

Financing Your Business Venture

By Mark Askew

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Many small businesses were born during the recession of 2001. One key reason is that during a recession period overhead costs tend to be lower. Still the time comes when a business needs to ascend to higher ground and reach a larger group of consumers. This presents the challenge of finding money to finance your marketing plan. As with any major financing transaction one needs to be prepared with the appropriate documentation at hand as well knowing the methods of finding the best bargain small business loans available. So where do you start?

FIRST STEPS IN SHOPPING FOR BARGAIN LOANS.

1. Calculate what you can afford

Remember to include rates, points and fees.

2. If purchasing a home include insurance and taxes.

3. Get your credit report

4. Put your financial papers in order

These would include:

Bank statements

Mortgage papers

Insurance papers

Car loan papers

Tax ID

Business expense receipts

Taxes overdue

Other loan documentation

Credit reports

Other out-standing debt.

FINDING OUT HOW MUCH YOU CAN BORROW

4. Estimate your monthly/annual income
5. subtract income tax payments due
6. Calculate your monthly expenses and subtract this from the above
8. List any outstanding debt and subtract this from the above figure
7. Now figure out your net worth by calculating all assets.

Include investments, auto, home, CD's bonds stock estates etc.

Line 7 is your true net worth.

You would do best to borrow no more than 25% of your net worth.

Line 6 is your financing income. Income you can use for paying on a business loan as well as other expenses. It's best to use no more than 50% of this and put the rest aside for investment and savings.

Now adjust the amount you wish to borrow based on true net worth and include any outstanding debt you wish to satisfy.

You are now better prepared to ascertain what is needed and what you can afford to request.

FINDING BARGAINS ONLINE

Thanks to the Internet you can become a part of a highly competitive marketplace of lenders competing for your business in a structured bidding system. One such resource is at <http://www.mortgageloansearch.net> . Consumers shopping for the lowest rates and attractive loan programs simply complete one application that is submitted securely to several lenders at one time. Lending networks like Loanweb.com offers low rate shopping in a highly competitive bid-for-your-business marketplace.

Lenders seeking to win you over are more often willing to offer you a much better product with greater incentives and lower rates than their competitor. You have more options in choosing the loan that's best for you.

Online Loan Shopping Tips:

1. Don't accept the first or second loan offer.
2. Let lenders know if someone gave you a better offer and let them WIN YOU OVER.
3. Next, check rate trends and calculate loan rates and payments according to the lowest rates offered. Firmly hold to the lowest rates within your reach.
4. Don't give the impression that you absolutely must have this loan now. Your greatest bargaining position is not desperately needing the product being offered.
5. Ask about fees up front. Use the amortization calculator to figure in fees, insurance and tax payments.

FINDING A GOOD LENDER

It is always prudent to seek recommendations from credible sources regarding the lenders who make you an offer online. Seek individuals who have experienced the loan process and closing with the lender, broker and loan officers in question. Among the questions you could ask are:

1. Did the loan process go smoothly?
2. Were all your questions answered?
3. Was the process explained to you?
4. Were all fees discussed candidly?
5. Were there any undisclosed fees charged at closing?
6. Was every effort put forth to give you a deal to your satisfaction?
7. Were you pressured to sign anything against your better judgment?
8. Were all papers signed before funds were issued?
9. Was the settlement package complete?
10. Was there ample time to review all documents before signing?
11. Did you receive funds in a timely manner?
12. Were certificates of satisfaction and deeds of trust properly registered at the courthouse and filed? Were you given originals upon satisfaction of payment?

If you get a positive response regarding the above and you are satisfied with rates and fees offered you're likely to come out the winner.

Bio:Mark Askew is editor for Mortgage Loan Search at www.MortgageLoanSearch.net , an extensive business grant and lending marketplace directory for financing or refinancing business, home, auto and student loans. Mark writes interest rate news and low rate financing tips and guides for shopping low interest rate loans online.

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