



## Online Small Business Funding

### Proceed with Caution



We do not endorse or recommend any products, services, or organizations. Please undertake due diligence before buying or using any product or service.

1. You likely have no consumer protections related to business funding.
2. The interest rate is probably not your total cost. Compare the Annual Percentage Rate (“APR”), if it can be calculated. Are you being provided an annual, monthly, or daily rate? A rate of 1.4% per day may not sound like much, but multiply it by 365 days and you are paying an APR of 511% plus fees, etc. One example involved a 10% monthly fee (to clarify, that is 120% plus interest).
  - a. Review and understand all of your legal and financial obligations before you sign anything in-person or online. For example, this includes checking a box online to agree to a Terms of Service, etc.
  - b. Read the fine print, perform the calculations, and put together a cash flow projection to ensure you can pay the loan.
    - i. Talk to someone at our office, an attorney, a CPA, and other professionals.
3. Some lenders are better than others. Perform the due diligence and research necessary to make a sound decision.
  - a. Some examples include Fundera, Funding Circle, Kabbage, On Deck, Street Shares, and those in the merchant cash advance, equipment leases and factoring businesses.

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[ISBDC@LCSC.edu](http://ISBDC@LCSC.edu) 208-792-2465 [IdahoSBDC.org](http://IdahoSBDC.org)



- i. Fundera and Funding Circle abide by the "Small Business Borrower Bill of Rights."i For more information: [www.borrowersbillofrights.org/bill-of-rights.html](http://www.borrowersbillofrights.org/bill-of-rights.html).
4. If you are possibly considering a cash or merchant advance to your small businesses, please read this article first, It's The Wild West Out There: [nerdwallet.com/blog/small-business-special-report-mca](http://nerdwallet.com/blog/small-business-special-report-mca)
5. Please read this article also: When small businesses in need of quick cash end up with a pile of high interest debt—  
[post-gazette.com/business/money/2019/09/15/Small-businesses-high-interest-lenders-merchant-cash-advances-bank-loans-refinance/stories/201909150025](http://post-gazette.com/business/money/2019/09/15/Small-businesses-high-interest-lenders-merchant-cash-advances-bank-loans-refinance/stories/201909150025)

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<sup>i</sup> <http://www.borrowersbillofrights.org/signatories.html>

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