The background of the entire page is a blue-toned underwater scene. A shark is visible swimming from the bottom left towards the top right. The water is clear, and there are some light rays and bubbles visible. The overall mood is serene but also slightly mysterious due to the shark's presence.

ON-LINE LENDING: FRIEND OR FOE?

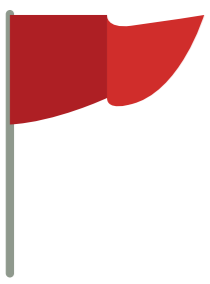
BY: ROBERT DENTON



As a business owner, you may have faced a cash flow shortage from time to time. Maybe you needed additional capital to buy supplies and equipment necessary to grow your business. Perhaps it was to help with payroll expenses. The stress of wondering how to obtain needed funds can be overwhelming.

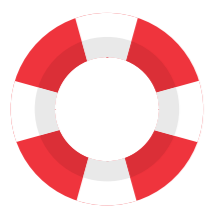
Like most small businesses, you may have gone to your local bank for a loan, only to be denied. Not knowing where to turn, you may have been tempted to use an alternative funding option. The incoming phone calls and mail that you received seemed like a lifeline when you needed it most. And the plethora of websites offers an immediate solution to your challenges.

Unsecured loans and Merchant cash advances offer fast access to cash and let business owners obtain capital without risking personal assets, but these loans and advances often come with drawbacks and may expose your company to unnecessary expense and headaches. We've compiled the top red flags to watch out for with unsecured loans and what business owners can do about the terms that predatory lenders frequently include in these agreements.



Unclear Terms

If the lender isn't clear about their rates and terms or if it sounds confusing, this is a huge red flag that you shouldn't sign with them. The lenders take advantage of your lack of understanding to try to convince you that they are the perfect solution. In fact, obtaining funds from one of these lenders will drive you deeper in debt, with the inability to ever re-pay the loan.



Solution

When speaking with a lender, ensure that they are transparent and that all terms and the entire funding procedure are in writing. Read the fine print on all documents and beware of last minute paperwork.

Ensure that they have clearly explained the fees, interest rates, and pre-payment penalties, repayment terms, and other items related to the loan. Find someone who welcomes your questions and explains everything in language that you can understand.



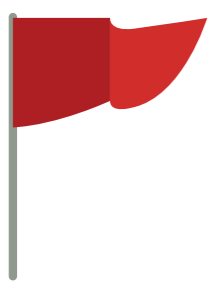
Unrealistic Process

When speaking with an online lender, does what they are offering sound too good to be true? Did the entire process seem too easy? It probably is. In some cases, what is initially promised in regards to rates and terms, quickly changes. You may now be on the hook for more expensive financing with no clear way to repay the loan or advance. It's a classic "bait and switch."



Solution

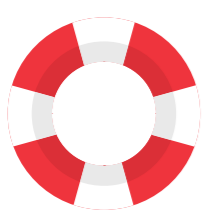
Take a moment to educate yourself about various lending programs. Seek a company that will provide you with a variety of solutions that are creative and innovative, and will provide advice and guidance that has your best interest at heart. Beware of payment structures that may change from day to day or that require payback terms that are too aggressive for your current cash flow situation!



High-Interest Rates and Exorbitant Fees

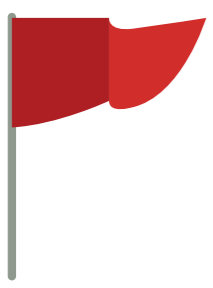
Some lenders may charge higher interest rates for unsecured loans and advances because they are taking a greater risk. However, when the interest rate is so high that it makes it difficult for you to make the monthly payments, it actually creates a bigger problem.

In the short term, high monthly payments can cripple business' cash flows, which can create compounding problems if suppliers, service providers, landlords, and staff aren't able to be paid on time. This downside can be especially devastating for new and financially struggling businesses, as they're most likely to have cash flow issues.



