

# **11 Ways to Acquire Business Funding Without a Traditional Bank Loan**

*(Regardless of Bad Credit, No Collateral, No Time in Business, and more).*

**\*\* Compiled and Arranged by David Dixon, InterImagineNY, 2011\*\***

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# Thank You

Thanks for choosing to acquire this guide. I hope it leads to the beginning of dynamic new changes in your business, and in your thinking. I say beginning, because getting the money you need for your business is merely the 'start' of your adventure toward financial freedom (if there is such a place). The barriers that used to exist for small to medium size businesses have been completely obliterated by the explosion of knowledge and information in the past 10 years. The faster you can break out of the old ways of doing business, which are only relevant to dinosaurs today, and accept the new technology that exists that gives you the same abilities of a fortune 500 company, for less than half of 1% of their cost, the quicker you will see your new investment money bear fruit and your profit margins explode.

This guide is meant to be an introduction, to give you a taste of what is currently out there, and to get your mind to a point where there are more options available to your business than you ever dreamed possible, but you have to get out there and take them. Seek them out, find them. Everything you need to make your business grow, from production, planning, promotion, placement is less than 15 minutes away. Get out of your shell, let go of the old, tired ways of doing things, learn how technology can increase your efficiency and effectiveness and your knowledge hundreds of times faster and cheaper than you ever thought possible. Stop waiting and do it now. Don't talk, don't argue, don't think, just get out there and learn, and grow. When that steamroller of change comes burning down your street (and it's already here) be the one driving, not the one being paved along the street.

David

## **\*\*Equipment Financing - x10**

### **Overview**

**Summary:** Instead of taking a loan to purchase the equipment you need, a new business owner may choose to apply for a “lease” to avoid the unnecessary delay with the business operations. Rather than wait for months to get their business loan approved, a business owner can get a lease at a much sooner time and proceed with the operations.

Furthermore, equipment lease financing is more cost-effective since no down payment is required and payments are made in installments. Many lessors offer flexible repayment terms (monthly, quarterly, bi-annual, annually) to match the business’s financial capability.

### **General Requirements to Qualify**

<b><u>Time in Business</u></b>	<b>0 - 24 Months+</b>
<b><u>Credit Score</u></b>	<b>500+</b>
<b><u>Bankruptcy/Judgments</u></b>	<b>Okay</b>
<b><u>Monthly Sales Volume</u></b>	<b>\$0 - \$20,000+</b>
<b><u>Minimum Loan</u></b>	<b>\$20,000+</b>

### **Make Sure:**

- Terms of lease are spelled out clearly and specifically.
- Lease term length matches what you need.
- Required software is also leased, present, and compatible.
- Use a lawyer if necessary to make sure you understand difficult terms.
- Make sure company is easily reachable, and willing to answer questions.

### **Warning!!**

Do not submit multiple lease or loan applications to various companies. When companies see this, it makes them wonder why you were rejected by so many companies, it raises doubts, and this is a red flag to them that you are high risk.

## **\*\* Invoice Factoring - x11**

### **Overview**

#### **Summary:**

Invoice factoring, (the sale of accounts receivables), provides you an advance on your slow paying invoices so you can pay employees and take discounts from your suppliers.

The process of factoring is quite simple; first, the factoring company purchases an invoice from your business at a discount. Next, the factoring company will work to collect the invoice payment. Once they have collected the business payment, they will pay your business the rest of the amount owed. The fee the invoice factoring company charges will vary based on the volume of business you do with them, the length of time that the invoice takes to be paid and in some cases, the credit of the company that owes your business money.

One of the most attractive features of factoring is that it is actually not a business loan; it is an advance payment based upon invoices or accounts receivable owed to the business.

### **General Requirements to Qualify**

<b><u>Time in Business</u></b>	<b>0 - 24 Months+</b>
<b><u>Monthly Sales Volume</u></b>	<b>\$15,000 - \$20,000+</b>
<b><u>Commercial Transactions per Month</u></b>	<b>5 – 20+</b>
<b><u>Customers' Credit Score (Not Yours)</u></b>	<b>650+</b>

### **Make Sure:**

- Factoring company can approve and pay quickly.
- Best suited for companies that need money to maintain growth.
- Customer credit score has biggest impact on approval .

## **\*\*Business/Merchant Cash Advance - x12**

### **Overview**

**Summary:** A merchant cash advance, also known as credit and receivables funding, is the purchase of your future credit card receivables, at a discounted rate. The amount of funding that you can get depends on your monthly credit card sales.

