

SOURCES OF CAPITAL
Small Business Start-Ups

<i>Source of Capital</i>	<i>Loan Amount Preferences</i>	<i>Interest Rate (relative to Prime)</i>	<i>Requirements/Qualifications</i>	<i>Major Advantages</i>	<i>Major Disadvantages</i>
Bootstrapping					
Friends and Family	Probably less than \$25k	Negotiable	You should sign papers, like any other loan describing terms and conditions.	Based on your character, little or no collateral required.	Can be detrimental to personal relationships if you fail and cannot pay back the loan
Your Credit Card	Probably less than \$25k	From 0% to Prime +10	This is essentially a personal loan	Credit card companies sometimes make intro offers that allow you to transfer balances, interest free up to 6 months... whereupon you transfer balances to another credit card company with such an offer.	Very Risky. Be confident you can make payment each month. Penalties are dear. Interest alone can double the cost of any purchase if you only make minimum monthly payments.
Line of Credit	Probably less than \$25k	Prime +2	This is essentially a home equity or personal loan from the bank	Good way to manage short-term needs for cash. Simple to negotiate with your regular bank assuming you have decent credit rating	This is a personal loan. If you fail to pay off, your personal assets are at risk.
National Banks					
Bank of America, Wachovia, RBC Centura	Primarily \$1M++	Prime + 2	Bank will require a business plan, 25% collateral	Probably the lowest cost loan available, if you can qualify	Rarely fund a start-up with no track record. Will fund a company that has been in business a while that plans to grow.
Regional Banks					
SunTrust, Capital Bank, Fidelity, Community One	Primarily \$100k++	Prime +2	Bank will require a business plan, 25% collateral	Low cost loan. Will be a little more tolerant of your request than the Nat'l banks.	Only slightly interested in handling a small business loan.
Agencies					
(Your) County's Economic Development Corp.	Up to \$100k.	At Prime	Must live, work and hire persons who live in (Your) County.	Low cost loan	Administered by Self Help in Chatham Co. Must be declined by a bank before will be considered.
Small Business Administration	From \$1k to \$1M. Does not actually loan money, but does provide gov't backing to banks that will.	Prime + 4	You need a clean Credit Report. Requirements depend on size of loan. Usually require a TA to help startups manage their business.	When the banks won't talk to you, the SBA will.	The loan will cost a few points more than a conventional bank loan to cover the cost of gov't backing.
USDA-Rural Development Business & Industry	Guaranteed loans up to \$10mm.	Fixed or variable. Rate negotiated between lender and borrower Customary rates	Minimum of 10% equity for existing businesses. 20% equity for new businesses.	Program's primary purpose is to create employment and improve the economy. Will guarantee losses up to 80 percent of original loan amount. Inability to obtain other credit is not a requirement.	2 percent fee for guarantee is paid by lender and may be passed on to borrower. Subject to annual renewal fee on the guaranteed portion of the unpaid loan balance. Other typical lender costs may be incurred.
Self Help Credit Union	SBA 504 Program \$250,000 – 5,000,000	P+2 minimally. P+ 4 maximum for SBA.	Complete SH loan package. Will need biz plan, and 10-20% cash injection from borrower.	Flexibility around collateral and credit. Can do non-SBA loans on our own terms. We are willing to do loans banks won't do. SH offer solid technical assistance through partners for new and expanding businesses.	Loans are for fixed assets only, no working capital.
State Employee Credit Union			Does not make business loans, per se.	You may be able to get a personal loan, and then use the funds for your business that are released from other obligations.	
Intermediary Relending Program	Minimum \$10K & Maximum \$250 K	Interest rate for loans are generally 6.5-8%. Loan fee of 1.5% is required.	Need good credit and collateral. A business plan is needed for a start-up. Must be rural, population < 25,000.	Long term financing at reasonable interest rates. Terms can be as long as 20 years if collateral is real estate.	Strictly for rural areas, limited funds and client must have adequate collateral.

<i>Equity Investors</i>					
Angel Investors,	\$50k +	Negotiable, maybe none.	Only want companies that offer very fast growth, usually high tech	These earn a return based on appreciation of stock rather than interest on a loan.	Investment firms are very selective. Will want some part of owner equity in exchange for their investment
Venture Capital	\$1M++.	Negotiable, maybe none.	Only want companies that offer very fast growth, usually high tech	These earn a return based on appreciation of stock rather than interest on a loan. Will likely provide management oversight	Investment firms are very selective. Will want some part of owner equity in exchange for their investment

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