

## Financing Options at a Glance

Financing Source	Amount Needed	Advantages	Disadvantages	When to Use
Bank Loan	\$500,000-several million	Large loan amounts	May require collateral or personal guarantee; long approval/funding process; hard to get	If they need a lot of capital and have a good credit score
SBA Loan	\$50,000-several million	Smaller amounts than a typical bank loan	May require collateral or personal guarantee; long approval/funding process; hard to get	If they need less than a traditional bank loan and have good credit
Nonprofit Lenders	\$2,500-\$50,000	Work with inexperienced entrepreneurs, may provide assistance, low-interest rates	Small loan amounts	If they fit the nonprofit's target borrower profile
Credit Cards	\$20,000 or less	Easy to get, may offer perks, revolving credit	Higher interest rates, risk of hurting credit rating	Borrowing small amounts
HEL/ HELOC	Up to 80% of your home equity	HELOC offers revolving credit; lower interest rates than unsecured loans	Can lose their home; the time-consuming approval process	As a last resort for small amounts
ROBS	\$50,000+	No approval process; no debt to pay back	Complex to set up and administer; can lose your nest egg	If they don't need your retirement savings soon
Personal Loan	\$20,000 or less	Often don't require collateral, fund quickly Mingling personal and business finances; higher interest rates than secured loans	As a last resort for small amounts	
Friends and Family	Varies	May include business advice; more lenient terms than bank loans Can hurt relationship; lender may lose their money	If they have a strong relationship with someone who can afford to lose money	
Equipment Financing	80-100% of the cost of equipment	Conserves cash; using equipment as collateral lowers interest rates	Money can only be used for equipment	If expensive equipment is essential to their business
Crowdfunding	\$25,000-\$300,000	Fast funding; idea validation	Crowded market; need to "sell" business idea; may not get all the money you seek; may have to give up equity	If they have a new product and a passionate market for it
Angel Investors	\$100,000-several million	They get advice along with financing	Have to give up equity in business; angel may want too much involvement	Their concept has been tested; They can promise a high ROI
Grants & Awards	\$50,000 or less	Free money	Difficult to find and qualify for; long application process; small amounts	If they meet the criteria of a specific grant or award