



## **City of Seattle Technical Assistance Services (TAS)**

Now That you Have the Business how do you Finance it for Growth

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# Resources for Businesses Impacted by COVID-19

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- Washington State's Corona virus Response Information for Businesses & Workers: [www.coronavirus.wa.gov](http://www.coronavirus.wa.gov)
  - Washington State Small Business Guidance: [www.business.wa.gov](http://www.business.wa.gov)
  - United States Small Business Administration: [www.sba.gov](http://www.sba.gov)
- \* PPP Loan Applications-Seattle Credit Union, KeyBank, Bank of America and US Bank currently lending

# “Topics of Discussion”

- Financing for small Businesses
- What Type of Financing is Right for me, weighing Pros & Cons
- Financing for Growth Panel Discussion



“Financing for Small Businesses.”

# Various Types of Financing

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Term loans	Common for business financing. Borrower receives a lump sum of cash repaid with interest over predetermined period.
SBA Loans	Small Business Association guaranteed loans offered by banks & lenders, repayment varies.
Business LOC	Line of credit allows access to funds up to credit limit, interest payed on funds used.
Equipment Loans	For equipment purchases, term typically matches equipment lifespan. Rate dependent on business strength and equipment.
Business CC	Business Credit Cards are a line of credit which can be withdrawn from and replayed as needed.

# Various Types of Financing

Invoice Factoring	Receivables sold at a discount for cash upfront. Factoring company responsible for collecting invoice.
Invoice Financing	receivables used as collateral to gain cash advance.
MCA	Merchant Cash Advance provides lump sum for business. Payments are either fixed bank withdrawals or a percentage of sales.
Personal Loans	Typically small loan with approval based on personal credit.
Micro Loans	Typically small loans from nonprofits and mission-based lenders process can be rigorous.



“What Type of Financing is Right for me”  
Weighing Pros & Cons

# Loans

Financing Type	Pros	Cons	Best Use
Term Loan	<ul style="list-style-type: none"> <li>• Cash up front</li> <li>• High borrowing amounts</li> <li>• Fast funding online</li> </ul>	<ul style="list-style-type: none"> <li>• Require personal guarantee</li> <li>• Costs vary, online vs traditional</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding business</li> <li>• Borrowers with good credit</li> </ul>
SBA Loans	<ul style="list-style-type: none"> <li>• Possibly lowest rates</li> <li>• High borrowing amount</li> <li>• Long repayment term</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to qualify</li> <li>• Tough application process</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding business</li> <li>• Borrowers that can wait for funds</li> </ul>
Micro Loans	<ul style="list-style-type: none"> <li>• Low cost</li> <li>• May include additional services; consulting and training</li> </ul>	<ul style="list-style-type: none"> <li>• Small loan amounts</li> <li>• Possible tough eligibility requirements</li> </ul>	<ul style="list-style-type: none"> <li>• New businesses in disadvantaged communities</li> <li>• Borrowers looking for small amount of financing</li> </ul>
Equipment Loan	<ul style="list-style-type: none"> <li>• Own equipment and build equity</li> <li>• Business finances and competitive rates</li> </ul>	<ul style="list-style-type: none"> <li>• May require a down payment</li> <li>• Loan may last longer than equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses that seek to own equipment</li> </ul>
Personal Loan	<ul style="list-style-type: none"> <li>• New businesses and startups can qualify</li> <li>• Fast funding</li> </ul>	<ul style="list-style-type: none"> <li>• High borrowing cost</li> <li>• Small borrowing amounts</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowers with strong personal credit</li> <li>• Borrowers that don't mind risking personal credit</li> </ul>
Merchant Cash Advance	<ul style="list-style-type: none"> <li>• Fast Cash</li> <li>• Unsecured</li> </ul>	<ul style="list-style-type: none"> <li>• Borrowing cost may be as high as 300%</li> <li>• Requires frequent payments</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses with frequent and high credit card sales</li> <li>• Business with difficulty getting financing</li> </ul>



# Lines of Credit

Financing Type	Pros	Cons	Best Use
Business Lines of Credit	<ul style="list-style-type: none"><li>• Flexible borrowing</li><li>• Usually unsecured</li></ul>	<ul style="list-style-type: none"><li>• Typical associated fees; maintenance fees and draw fees</li><li>• Strong credit and revenue</li></ul>	<ul style="list-style-type: none"><li>• Unexpected expenses, cash flow management and short term financing needs</li><li>• Seasonal business</li></ul>
Invoice Factoring	<ul style="list-style-type: none"><li>• Fast cash</li><li>• Approval is faster than traditional options</li></ul>	<ul style="list-style-type: none"><li>• Costly</li><li>• Factoring company collects due invoices</li></ul>	Businesses that need cash and have unpaid invoices Businesses with long payment terms
Invoice Financing	<ul style="list-style-type: none"><li>• Fast cash</li><li>• Customers do not know invoice is financed</li></ul>	<ul style="list-style-type: none"><li>• Costly</li><li>• You must still collect invoices</li></ul>	<ul style="list-style-type: none"><li>• Businesses that need cash and want to keep control over invoices</li></ul>
Business credit cards	<ul style="list-style-type: none"><li>• Earn rewards on purchases</li><li>• No collateral needed</li></ul>	<ul style="list-style-type: none"><li>• High costs and variable rates</li><li>• Additional fees</li></ul>	<ul style="list-style-type: none"><li>• Ongoing business expenses</li></ul>



# “Panel of Financial Professionals”

# Panelists

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**Che  
Wong**  
Program  
Manager

King County  
Outreach

**Jimmy  
Ng**  
Vice  
President

Sr. Business Banking  
Relationship  
Manager

**Aaron  
Stuesser**  
Vice  
President

Small Business  
Banker Manager

NORTHWEST MOUNTAIN MINORITY SUPPLIER DEVELOPMENT COUNCIL



# “Questions and Answers”

For More Information About the TAS Program Please Contact

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