B2L Funding Discussion

What Are the Types of Business Loans?

Secured loans

Companies with property to put up as collateral 6% Starting APR

Unsecured Loans

Good credit scores 4% Starting APR

Line of credit

Ongoing working capital expenses 9% Starting APR

Merchant Cash Advance

Good credit, low risk 2% Starting APR

Accounts receivable

Outstanding invoices, short term debts 3% Starting APR

Equipment loans

Necessary equipment to grow business 6% Starting APR

Construction loans

Expansion or new facility 2% Starting APR

Invoice factoring

Filing cash flow gap 11% Starting APR

Lenders offer a variety of loans for businesses depending on what the money is going to be used for and how companies are able to guarantee payment.

1 **Secured loans** require collateral to back up the amount of the loan, meaning you could lose what you put up if you fail to pay in full.

2 **Unsecured loans** are granted to companies with solid credit ratings and may offer lower interest rates than secured loans.

3. **Lines of credit** work like a credit card, allowing you to borrow against a set amount as needed and only requiring interest payments on the money you use.

4. **Merchant cash advances** are based on your volume of monthly credit card sales and are paid back using a percentage of each future sale.

5. **Accounts receivable** loans use outstanding invoices as collateral to help pay off short-term debts.

6. **Equipment loans** are granted specifically for the purchase of new equipment, using what you purchase as collateral.

7. **Construction loans** provide funding to expand your existing location or build a new facility, and the building is considered collateral.

8. **Invoice factoring** lets businesses with rigid cashflow constraints operate more flexibly by providing them with access to the funds they require until invoices are paid in full.

Each loan type has a specific payment structure, term length, and interest rate. Some are more difficult to qualify for than others, and most require you to present detailed paperwork when applying.

Generally, lenders are looking for small businesses that meet the following requirements:

1. Companies whose owners have good to excellent credit
2. A proven flow of income that can be used to repay the loan, or financing extended
3. More than one year in operation, although this may vary from lender to lender
4. In some cases, proof of collateral that can be used to secure the loan
5. A plan for investing the capital being extended

Requirements will vary between the different alternative offline and online lenders, but small business loans are a great way for expanding companies to find the funds they need to sustain growth and help them reach performance targets.