**Top Ten Sources for Financing Your Business**

1. **The** [**U.S. Small Business Administration**](http://www.sba.gov/loanprograms) **(SBA)**. The SBA has four basic loan programs:

* *Guaranteed Loans*. Regular guaranteed loans are the most commonly used loan guarantee program, where a commercial lending institution makes a loan to a small business customer, and the SBA guarantees repayment of the loan.
* *Certified Development Company* or *504 Program Loans*. Development Company Loans are the SBA's newest and fastest growing loan program, providing long-term fixed asset financing for small businesses within regions having an SBA-approved Certified Development Company. Loan proceeds cannot be used for working capital or debt repayment.
* *Small Business Investment Companies*. The SBA provides financial assistance to privately owned Small Business Investment Companies and Minority Enterprise Small Business Investment Companies who supply capital and loans to small businesses which meet their investment criteria.
* *Microloans*. The SBA's microloan program assists intermediary lenders in making small, short-term, fixed interest rate loans to small start-up businesses. The loans can range in amount from a few hundred dollars to $25,000.

2. [**USDA Rural Development**](http://www.rurdev.usda.gov/). The USDA provides loan guarantees for the purchase and expansion of land, buildings, equipment and working capital for cooperatives, nurseries, tourist and recreational facilities, hotels, motels, community projects, housing development sites and apartment buildings. These loan guarantees are provided only to businesses which save or create jobs in rural areas (population under 50,000). There is an up-front fee of 2 percent of the amount guaranteed.

3. **State Financing Programs**. Although state financing programs vary widely from state to state, all states offer financing programs. Funds originate from the federally-funded Small Cities Development Program and from state investment fund appropriations. Contact your state's department of trade and economic development to find out what is available.

4. **Local Financing Programs**. Various governmental units provide forms of financing assistance to small businesses. The assistance may be in the form of loan packaging, tax credits, or tax increment financing. To learn more, contact the planning or business services unit of the county or municipality in which you operate or intend to operate your business.

5. **Commercial Banks and Savings and Loan Associations**. If you can demonstrate a sound business plan and an operating history of two to three years, you may be able to obtain a loan from a commercial bank with favorable terms. Loans may take the form of lines of credit, inventory loans, accounts receivable financing, factoring (where the lender purchases receivables for a percentage of their face value), and conventional loans repaid over time. For newer businesses, a personal guarantee of the owner of the business will most likely be required. Savings and loan associations can provide you with a business loan if you have appropriate collateral.

6. **Credit Unions**. If you belong to a credit union, you may be able to borrow funds for your business. The procedure is generally simpler than borrowing funds from a commercial bank.

7. **Mortgage Companies**. Some mortgage companies allow people to establish lines of credit on the equity they have in their homes, which funds can then be used to finance a business venture. The downside is that by doing this you are putting your home at risk.

8. **Credit Card Companies**. Although risky and costly, using credit cards to finance a business venture, particularly in the short-term, can be effective.

9. **Friends and Relatives**. You may be able to obtain some funds from friends or relatives. However, it is important to pay back these loans on time to avoid making friends into enemies and relatives into estranged relatives.

10. **Life Insurance Policies**. You can often borrow most of a life insurance policy's cash surrender value for your business. However, make sure you understand the terms of the insurance first to avoid voiding the policy or reducing the death benefits.

Source: <http://smallbusiness.findlaw.com/starting-a-business/ten-things-to-think-about-financing-resources.html#sthash.sClzr5uI.dpuf>