



Comparing Loan, Financing, and Credit Options for Small Business Owners

With so many funding avenues available, which will work best for your business's current needs?

Your business is constantly growing, changing, and improving in order to secure your place in the market and gain a competitive advantage. But you may not have the capital on hand to accomplish what you want (or need) to do. Are you looking to expand a service line? Is your inventory running low? Do you want to upgrade your manufacturing equipment? This is where loan, financing, and credit options can help.

At PEAC Solutions, we know that every business needs quick funding occasionally. **This resource will help you figure out what funding avenue is the best for your business and which steps to take next.**



WHICH FUNDING SOURCE IS RIGHT FOR YOU?

START HERE:

Do you need to fund a specific project?



No, I need access to variable funds over time.

Yes, I have a purpose in mind.

How much money do you need?

Do you need equipment such as machinery or industrial appliances?



Only a little; I just need some petty cash.

Not too much; I could afford to pay back what I need in the short term.

A lot; I need access to a large sum of money in the long term.

Yes, I need to purchase, replace, or upgrade expensive equipment.

No, I need something else such as funds for technology, marketing, inventory, or construction costs.

PERSONAL CREDIT CARD

You can use personal credit cards instead of programs intended for businesses, but this is not recommended. It could be an IRS tax audit risk and make you liable for the business.

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BUSINESS CREDIT CARD

Business credit cards are an important tool because they help float your smaller, necessary purchases.

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BUSINESS LINES OF CREDIT

With this option, you can access a preauthorized amount of money as needed during a set period of time. You'll receive funds as you need them within the preapproved total amount.

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Will you need to upgrade equipment frequently?

How much capital do you need, and how quickly do you need it?

A sizeable amount, and I need it quickly.

WORKING CAPITAL LOAN

Take advantage of opportunities to grow and scale by receiving one lump sum payment to cover specific project costs.

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Yes, I may need to trade it in.

No, this is a long-term equipment investment.

A little, and it can wait.

Possibly a lot, and I have time.

FAIR MARKET VALUE LEASING

This solution is best for depreciable equipment to minimize tax liability through lower payments but higher buy-out prices.

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EQUIPMENT FINANCING

Purchase the tools, machines, and technology necessary to operate and grow your company even if you don't have the capital on hand.

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SMALL BUSINESS ADMINISTRATION MICROLOAN

You can use these small loans to help your business start or expand. Note: These cannot be used for real estate or paying existing debt.

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7(A) SMALL BUSINESS ADMINISTRATION LOAN

As the U.S. Small Business Administration's most popular loan program, this service can broadly be used to secure working capital, refinance business debt, and purchase furniture and supplies.

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WORKING CAPITAL LOANS

Take advantage of opportunities to grow and scale by receiving one lump sum payment to cover specific project costs.

Do you need to fund a specific project?

Yes, I have a purpose in mind.

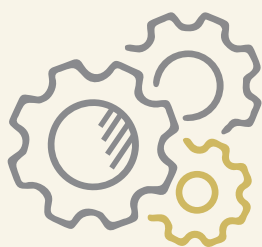
How much capital do you need, and how quickly do you need it?

A sizeable amount, and I need it quickly.

Do you need equipment such as machinery or industrial appliances?

No, I need something else such as funds for technology, marketing, inventory, or construction costs.

Best used for:



- Funding growth projects
- Expanding service lines
- Integrating new technology stacks
- Subsidizing marketing efforts
- Paying for seasonal inventory or hires
- Upgrading or updating equipment, spaces, or systems
- Extending storefront space or adding outdoor spaces

Required collateral



- Personal guarantee
- Uniform commercial code filing if needed

Speed of process:



- Apply in as little as 5 minutes
- Find out if you qualify in as little as 48 hours
- Typically receive funds within two business days

Pricing and term details:



- Typically between \$5,000 and \$500,000
- Typically terms range from six months to 48 months
- Payment cadence depends on credit approval
- Fixed simple interest rate (depending on term length)
- Origination fees

Impact on credit:



- Credit reporting if delinquent

EQUIPMENT FINANCING

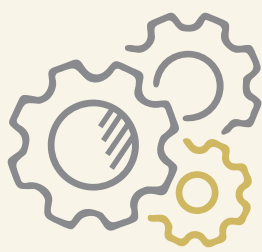
Purchase the tools, machines, and technology necessary to operate and grow your company even if you don't have the capital on hand.

