

Alternative Funding.

Capital Access for Growth.

Where to find capital beyond a traditional bank loan — and how to evaluate every option honestly, including what it actually costs, what it requires, and what order any of it should happen in.

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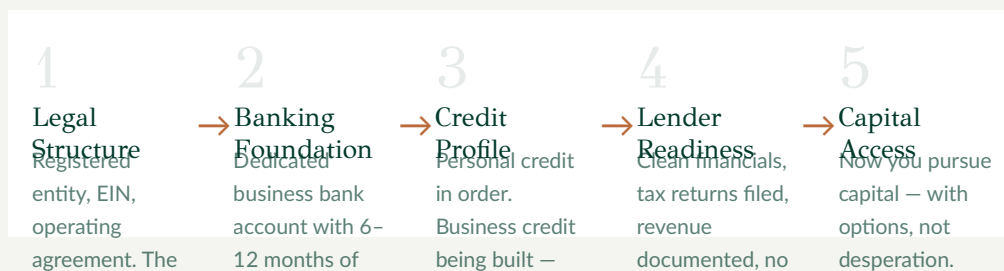
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01

The Funding Sequence — *Order Matters*

The most common reason small business owners get denied for capital is not their idea or their revenue — it's that they approached capital in the wrong order. Every lender, program, and funding source is looking for evidence that the business is real, structured, and has demonstrated financial behavior. You build that evidence in sequence.



People who pursue capital out of order don't just get denied — they leave a trail of hard inquiries, declined applications, and lender flags that make the next application harder. Build the foundation first. Capital accessed from a position of readiness is capital you can actually keep.

02

What Makes You *Unfundable Right Now*

Before pursuing any funding option, know the disqualifiers. These are the walls most people hit — and most of them are fixable, just not overnight.

NO BUSINESS BANK ACCOUNT

Depositing business revenue into a personal account is the fastest way to be disqualified. Lenders need to see a business bank history – consistent deposits, months of activity, a documented revenue pattern.

NO SEPARATION OF FINANCES

Mixing personal and business transactions makes your financials unreadable. An underwriter needs to see clean business income – not a personal account where the business revenue is buried alongside rent and groceries.

DAMAGED PERSONAL CREDIT

Most lenders – including many alternative lenders – pull personal credit. Collections, charge-offs, and late payments below 600 close most conventional doors. Business credit doesn't replace personal credit at the early stage.

NO TAX RETURNS FILED

SBA loans and most institutional lenders require 2 years of filed returns. Unfiled taxes are an automatic disqualifier for the programs with the best terms. File, even if you owe – a payment plan is better than no filing.

LIENS OR JUDGMENTS

Outstanding tax liens, court judgments, or UCC filings against the business show up in due diligence and stop most funding at the underwriting stage. These need to be resolved or in active payment plans before applying.

TOO LITTLE TIME IN BUSINESS

Most conventional lenders require 1–2 years in business. Most SBA programs require at least 2. Alternative lenders may accept 6 months with revenue – but shorter history means fewer options and higher cost of capital.

03

SBA Programs, CDFIs, and *Lines of Credit*

These are the lowest-cost, most structured options available to a small business. They are also the slowest and the most documentation-heavy. Know what each one is before you decide whether to pursue it.

SBA PROGRAM

SBA 7(a) Loan

The SBA's flagship loan program – up to \$5M for working capital, equipment, real estate, or business acquisition. The SBA guarantees a portion of the loan, reducing lender risk and improving borrower access. Issued through SBA-approved banks, credit unions, and CDFIs.

WHAT IT REQUIRES

2 years filed tax returns, clean credit (typically 650+), business financial statements, business plan for larger amounts, collateral for loans over \$25K.

TIMELINE & COST

30–90 days to close. Interest rates currently 10.5–13% (variable, tied to prime rate). Longest terms available – up to 25 years for real estate, 10 years for working capital.

SBA PROGRAM

SBA Microloan

Up to \$50,000 through SBA-approved nonprofit intermediary lenders. Startup-friendly – often available with limited credit history. Frequently paired with business training and technical assistance. Ideal first loan for businesses that don't yet qualify for conventional lending.

WHAT IT REQUIRES

Varies by intermediary – generally more flexible than conventional loans. Some require collateral or a guarantor. Business plan often required.

TIMELINE & COST

2–8 weeks. Interest rates typically 8–13%. Terms up to 6 years. Find intermediaries at sba.gov/microloan.

ALTERNATIVE LENDER
CDFI Loans

Community Development Financial Institutions are mission-driven lenders that exist specifically to serve businesses that traditional banks won't touch – lower credit scores, shorter history, underserved communities. They are not charity – they are real lenders with real underwriting. But their risk tolerance is different.

WHAT IT REQUIRES

Varies widely by CDFI. Many accept credit scores in the 580–620 range. Some prioritize community impact alongside financials. Find CDFIs at cdfi.treas.gov or search your city/state.

TIMELINE & COST

2–6 weeks. Rates typically 8–18%. Often include technical assistance. Kiva.org offers 0% interest microloans up to \$15K – no credit check, crowdfunded.