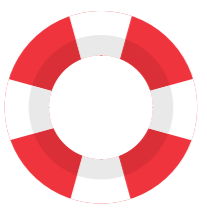
Solution

Find a lender that provides a solution that will work within your budget. A reputable lender will work for you and wants to build a relationship, not just close a transaction. Ask questions about the lender and the Broker or agent you are working with.



Unethical Practices

Another red flag of predatory lenders are those brokers who charge hidden or excessive fees, take kick-backs, or who are abusive and pushy. A lender should never bully you into signing documents you aren't comfortable with.

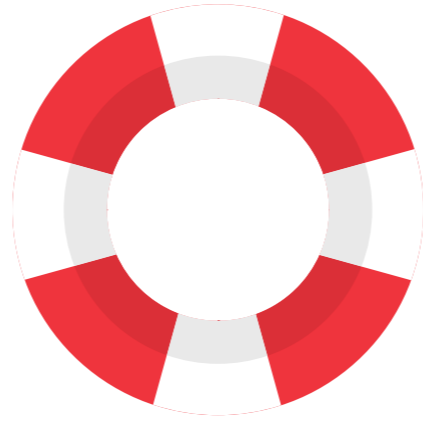


Solution

While it is true that interest rates can change from day to day, your broker should give you time to review all the documents, ask questions, and make modifications to rates and terms you can understand.



Any one of these can hamper a business. Predatory lenders' loans, however, usually include all four of these red flags. Together, limited capital, high-interest rates, and high monthly payments don't just hinder a business. They can be completely crippling, sometimes even forcing a business to close and declare bankruptcy.



Other Options for Businesses Funding:

Cash Advance Consolidation Loan

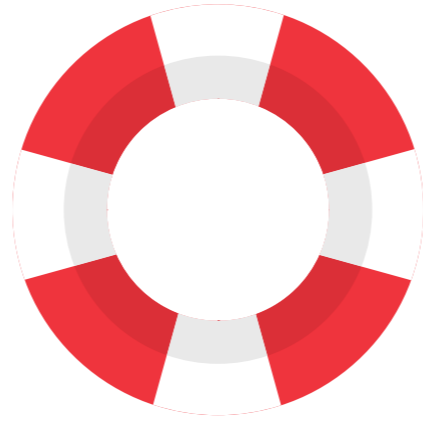
Combine expensive loans into one affordable payment and get you back on track to a healthier cash flow.

Business Revolving Line

Works like a line of credit so you can access additional funds without refinancing your current funding, saving you thousands of dollars compared to other lenders.

Asset Based Revolving Line

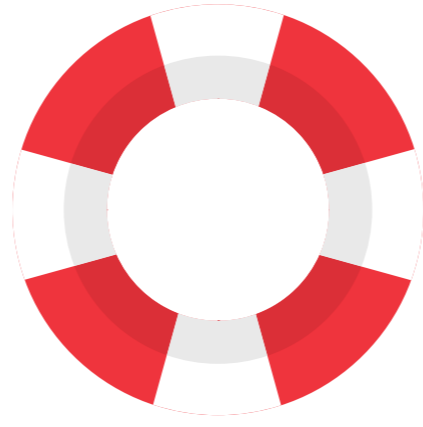
Close the gap and focus on operating your business at half the cost of factoring, with funding available on demand that is secured by your accounts receivable.



In addition to these alternative financing options, some funding challenges can be solved simply by negotiating better terms on your existing loans.

Any business that has already agreed to an unsecured loan or advance from a predatory lender can try to change the terms of their loan. Sometimes businesses can actually renegotiate the terms of their agreement, and other times they're able to get a more favorable loan from a different lender.

When trying to negotiate with a predatory lender or find a new funding facility, it's helpful to have professionals who are familiar with the funding industry on your side.



Let Corporate Capital Advisors Help Your Business

If you have a business that's being crippled by a predatory lender's unsecured loan, let Corporate Capital Advisors give you a fair and unbiased seat at the table and help get your business back on solid financial ground. The experienced team at Corporate Capital Direct can review your business' current loan, and share negotiation tactics to try and get its terms changed. If you can't convince a predatory lender to be reasonable, Corporate Capital Direct can help you find alternative funding that can replace your business' crippling loan.



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