Do you need to fund a specific project?
Yes, I have a purpose in mind.

Will you need to upgrade equipment frequently?
Yes, I need to purchase, replace, or upgrade expensive equipment.

Do you need equipment such as machinery or industrial appliances?
No, this is a long-term equipment investment.

Best used for:



- Replacing, repairing, or upgrading manufacturing equipment
- Replacing, repairing, or upgrading industrial or restaurant kitchen equipment
- Implementing or upgrading technology such as customer relationship management systems or IT services
- Purchasing vehicles, tools, and machinery

Required collateral



- Equipment is collateral
- Personal guarantee sometimes required

Speed of process:



- Apply in as little as 5 minutes
- Typically receive approval within 24 hours
- Vendor typically receives payments within 24 hours of receipt of all required documents from customer

Pricing and term details:



- Typically up to \$500,000
- Length of term varies on a case-by-case basis
- Monthly, quarterly, and annual payment options
- Fixed number of payments
- Documentation fees

Impact on credit:



- Credit reporting if delinquent

FAIR MARKET VALUE LEASING

This solution is best for depreciable equipment to minimize tax liability through lower payments but higher buy-out prices.

Do you need to fund a specific project?
Yes, I have a purpose in mind.

Will you need to upgrade equipment frequently?
A sizeable amount, and I need it quickly.

Do you need equipment such as machinery or industrial appliances?
Yes, I need to purchase, replace, or upgrade expensive equipment.

Best used for:



- Trading or upgrading equipment frequently
- Maximizing depreciating equipment value

Required collateral



- Equipment is collateral
- Personal guarantee sometimes required

Speed of process:



- Differs by lessor

Pricing and term details:



- Variable amounts
- Length of a term depends on the asset
- Typically monthly payments
- Fixed rental payment
- Clients can continue leasing, buy out, or return equipment when the term ends

Impact on credit:



- Credit reporting if delinquent

SMALL BUSINESS ADMINISTRATION LOAN

As the U.S. Small Business Administration’s most popular loan program, this service can broadly be used to secure working capital, refinance business debt, and purchase furniture and supplies.

Do you need to fund a specific project?

Yes, I have a purpose in mind.

How much capital do you need, and how quickly do you need it?

Possibly a lot, and I have time.

Do you need equipment such as machinery or industrial appliances?

No, I need something else such as funds for technology, marketing, inventory, or construction costs.

Best used for:



- Boosting long- and short-term working capital
- Purchasing real estate or funding construction projects
- Revolving funds based on the value of existing inventory and receivables
- Purchasing equipment, furniture, fixtures, supplies, or materials
- Refinancing existing business debt

Required collateral



- Personal guarantee
- Equivalent collateral required for loans above \$25,000

Speed of process:



- Lengthy process requires approval by an intermediary lender and the SBA
- Receive approval in 60 to 90 days
- Receive funds in 5 to 10 days (depending on vendor)

Pricing and term details:



- Typically up to \$5 million
- Length of a term depends on the loan type
- Typically monthly payments
- Fixed or variable interest rates
- Lower cost than working capital loans and credit cards
- Guaranty fees
- Service fees

Impact on credit:



- Hard credit checks
- Reports to commercial credit bureaus

SMALL BUSINESS ADMINISTRATION MICROLOAN

You can use these small loans to help your business start or expand.
Note: These cannot be used for real estate or paying existing debt.

Do you need to fund a specific project?

Yes, I have a purpose in mind.

How much capital do you need, and how quickly do you need it?

A little, and it can wait.

Do you need equipment such as machinery or industrial appliances?

No, I need something else such as funds for technology, marketing, inventory, or construction costs.