REVOLVING CREDIT
Business Line of Credit

A revolving credit facility – you draw what you need, repay it, and draw again. Not a lump sum loan. Interest accrues only on what you've drawn. One of the most flexible tools for managing cash flow gaps, funding short-term opportunities, or bridging the gap between invoice and payment.

WHAT IT REQUIRES

Typically 1+ year in business, 620+ credit score, \$100K+ annual revenue for bank lines. Online lenders (Bluevine, Fundbox, OnDeck) have lower thresholds – 6 months, \$50K revenue – at higher rates.

TIMELINE & COST

Online lenders: 24–72 hours. Banks: 1–4 weeks. Rates: 8–25% bank; 20–60% online. Limit: \$10K–\$500K depending on lender and financials. Renews annually.

04

Revenue-Based Financing & *Merchant Account Extensions*

These tools advance you capital based on your revenue history — not your credit score. Repayment is tied to a percentage of future sales, which means you pay more when revenue is up and less when it's down. Faster and more accessible than traditional loans, but at a higher cost.

REVENUE-BASED

RBF Platforms

Clearco, Pipe, Capchase, and Lighter Capital advance capital in exchange for a fixed percentage of monthly revenue until the advance plus a flat fee is repaid. No equity given up. No fixed monthly payment. Repayment scales with your cash flow.

BEST FOR

eCommerce, SaaS, and subscription businesses with consistent monthly revenue. Most platforms require \$10K–\$15K+ monthly revenue and 6–12 months of history.

REAL COST

Factor rates typically 1.06–1.12x the advance. On \$50K, you repay \$53K–\$56K. Equivalent APR varies — depends on how quickly revenue repays it. Generally 15–40%.

PROCESSOR-BASED

Merchant Extensions

Your payment processor already has your revenue data — and they'll advance against it. Square Capital, Stripe Capital, PayPal Working Capital, Shopify Capital, and Toast Capital all offer advances repaid automatically as a percentage of daily processing volume.

HOW IT WORKS

You're offered an amount based on your processing history. You accept. Repayment is automatic — a fixed percentage of every sale until the advance is repaid. No application, no credit pull, no fixed payment.

REAL COST & LIMITS

Flat fee — not APR. Typically 10–20% of the advance amount. Fast cash (same day to 2 days) but available only to existing users. Advance limits tied directly to your processing volume.

The key distinction: merchant extensions from your processor are among the lowest-friction capital tools available — but they only exist because you're already processing through that platform. If you're not using Square, Stripe, Shopify, or PayPal, this option doesn't exist for you. That's a reason to be intentional about which processors you use.

05

Invoice Factoring — *Turn Receivables Into Cash*

If you have outstanding invoices — money clients owe you but haven't paid yet — factoring lets you convert that future payment into immediate cash. You're not borrowing. You're selling a receivable at a discount.

ASSET-BASED

Invoice Factoring

A factoring company buys your outstanding invoice at a discount — typically advancing 70–90% of the invoice value immediately. When your client pays the invoice, the factor remits the remaining balance minus their fee.

HOW IT WORKS

You submit an invoice. Factor advances 70–90% upfront. Client pays the factor directly on their normal terms. Factor sends you the remainder minus their fee (typically 1–5% of the invoice value). Platforms: BlueVine, altLINE, FundThrough, Triumph Business Capital.

BEST FOR & CAUTION

B2B businesses with slow-paying clients and consistent invoicing. **Your clients will know you factored the invoice** — payment instructions change. In some industries, this signals cash flow issues. Know your client relationships before using this tool.

06

Merchant Cash Advances — *Full Disclosure*

MCA's are legal, fast, and accessible — and they are among the most expensive forms of business capital available. This section exists to give you the full picture before you sign anything.

HIGH COST / HIGH RISK

Merchant Cash Advance

A lump sum advanced in exchange for a percentage of future credit card or debit sales. Repayment is taken automatically from your daily bank deposits. No fixed term — the advance is repaid when the agreed-upon total is collected.

HOW THE COST IS HIDDEN

MCA's use a factor rate — not APR — to price the advance. A factor rate of 1.4 on a \$20,000 advance means you repay \$28,000 regardless of how quickly. If that's repaid over 8 months, the equivalent APR is approximately 90%. If repaid in 4 months, the APR is approximately 180%. The faster your sales, the faster repayment — and the higher the effective cost.

⚠ BEFORE YOU SIGN — READ THIS

Stacking MCA's is one of the fastest ways to destroy your cash flow. Taking a second advance to cover the daily withdrawals from the first is a debt spiral. It is extremely common and extremely dangerous.

Daily automatic withdrawals are non-negotiable. They come out regardless of whether it was a good sales day. If revenue dips, the withdrawal doesn't — until it's paid in full.

As of April 2025, SBA loans can no longer be used to refinance MCA debt. The most common exit strategy from a bad MCA is gone. Know this before you enter.

MCA's are not regulated as loans in most states. The consumer protections that apply to traditional lending do not apply here. Read every line before signing.

