the right financial product for your business.

- Based on what you’ve just learned, here is a way to think about what lenders are appropriate for you, as determined by the unique needs of your business.

*The prime rate is the interest rate that banks charge their most credit-worthy customers. It is largely determined by the federal funds rate, which is the overnight rate which banks lend to one another.*
You have options!

Here's a convenient chart that shows your loan options at a glance:

### Loan Options for Small Business Owners

<table>
<thead>
<tr>
<th></th>
<th>Traditional &amp; SBA</th>
<th>Investment Lenders</th>
<th>Short-Term Lenders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SBA Financing</strong></td>
<td>$5 million max</td>
<td>Up to $500k</td>
<td>70-90% of invoices</td>
</tr>
<tr>
<td><strong>Loan Amount</strong></td>
<td>$330k avg</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Timing, Application to Funding</strong></td>
<td>3-6 months</td>
<td>2-4 months</td>
<td>1-2 weeks</td>
</tr>
<tr>
<td><strong>Use</strong></td>
<td>Any business use</td>
<td>Stabilize irregular cash flows</td>
<td>Cover operating expenses until invoices are paid</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>3-10 years, usu. real estate</td>
<td>1 year renewable contracts</td>
<td>Usually 30 days</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>Monthly Payments</td>
<td>Weekly, Bi-Weekly, or Monthly Payments</td>
<td>No Payments (Cost is 2.3% of invoices)</td>
</tr>
<tr>
<td><strong>APR Range</strong></td>
<td>5.5%-6%, Line of Credit: 9%-12%</td>
<td>9%-23%</td>
<td>Equivalent APRs are 30%-50%</td>
</tr>
</tbody>
</table>

*Term: Generally 5 yrs for real estate

Download the full version of our Loan Option infographic.
ANY QUESTIONS?

The financing experts at Dealstruck can point you in the right direction.

Contact us at 855-610-5626, info@dealstruck.com, or visit us at www.dealstruck.com!