Merchant Cash Advance Verses Small Business Association Loans by Fanniecarnes

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Small Business owners now have the choice to select any of the two openings to obtain loans for their businesses. Small Business Association (SBA) Loans, the Merchant Cash Advance (MCA). The present economical recession has forced the banks to lay strict conditions for sanctioning of loans. These restrictions will have a negative effect on the businesses requiring capital to run their affairs, especially when the cash is urgently needed for expansion, repairs, acquiring of necessary new appliances/ equipments or for payrolls.

SBA loans have become difficult to get sanctioned because of the following prerequisites:-

If the business is well established SBA lenders will ask for:-

Collateral available that can be mortgaged with the bank.

Record of your existing liabilities.

Installment schedule.

Any Balances of previous loans.

In case of a new business to be started SBA lenders will ask for:-

Detailed Business plan.

Prediction of cash flows on monthly basis, covering a period of minimum of two years.

Financial statements.

Credit/Debit Cards will be analyzed.

Personal loans you have on your account.

Your liquid assets and your Property holdings.

Proof of your tax returns and your tax documents

SBA is only a loan facilitator.

Banks have to be convinced that loan will be returned in full.

Repayment plan once approved cannot be changed or renegotiated, in case of default/ breach of plan you will be FINED heavily.

In case of breach of terms your collateral/ assets will be auctioned by the bank to recover the outstanding loans.

What prerequisites are to be met in case of applying for loans from Merchant Cash Advance? The MCA just wants the following TWO documents irrespective whether the business is an established or a new one:-

The period of business in months.

Credit/Debit Cards processing and Receipts per month.

Repayment plan is based on Credit Card receivables per month, an agreed percentage of your income is deducted for payment of installment of the loan. Lower the income of the month lower is the installment, higher the income of the month higher the installment of loan. Merchant Cash Advance is friendly, flexible, less risky and a superior choice of financing the business.

Remember your business based on a loan through SBA is on a risk of collapsing in case of non-payment of installments or you becoming a defaulter, where as in case of Merchant Cash Advance the income does suffer a little, but the risk of business collapsing is negligible.

MCA has a much higher rate of approval as compared to SBA based bank loans

Now it for you to decide as to which option to go for, the SBA based loan or an advance from Merchant Cash Advance Loan.

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