This is not a loan, so there is no fixed monthly payment or the application hassle commonly associated with traditional bank lending. Because they are purchasing a specified portion of your future credit card receivables at a discount, your cash advance obligation is fulfilled through your daily credit card sales. If sales are high, you pay back the advance faster. If sales are slow, you pay back less each day. There are a few companies that will advance you now even without credit card processing, if your sales volume is high enough).

[http://www.businessloanoption.com/merchant\\_cash\\_advance\\_faq.php#q1](http://www.businessloanoption.com/merchant_cash_advance_faq.php#q1)

### **General Requirements to Qualify**

**Time in Business**                      **3 Months+**

**Monthly CC Processing**  
**Volume**                                      **\$7000**

### **Make Sure:**

- Companies don't charge any fees upfront.
- Company can approve and fund you quickly.
- You're comfortable with the rates (which are higher than traditional loans).

## **\*\*Credit Union Loan - x13**

### **Overview**

**Summary:** Credit Unions are financial institutions where you as an owner of an account own a part of that union. Loans are offered at lower interest rates and many unions exist to further community development or sustainable international development on a local level. Unions are also similar to banks in the sense that they offer the same services. Interest rates on loans are lower and qualifications are less strict, but loan amounts are smaller than traditional banks.

[http://EzineArticles.com/?expert=Danny\\_Aaron](http://EzineArticles.com/?expert=Danny_Aaron)

### **General Requirements to Qualify**

<b><u>Time in Business</u></b>	<b>0 - 1 Year+</b>
<b><u>Credit Score</u></b>	<b>600+</b>
<b><u>Bankruptcy/Judgments</u></b>	<b>Depends on Reason</b>
<b><u>Monthly Sales Volume</u></b>	<b>At least 2X-4X Loan amount</b>
<b><u>Business Plan</u></b>	<b>Yes</b>
<b><u>Collateral</u></b>	<b>Cash: 15 – 20% of loan</b>

### **Make Sure:**

- That you are a member of the Credit Union you are seeking a loan from.
- You have about 20% of the loan amount that can be frozen.
- A co-signer is sometimes necessary if your credit is too low.
- You have up-to-date financial records of your business.
- While some qualifications can be low, all of them cannot be.

## **\*\* Peer to Peer Lending - x14**

### **Overview**

**Summary:** Person-to-person lending (also known as peer-to-peer lending,) is a way to lend and borrow money online with others. These financial transactions (primarily lending and borrowing) occur directly between individuals or "peers" without the intermediation of a traditional financial institution. You create a profile at one of these online locations that will contain the description of your business venture, your credit history, what the loan will be used for and how the funds will be paid back.

You post your proposal and investors will come and bid on your venture.

### **General Requirements to Qualify**

<b><u>Credit Score</u></b>	<b>Low Scores Okay with good reason.</b>
<b><u>Compelling Business Proposal</u></b>	<b>Yes</b>
<b><u>Business Plan</u></b>	<b>Yes</b>
<b><u>Strong Return On Investment</u></b>	<b>Yes</b>

### **Make Sure:**

- You can show a great return on investment.
- You have a compelling proposal; this is one of the primary reasons investors will fund you.
- Agree to terms that you can live with.
- Investors still care about your financial history, it's just that the nature of the deal holds more weight.



## **\*\*SBA Guaranteed Loan - x15**

### **Overview**

**Summary:** The government realized that the key to a strong economy and a strong nation was to nurture small businesses with affordable capital options that will help them grow bigger and support more jobs and a larger tax base. Thus the Small Business Administration was tasked with providing this capital.

The SBA does not actually provide the funds. The funds are actually provided by participating commercial banks and the loans are guaranteed by the SBA against loss. In order to have this government guarantee, the bank lending the money must conform to SBA mandated guidelines that determine which applicants receive the loan and which do not.

SBA Loan programs are very flexible and offer favorable interest rates, but they require a large amount of documentation and the time frame needed to close them is longer, sometimes stretching as long as 120 days or more.

