



Questions every business must ask before applying for a small business loan

As you get ready to apply for a small business loan, you should consider the following questions carefully to be sure you are not surprised by any unforeseen requests or adverse decisions from lenders.

Should you apply for a small business loan?

1

While a small business loan is a great way to reduce the pressure on cash flows, you could have viable alternatives for relieving cash flow crunch like selling debt owed to your business and renegotiating contracts to allow for longer payment terms. Also, make sure you have considered all alternate sources of financing including friends and family.

Is a small business loan good for your business?

2

Understand the effect of repayment of a small business loan on your cash flow. A loan does not change the fundamental working of the business. It strengthens a fundamentally sound business and quickly breaks a business that is fundamentally unsound.

Can you qualify for a business grant?

3

Unlike loans, you don't have to pay back grants. Before applying for a small business loan, [see if you qualify for a federal or private small business grant](#). However, grants can be highly competitive and may not fit your financial time horizon.

What types of small business loans are there?

4

There are over a dozen types of small business loans and alternative financing options for small business. The most popular options are government-backed SBA loans, revenue-based financing and factoring. [Download this eGuide](#) to learn more about different types of small business financing.

When should you apply for a small business loan?

5

Apply only once you have determined that a business loan will help strengthen your business, and you understand the different types of financing options like [Small Business Loans](#), [Revenue Based Financing](#), [Factoring](#), and [Equipment Financing](#). Each of these options have unique requirements so make sure you understand them well before speaking with a lender.

Should you work with a small business loan broker?

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Brokers are a great resource to get offers from multiple lenders. However, many online marketplaces like Kapitus, will get you offers from multiple lenders without the additional broker fee which is borne by the borrower.



A glossary of financial terms related to small business financing can be found [here](#).



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If you have questions about this process or want to speak with an expert as you contemplate financing for your business, contact one of our financing experts for free by either calling 1-800-780-7133 or by emailing us at info@kapitus.com.