An MCA may make sense if: you have a specific, short-term revenue opportunity that justifies the cost, you've calculated the full repayment amount, and you have no other accessible capital option. It should never be used for operating expenses or to cover a shortfall.

07

The Credit Card *Float Strategy*

This is a working capital strategy used by sophisticated operators — not a trick, not a shortcut. It requires a clear deployment plan, a defined return timeline, and the discipline to pay the card off before interest compounds.

How it works: You obtain a business credit card — or a personal card with a high limit. You run an invoice through a payment processor (Stripe, PayPal, Melio, or similar) payable to your own business. The card is charged, the cash lands in your business account, and you now have the full billing cycle — or a 0% APR introductory window of 12–18 months — to deploy that capital before it costs you interest.

What you're buying is float — temporary use of the card issuer's money at zero or low cost, during a defined window, to fund something that generates a return before the bill comes due.

THE STRATEGY

Float Mechanics

The processing fee (typically 2.9% + \$0.30) is the cost of access. The return on the deployed capital must exceed that fee — plus any interest if the card isn't paid in full during the 0% window.

WHEN THIS WORKS

You have a specific investment or purchase with a defined return timeline. You're in a 0% APR introductory period (12–18 months). You have a clear plan to pay the balance before interest kicks in. The return on the deployment is calculated, not assumed.

WHEN THIS FAILS

The balance carries past the 0% window into 20–29% APR. The "investment" was not a defined opportunity — it was general operating expenses. The strategy is repeated without fully repaying the previous cycle. The card's credit utilization damages the credit profile needed for other funding.

This strategy works exactly as well as the discipline behind it. The float is a tool, not a lifeline. Used with a specific purpose, a calculated cost, and a hard payoff

date — it is legitimate working capital. Used casually, it becomes 27% APR debt that compounds quietly until it's the only financial problem left.

08

Grants & *Equity Options*

FEDERAL

SBIR / STTR (sbir.gov)

Non-dilutive federal R&D grants – Phase I up to \$275K, Phase II up to \$1.75M. Available through 11 agencies including NIH, NSF, DOD, and DOE. No repayment. No equity. For businesses doing research or innovation.

FEDERAL

Grants.gov

The central database for all U.S. federal grants. Search by NAICS code, industry, or eligibility. Register early – most grant applications require a SAM.gov registration that takes 2-4 weeks to process.

WOMEN

Amber Grant / IFundWomen / Hello Alice

Amber Grant awards \$10K monthly to women-owned businesses – simple application, no fee. IFundWomen provides crowdfunding plus corporate grant access. Hello Alice aggregates grants, loans, and programs from corporate, nonprofit, and government sources.

MINORITY

MBDA / Coalition to Back Black Businesses / Comcast RISE

The Minority Business Development Agency provides federal funding and business center access. Coalition to Back Black Businesses offers grants and mentorship. Comcast RISE delivers marketing, technology, and financial grants to minority-owned small businesses.

LOCAL

State & City Economic Development Offices

Every state and most cities administer their own grant programs – often underfunded and underutilized. Search "[your state or city] + small business grants" and contact your local SBDC. These tend to have lower competition than national programs.

Equity Crowdfunding

Under Regulation CF, businesses can raise up to \$5M/year from non-accredited investors through platforms like Wefunder, StartEngine, and Republic. Your community, customers, and audience can become investors. You give up equity — know what you're giving before the campaign launches.

Angel Investors

High-net-worth individuals who invest in early-stage businesses in exchange for equity. Many angel groups have specific missions around minority and women-owned businesses. Search "[your city] angel investors" or look for community development venture capital funds in your region.

09

The True Cost of Capital — *How to Compare*

Every funding option has a real cost. The most dangerous number in business funding is the one that sounds simple but means something else entirely — like a factor rate, a percentage of revenue, or a "flat fee." This table converts everything to a comparable basis.

FUNDING OPTION	APPROX. TRUE COST (APR)	SPEED	CREDIT REQUIRED
SBA 7(a) Loan	10–13%	● 30–90 days	650+
CDFI / Microloan	8–18%	● 2–6 weeks	580–640+
Business Line of Credit (Bank)	8–25%	● 1–4 weeks	620+
Business Line of Credit (Online)	20–60%	● 24–72 hrs	580+
Revenue-Based Financing	15–40%	● 3–7 days	Revenue-based
Merchant Account Extension	20–50%	● Same day	Processing history
Invoice Factoring	12–60%*	● 24–48 hrs	Client credit matters

Credit Card Float (0% Intro)	0-2.9%**	● Immediate	680+
Merchant Cash Advance	50-200%+	● 24-72 hrs	Minimal
Grants	0% – No repayment	● Weeks- Months	N/A

*Factoring APR depends on how long invoices are outstanding – the faster clients pay, the higher the effective rate.

**Credit card float cost is the processing fee (approx. 2.9%) if paid in full within the 0% window. Carrying the balance into standard APR changes the math entirely.

The cheapest capital is the capital you were ready for. The most expensive capital is the capital you needed in a hurry from a position of desperation. Build the foundation. Pursue the sequence. The options available to a prepared business are structurally different – in cost, in terms, and in who holds the power in that conversation.