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## General Requirements to Qualify

<u>Credit Score</u>	625+
<u>Bankruptcy/Judgments</u>	Not Allowed
<u>Business Plan</u>	Yes
<u>Marketing Plan</u>	Yes
<u>Healthy 3 – 5 Year Financial Projections</u>	Yes
<u>Strong Prior Knowledge/Experience with Industry</u>	Yes
<u>Collateral</u>	Some form/combination of Cash/Assets

## Make Sure:

- This loan option requires the most amount of documentation and financial records.
- Qualifications are stricter, due to working with a bank.

## **\*\* Micro Loans – x16**

**Summary:** Microfinance is a general term to describe the supply of loans, savings, and other basic financial services to those who do not have access to typical banking services. As these financial services usually involve small amounts of money - small loans, small savings, etc. - the term "microfinance" helps to differentiate these services from those which formal banks provide. A microfinance institution (MFI), ranges from small non-profit organizations to large commercial banks. Loans usually max out at \$25,000.

Unlike formal financial institutions, an MFI is designed to help those who don't already have financial assets. Usually, interest rates are high, to cover the cost and risk associated with many small loans.

### **General Requirements to Qualify**

<b><u>Bankruptcy/Judgments</u></b>	<b>Negotiable</b>
<b><u>Monthly Sales Volume</u></b>	<b>Ability to show Strong potential cash flow</b>
<b><u>Compelling Business Proposal</u></b>	<b>Yes</b>
<b><u>Business Plan</u></b>	<b>Yes</b>

## **\*\* Business Line of Credit - x17**

### **Overview**

**Summary:** A business line of credit works pretty much the same way as a revolving credit card payment mechanism that has absolutely no predetermined payment terms and schedule. Repayment is determined by the current market interest rate. A business line of credit is a genuine asset that enables the small business to fulfill all short term needs related to working capital, like meeting cash flow shortfalls, or buying seasonal inventory in higher amounts, or situations that enables the small business enterprises to meet operating expenses that are unforeseen.

The amount a small business enterprise can receive from an institutional lender as business credit is totally dependent on what their past revenues were and their planned cash flow annually.

### **General Requirements to Qualify**

<b><u>Time in Business</u></b>	<b>0 – 1 Year+</b>
<b><u>Credit Score</u></b>	<b>500+</b>
<b><u>Bankruptcy/Judgments</u></b>	<b>Negotiable</b>
<b><u>Monthly Sales Volume</u></b>	<b>Steady history of positive cash flow</b>
<b><u>Collateral</u></b>	<b>Required if Credit Score is very low</b>

### **Make Sure:**

- That you understand that the amount of business credit you seek is impacted by your business' current cash flow.

# **\*\*Home Equity Line of Credit - x18**

## **Overview**

**Summary:** A home equity line of credit is a form of revolving credit in which your home serves as collateral. With a home equity line, you will be approved for a specific amount of credit. Many lenders set the credit limit on a home equity line by taking a percentage (say, 70%) of the home's appraised value and subtracting from that the balance owed on the existing mortgage.

Once approved for a home equity line of credit, you will most likely be able to borrow up to your credit limit whenever you want. Typically, you will use special checks to draw on your line. Under some plans, borrowers can use a credit card or other means to draw on the line.

There may be other limitations on how you use the line. Some plans may require you to borrow a minimum amount each time you draw on the line (for example, \$300) or keep a minimum amount outstanding. Some plans may also require that you take an initial advance when the line is set up.

## **General Requirements to Qualify**

**Home/Building Ownership**      **Yes**

**Equity in Your Home**                      **Should be 30% more  
than the funds you  
are looking for.**

**Monthly Sales Volume**                      **Proof of positive cash  
flow or Income (if  
start up)**

## **Make Sure:**

- You know that taking out a home equity line of credit that's over 70% of your equity in the house involves much of the same work as the first mortgage you received did.
- Your credit score will affect your rates and will affect the type of companies that work with you.
- There are sometimes fees involved with obtaining a home equity line of credit (but not all companies charge them so shop around).
- The terms of the line of credit vary based on your financial situation.

# **\*\* Tax and Penalty Free Rollover of IRA or 401k Funds (ROBS) - x19**

## **Overview**

**Summary:** ROBS is an arrangement in which prospective business owners use funds from their 401K, IRA, profit-sharing, or annuity plans to open a new business and pay for start-up costs, *without paying taxes on the distribution.*

ROBS is an acronym from the United States Internal Revenue Service for the IRS ROBS 'Rollovers as Business Start-Ups' Compliance Project. An individual establishes a shell corporation sponsoring an associated and purportedly qualified retirement plan. At this point, the corporation has no employees, assets or business operations.