Best used for:



- Boosting working capital
- Purchasing inventory, supplies, furniture, or fixtures
- Purchasing machinery or equipment

Required collateral



- Personal guarantee
- Equivalent collateral required, which is determined by vendor

Speed of process:



- Lengthy process requires approval by an intermediary lender and the SBA
- Receive funds in 30 to 90 days

Pricing and term details:



- Maximum loan is \$50,000
- Terms up to six years
- Typically monthly payments
- Fixed or variable interest rates
- Origination fees

Impact on credit:



- Hard credit checks
- Reports to commercial credit bureaus

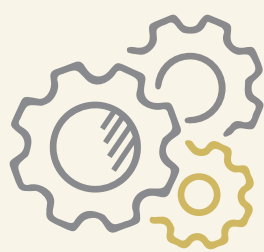
BUSINESS CREDIT CARD

Business credit cards are an important tool because they help float your smaller, necessary purchases.

Do you need to fund a specific project?
No, I need access to variable funds over time.

How much money do you need?
Not too much; I could afford to pay back what I need in the short term.

Best used for:



- Small purchases you can pay off relatively easily
- Repaying no-interest-rate deals
- Strategically accessing rewards
- Building up your business credit history

Required collateral



- Secured and unsecured business cards available
- Personal guarantee
- Connected to bank checking or saving accounts

Speed of process:



- Nearly instantaneous approval available

Pricing and term details:



- Typical credit limits range start from \$10,000
- Monthly repayment, typically with minimum monthly requirements
- Interest rates vary based on credit score
- Typically rates between 15.97% to 23.27%
- Annual service fees that can range from \$90 to \$595
- Late payment penalties

Impact on credit:



- Hard credit checks
- Reports to credit bureaus

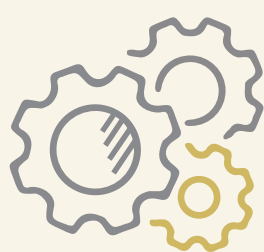
PERSONAL CREDIT CARD

You can use personal credit cards instead of programs intended for businesses, but this is not recommended. It could be an IRS tax audit risk and make you liable for the business.

Do you need to fund a specific project?
No, I need access to variable funds over time.

How much money do you need?
Only a little; I just need some petty cash.

Best used for:



- Purchasing small things you can pay off relatively easily
- Having petty cash
- Earning rewards, including travel perks

Required collateral



- Personal guarantee

Speed of process:



- Online approval is instant or within a few business days

Pricing and term details:



- Credit limits vary based on credit history and other factors
- Typical credit limits for new accounts begin around \$2,500
- Interest rates vary based on credit score
- Typically rate is 17.87% for new offers and 14.58% for existing
- About one-third require annual service fees that average \$110
- Late payment penalties

Impact on credit:



- Hard credit checks
- Reports to credit bureaus

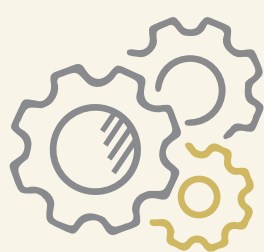
BUSINESS LINES OF CREDIT THROUGH COMMERCIAL BANKS

With this option, you can access a preauthorized amount of money as needed during a set period of time. You’ll receive funds as you need them within the preapproved total amount.

Do you need to fund a specific project?
No, I need access to variable funds over time.

How much money do you need?
A lot; I need access to a large sum of money in the long term.

Best used for:



- Making a large purchase that might exceed a credit card limit
- Carrying a balance if you can’t pay off the purchase right away
- Having flexibility with what you spend the money on

Required collateral



- Highly variable depending on vender, but equivalent collateral sometimes required

Speed of process:



- Approval and funds available as soon as one day or up to a few weeks (depending on the institution)

Pricing and term details:



- Highly variable depending on vendor, but typically \$10,000 to \$100,000
- Pay back only the amount borrowed during the term
- Terms vary between six to 18 months or up to 10 years
- Interest rates vary between 5% to 20%
- Typically lower interest rates than credit cards
- Origination and service fees

Impact on credit:



- Reports to credit bureaus
- Could impact credit utilization rates
- Highly variable based on vendor



About PEAC Solutions

PEAC provides capital solutions for businesses worldwide. Owned by funds managed by HPS Investment Partners LLC, a leading global investment firm, PEAC offers financing programs to equipment manufacturers, distributors, dealers, and customers.

With decades of experience and an emphasis on partner relationships, we have structured our funding solutions with a level of flexibility and ease to meet the needs of a wide variety of industries

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