

ALTERNATIVE FINANCING



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TERM LOANS VS LINES OF CREDIT

Figuring out how to finance your business is just one of the many challenges facing business owners. For example, is a term loan or a line of credit the best fit for your business? These are the two most common forms of business financing so let's take a look.

TERM LOANS

With a term loan, you borrow a set amount of money and pay it back over a pre-set period of time. Once your business is approved for the loan, you'll receive the entire lump sum at once and start making payments on a predictive schedule.

Term loans either have a fixed interest rate, where your rate remains the same over the course of the term, or a variable one, where your rate may change depending on the markets.

A term loan works great for:

- Larger investments that have a clear return on investment
- Specific business expenses
- Purchasing inventory in bulk
- Buying equipment
- Purchasing commercial real estate
- Refinancing existing debt

The best part of a term loan is that it can give you the freedom and financial security to move forward with big purchases that you need to take your business to the next level. They are also structured so you can stay on track with your payments.

We've talked about some of the term loan options available through our network. There are SBA loans on the lower risk, lower cost side and short-term cash advances on the higher risk, higher cost side. As always, it comes down to what you can qualify for and how soon you need the funds. We can help you navigate this process.

LINES OF CREDIT

A line of credit gives you access to a specific amount of money that you can use as needed on an ongoing basis.

Similar to a credit card, you don't make payments or accumulate any interest until you actually use the funds. And unlike a term loan, you can use your funds repeatedly as long as you pay them off.

A line of credit works best for:

- Short-term financial needs
- Ongoing operating expenses
- To help even out cash flow
- Payroll
- Seasonal expenses
- Unexpected costs

The money from a line of credit is designed to give you increased financial flexibility, which is why it's important not to use the funds to pay off long term investments.

FLEXIBLE LINE OF CREDIT AVAILABLE NOW

We work with a lender that offers a true revolving line of credit product up to \$250,000.

- Easy application process with decisions in less than 24 hours
- Next day funding
- No origination fee or maintenance fee
- Simple interest beginning below 1% per month
- 2+ yrs. In business, FICO 650+, 250k/yr. in sales or more

DECISIONS

Before you decide which direction to go for funding, it's important to consider your business needs. What are you going to use the funds for? While these are two very different financing solutions, both term loans and lines of credit offer flexible solutions for your business.