The plan document provides that all participants may invest the entirety of their account balances in employer stock. The individual becomes the only employee of the shell corporation and the only participant in the plan. Note that at this point there is still no ownership or shareholder equity interest.

The individual then executes a rollover or direct trustee-to-trustee transfer of available funds from a prior qualified plan or personal IRA into the newly created qualified plan. These available funds might be any assets previously accumulated under the individual's prior employer's qualified plan, or under a conduit IRA which itself was created from these amounts. Note that at this point, because assets have been moved from one tax-exempt accumulation vehicle to another, all assessable income or excise taxes otherwise applicable to the distribution have been avoided.

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## **General Requirements to Qualify**

**Ownership of Retirement  
Account, with funds**      Yes

**Ownership of C  
Corporation**      Yes

**Qualified Retirement Plan  
Offered with C Corporation**      Yes

## **Make Sure:**

- Funds taken out are used for business expenses, not personal uses.
- Any employees in your corporation must be offered retirement plan you created.
- You understand the IRS' (common sense) guidelines so you don't run into problems later on.

## **\*\* Business Debt Restructuring (not the same as debt settlement) - x20**

### Overview

**Summary:** Business debt restructuring consists of modifying debt terms, making payment arrangements with lenders, vendors or supply companies. The purpose is to avoid bankruptcy, improve cash flow and keep the company in business.

Some business owners may want to contact each creditor directly for a resolution, while others prefer to use a professional business settlement firm to handle the negotiation process. Reputable firms have proper legal forms, experience and the know how to complete a successful business debt settlement. Some firms may have large amounts of negotiated debt they submit to creditors and can pass on the high volume discounts to clients.

Business debt restructuring offers the same advantages of Chapter 11 commercial debt protection, without the added headache of attorney fees (can total \$50,000 to \$100,000), court filing fees, and the emotional stress of dealing with bankruptcy proceedings.

### General Requirements to Qualify

Creditors at least 90 days

Past Due

Yes

### Make Sure:

- You check the business debt restructuring company you are considering with the Better Business Bureau to see if they have a high number of complaints reported.
- You consider the fact that, as your debt is reduced and you owe less, your taxable income may increase.
- (The American Recovery and Reinvestment Act of 2009 may be helpful).



# Paperwork Required for the Various Financial Options.

## Credit Union

- Loan application form
- Personal financial statement
- Business plan (including all necessary financial statements)
- For existing businesses, three years of financial statements and tax returns

## SBA Loan Paperwork

### # 1. SBA Loan Application

\* Application for Business Loan - SBA Form 4

This form should be completed by you, the business owner.

\* Lenders Application for Guaranty or Participation - SBA Form 4i

This form should be completed by your lending institution.

### # 2. Personal Background

Statement of Personal History - SBA Form 912

### # 3. Personal Financial Statement

Personal Financial Statement - SBA form 413

### # 4. Business Financial Statements

Detailed, signed Balance Sheet and Profit & Loss. Statements current (within 90 days of application) and last three (3) fiscal years Supplementary Schedules required on Current Financial Statements.

### # 5. Projected Financial Statements

Detailed one (1) year projection of Income & Finances (please attach written explanation as to how you expect to achieve same).

### # 6. Ownership and Affiliations

A list of names and addresses of any subsidiaries and affiliates, including concerns in which the applicant holds a controlling (but not necessarily a majority) interest and other concerns that may be affiliated by stock ownership, franchise, proposed merger or otherwise with the applicant.

### # 7. Business Certificate / License

Certificate of Doing Business (If a corporation, stamp corporate seal on SBA Form 4 section 12).

### # 8. Loan Application History

By Law, the SBA may not guarantee a loan if a business can obtain funds on reasonable terms from a bank or other private source. A borrower therefore must first seek private financing.

A company must be independently owned and operated, not dominant in its field and must meet certain standards of size in terms of employees or annual receipts. Loans cannot be made to speculative businesses, newspapers, or businesses engaged in gambling.

Applicants for loans must also agree to comply with SBA regulation that there will be no discrimination in employment or services to the public, based on race, color, religion, national origin, sex or marital status.

# 9. Business Income Tax Returns

Signed Business Federal Income Tax Returns for previous three (3) year.

# 10. Personal Tax Returns

Signed Personal Federal Income Tax Returns of principals for previous three (3) years.

