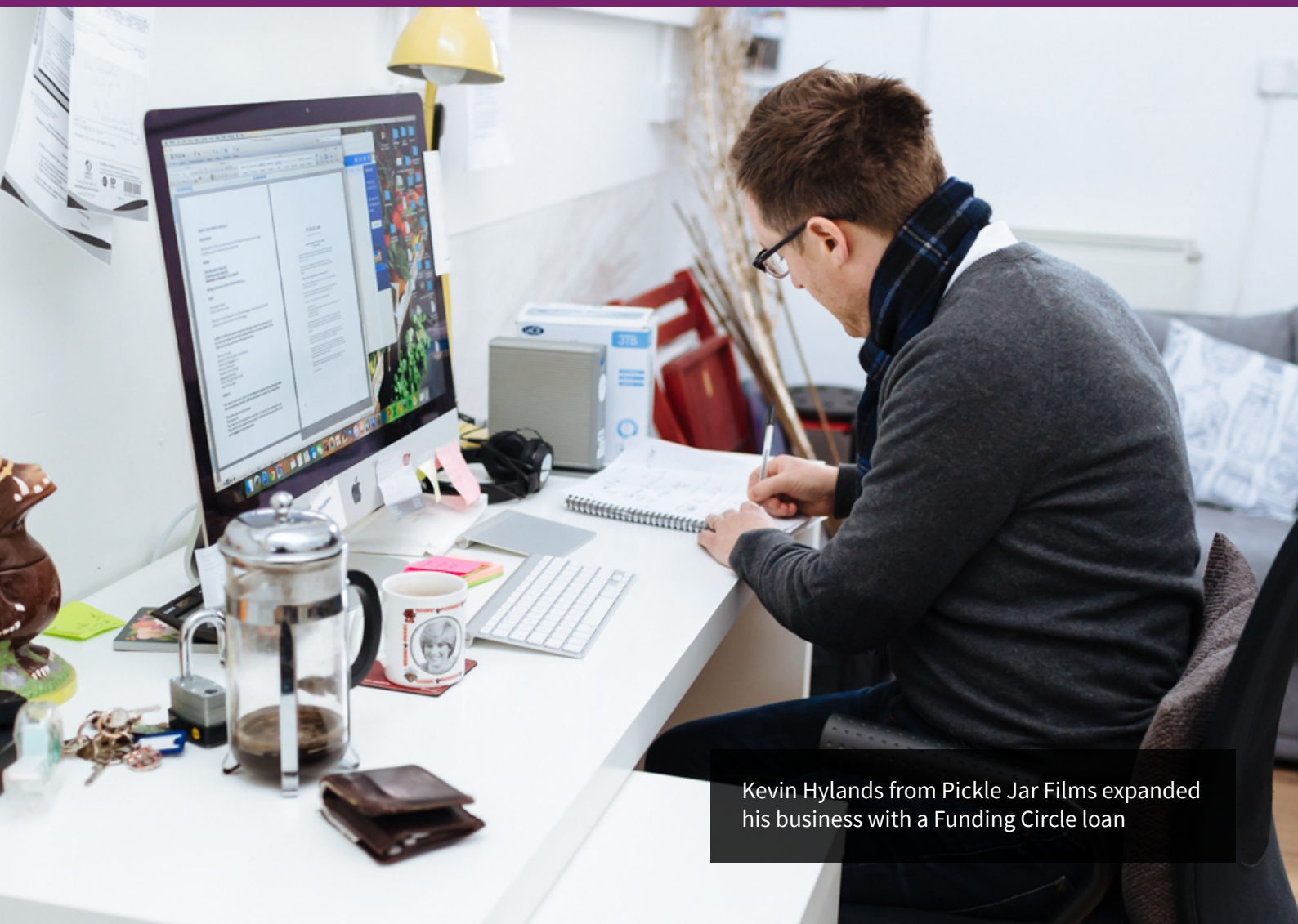




4 steps to prepare for a business loan

A GUIDE FOR BUSINESSES



Kevin Hylands from Pickle Jar Films expanded his business with a Funding Circle loan



Helen Smith from drinkware manufacturer Glogg borrowed £40,000 to fulfill an order for the 2016 Glastonbury festival.

Deciding to take out a business loan is not an easy decision to make, but there are a few things you can do to help yourself prepare. Whether you're looking for a cash injection for expansion or you need working capital to help with seasonal cash flow, taking time to prepare for your loan application will help the process go a lot smoother.

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Step 1: Think about why you need the money

Not all lenders require a formal business plan, but if they do it's important to demonstrate knowledge of your industry, articulate that you are passionate about the market opportunity and highlight your competitive advantage. Be ready to talk about your credit history and how a loan will increase your bottom line, whether it's to help scale faster, plug a short-term financing gap or fund a large asset.

One of the advantages of a Funding Circle business loan is that we don't ask for formal business plans. As you'd expect however, we do need to understand what the business does and who runs it, as well as details of the loan requirement. We also look for some supporting documents to help with our assessment, which we cover below.



Step 2: Gather all of the necessary paperwork

Every lender will ask for a standard set of information, such as some recent months' bank account statements, financials, and basic documentation that shows the individual borrower is legally tied to the business. We typically ask for business bank statements, your recent filed accounts and profit and loss information, but we'll tell you exactly what's needed once you've chosen the quote which suits you best.

Paperwork you'll need:

- ✓ Business bank statements
- ✓ Recent files accounts
- ✓ Profit and loss information

Consider compiling these documents into PDF files on your computer—that way when you apply for the loan, it's all there and is simple and efficient to transfer.

**Step 3: Clean up your credit**

Small business loan applicants should look at their credit history and clean up any errors before applying. Credit scores can affect your ability to get a loan, as well as the size and cost associated with the loan if you are approved. If your score is high you have a better chance of being approved. Request a copy of your personal credit report and check it for errors, like a phone bill you paid on time but was reported as late. Contact the credit bureau to resolve any issues. If your score is low, take steps to improve it before applying for a loan.

**Step 4: Do your research on rates and fees**

Interest rates and fees vary considerably between lenders and depend on a number of factors, from the type of finance and loan repayment term to your credit score and whether the loan is secured or not. For example, short-term loans (generally under 12

months) that have repayments based on the cash flow of a business tend to have higher monthly installments. Longer-term loans are usually more affordable on a monthly basis, but you'll pay more in interest over the course of the loan. You can repay a Funding Circle loan over 6 months to 5 years — the longer time you choose to pay back over, the smaller your monthly repayments will be.



When choosing your lender, check for any extra fees that may be added to the total cost of your loan, like renewal fees, as these can add up. One of the best things about taking a loan through Funding Circle is that there is only one fee when you take out your loan so you know the full cost of your loan upfront. Also unlike many other lenders, there are no early repayment fees, so you can settle your loan early with no extra cost and you only pay interest for the time you borrow. All we ask is that you pay the outstanding amount on the loan and the interest up to, and including, the month that you repay.



Colin Dallimore, owner of Mill View Plant Centre, opened a new cafe with a Funding Circle business loan.

Ready to apply?

Kick-start your business growth today and get an instant quote for a Funding Circle loan.

Why choose a Funding Circle loan?

- ✓ Borrow £5k - £1m, unsecured loans up to £350k
- ✓ Flexible terms from 6 months to 5 years
- ✓ Apply in 10 minutes. Decision in 2 working days
- ✓ Fair cost - interest rates from 4.9% per year
- ✓ No early repayment fees. Payback early, pay less

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