

3 Types of Loans You Can Apply for as a Small Business

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Like New York Times best-selling author Robert Kiyosaki advised in his book, *Conspiracy of the Rich*, you need to learn how to use debt (loan).

If you're looking to expand and maximize the potentials of your business, applying for and getting a loan should be near the top of your list of priorities.

([Newswire.net](#) -- June 18, 2018) -- To grow your business, there's a long list of things required, one of which is good cash flow. If you're looking to expand and maximize the potentials of your business, applying for and getting a loan should be near the top of your list of priorities.

And why not? [Cash flow](#) is the life blood of any business. It is necessary for survival, especially at the early stages of the business.

When you're looking for money for your business, there are many sources you can turn to, including banks and commercial lenders, who may want to be a part of your business as investors.

While there's a strong case for investors, as regards seeking funds, most small business owners prefer the flexibility of loans. With loans, they get the required financing, still get to call the shots and can easily avoid interference from so-called investors.

Sounds good, right?

While these loans are as available as can be, you need to be able to identify what type of financing is best for the needs of your business.

Before you receive a loan, the lender will scrutinize both you and your business to see if you're a viable borrower. However, you should have a general idea of the different types of loans available.

Here are 3 types of loans you can apply for as a small business.

1. Lines of Credit

Among the many types of loans available to small-business owners, this can be regarded as one of the most useful. It protects the business from emergencies is mostly intended for operating costs and purchases of inventory.

Instead of getting a huge sum of money as loan, opening a line of credit gives your business access to funds which increases as the needs of the business arises.

This causes the compounded interest and fees to become so high at times, so it's best to pay it off as soon as you can. This type of loan usually attracts the lowest interest rate a bank offers since they're most times seen as low-risk.

2. Secured and Unsecured Loans.

Loans can be available for your small business either as secured or unsecured loans. You can get an unsecured loan when you have some sort of history with the [direct payday loan lenders](#), for instance.

He or she knows you well, is rest assured about the solidity of your business and knows you won't default the loan. This type of loan usually involves no collateral because the lender considers you as a low risk.

This kind of loan may be hard (but not impossible) to get as it generally requires a track record of profitability and success.

A secured loan, on the other hand, generally has a lower interest rate than an unsecured loan and involves collateral which is used to secure the loan. The collateral used, is usually expected to outlast the loan and is usually related to the purpose of the loan (also called [debt financing](#)).

3. Long-Term and Short-Term Loans

The purpose of applying for a loan determines the type of loan you apply for.

One of the most common types of loans distributed by large commercial lenders is long-term loans.

As a small business, this type of loan can be used for refinancing the business or expanding it. Since these types of loans are repaid on a monthly basis, they tend to come in larger amounts and also with lower interest rates, unlike short-term loans.

Short-term loans are often used for quick investments that yield quick return, since there's a shorter time span for it to be repaid. They also come in smaller amounts, compared to long-term loans.

Like New York Times best-selling author Robert Kiyosaki advised in his book, *Conspiracy of the Rich*, you need to learn how to use debt (loan). It's one of the ways you can grow from being a small business into a multi-national company.

Next step? Identify which loan is good for your business. Apply for it, use it wisely and watch your business grow.

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