# 11. Resumes

Personal Resume including business experience of each principal.

# 12. Business Overview and History

Brief history of the business and its problems. Include an explanation of why the SBA loan is needed and how it will help the business.

# 13. Business Lease

Copy of Business Lease (or note from landlord) giving terms of proposed lease.

# 14. For purchasing an existing business:

- a. Current Balance Sheet and Profit & Loss Statement of business to be purchased.
- b. Previous two (2) years Federal Income Tax Returns of the business.
- c. Propose Bill of Sale Including: Terms of Sale.
- d. Asking Price with schedule of:

1. Inventory
2. Machinery & Equipment
3. Furniture & Fixtures

#15. Merchant Credit Card Processing Statements

## **Merchant Cash Advance paperwork**

- Six months of your merchant account statements,
- Copy of your business premises lease,
- Driver's license
- Voided check.

## Equipment Financing paperwork

- Have your social security number ready. This is one of the most important pieces of information your equipment lease manager will need before completing your equipment lease application.
- Prove your time in business. A business license or tax document will easily show how long your business has been operating.
- Provide business ownership details. This will insure that the correct person is signing the equipment lease agreement. All owners who have more than 10% ownership must be listed.
- You may need to provide a location lease and financing agreement or utility bill. Your lease manager will need to demonstrate location of business, equipment or jobsite. If you have recently moved, are opening up a new location or your business doesn't show up in public directories, you may need to provide documentation demonstrating the location of the business.
- Business Bank Account information. A business bank account is required to finalize the equipment lease and any fees or payments need to be made from the business bank account.
- Tax Liens or Judgments– If you have any past tax liens or judgments, you may be asked to provide proof that they have been released or satisfied. Sometimes the credit bureaus have not updated their information, so providing documentation will help keep the process from being delayed
- Show proof of comparable credit. In some cases with larger loan amounts you will simply need to show you have been able to pay off large loans before by providing a lease or loan reference.

## Invoice Factoring Paperwork

1. Comprehensive Factoring Application (We will connect you with the funder that's best for your business and transaction type after we talk.)
2. Corporate or personal tax returns (2 years)
3. Corporate or personal financial statements (2 years)
4. Articles of incorporation, (if corporation)
5. Partnership agreement, (if partnership)
6. Current aging of accounts receivables
7. Current aging of accounts payable
8. Copies of any UCC filings if you presently have assigned your accounts receivable to another secured party.
9. Due diligence fee in the amount of \$500, which will be payable to the funder. The \$500 is due after all the listed documents have been reviewed, and you have been given a quote for services, and you have accepted the quote. The \$500 then be used to:
  - Do UCC searches and filings at the local and state levels
  - Conduct credit checks
  - Process all documents

The funder will factor your receivables once the above searches and credit checks have been completed.

## Peer to Peer Lending Paperwork

- Brief narrative explaining their reasons for needing the loan, addressing your income and ability to pay back the loan.
- Circumstances surrounding any negative credit information which may be contained in your credit summary.

Names In Full:..... Country: ..... State:..... Income:..... Amount

Needed As Loan:..... Loan Duration:..... Phone number: .....

Sex:..... Services Rendered include; Refinance, Home Improvement, Investment Loan, Auto Loans, Debt Consolidation, Line of Credit, Second Mortgage, Business Loan, Personal Loan, Car Loan, Auto Loan, ETC.

Contact via E-mail address :

## Business Line of Credit

Necessary Documentation includes:

- Business name, address, phone number
- Tax identification number
- Annual gross revenues
- When the business was opened
- Type of business entity
- Bank account information

**Information about the business owner including:** name, home address, phone number, Social Security Number, date of birth, percent ownership, and personal asset and bank account information is also required.

## Contact Information and a Nice Bonus.

Obviously, once you receive information, the next step is to take action on what you've learned. One of the services we provide is to match up businesses with funding sources that best fit their current needs. You simply tell us about your financial needs and we'll go through our network and have a professional get back to you who can help you immediately. The only thing we ask is that you have all the relevant paper work for approval ready to go (to be faxed or emailed).

Tell us what you need financially right now so we can get you going. Go to this site right now. Don't wait, DO IT NOW....

Get in touch with me if you have any questions, concerns, comments or feedback.

David Dixon  
347-336-0479  
David.Dixon.cs@gmail.com  
<http://www.PowerBusinessLoans.com>  
InterimageNY