

Spotlight on:

FUNDING YOUR BUSINESS GOALS - An alternative to traditional funding sources

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“Do not expect different results from doing the same thing”.

Maybe it isn't fashionable to be positive in this market, but now is the time to be expanding into what is possible... not focusing on what isn't.

There are still a variety of funding sources out there - but the way to go about getting your funding request approved has changed dramatically.

In today's market, you have to disclose “why”. What your business has done in the past is not as important anymore. Recent credit requests generally contain a narrative that explains the “use and justification” of the financing requested. The borrower must elaborate on how the company is, and has, adjusted to the economic downturn. Being forthright about these points is vital in getting an approval in a timely fashion.

Traditional area banks typically are unable or unwilling to lend to operations that are in need of cash to stay functioning and competitive. There additional funding opportunities still available that will provide alternative sources of funding that help those companies not just survive, but *thrive*.

What happens when a business owner doesn't qualify for funding through traditional or alternative lending sources? Business owners with publicly traded investments (stocks, bonds, mutual funds) can take full advantage of a Stock Loan Program. Retirement accounts and any bank investments (cd's) do not qualify for this program.

This program allows individuals to use their stock portfolio as collateral for a low cost loan to fund *any* project. Using investment portfolios as collateral, a loan is made based on the volatility and industry of the investment being pledged. The loan is based on 80% of the stock value. The interest rate range is between 2.5 to 4.5%. The payment is interest only and the initial term is 3 years, with an option to extend to 10 years. Typical application to funding timeline is 7 business days.

The borrower retains the appreciation value of the collateral pledged. The borrower will also continue to collect on dividends paid on the collateral pledged. Dividends paid on the collateral pledged will pay the interest due on the loan. Should the dividend paid be greater than the payment due, the balance goes to the borrower.

What makes this funding alternative especially attractive is that **there are no personal guarantees and there is no recourse**, unlike a 'margin call' account.

Other major benefits include: never a request for 'use of funds', no credit checks, no 'time in business' requirements. Foreign Nationals are approved for this program, as are internationally traded investments.

This is not strictly for business owners. Individuals with a publically traded investment portfolio are also qualified for this program. Same guidelines apply. Borrowers are using proceeds of the loans to buy foreclosed homes, purchase businesses, buy more securities in emerging markets, working capital, take advantage of material and inventory discounts, even to finance horse farm studs in KY.

All Source Business Capital, Inc is a nationwide business lending brokerage firm, located in Bucks County. We specialize in alternative funding programs for small business. We have participated in the GPCC Supplier Network's Funding Opportunity Forum.

If you are a business owner or a firm that is looking to offer your business clients funding alternatives, we welcome the opportunity to meet and talk with you in specific detail on The Stock Loan Program and all our products. Feel free to call us at 267-927-9999.