

6 Key Areas For evaluating Short Term Loans

Short terms loans are great in times of crisis, when a business needs capital fast, for growth, for purchasing plant and equipment and/or stock and to assist with a short term cash flow issues. The real key is to find a lender with top marks in these 6 key areas.

1. Speed

For any business, time is money. Perhaps the most important aspect of a short term loan is the speed at which the money can be lent. Not all lenders are able to advance much needed funds as soon as possible. In my mind, 5-6 working days from 1st call to money advanced should be the norm and in some cases capital can be advanced in as little as 24 hours.

2. Approval time

Approval time is of the utmost importance. Do you want to wait 48 hours for an answer or do you want to be approved in less than 15 minutes? Approval speed allows the lender to provide urgently needed funds so you as the business owner can put them to good use.

3. Money available

A lender with millions of dollars available to lend, can guarantee this approval speed. A higher capital base ensures a minimum loan size of \$25,000, so most client needs can be met.

4. No ongoing payments

Not having to make any ongoing payments is a major benefit to the client. Loans where all interest and charges are capitalised into the loan and repaid on the repayment date makes cash management much easier.

5. Exit it strategy

The sad fact is some short term lenders readily give clients money with the intention and hope that you will default. That way, they can charge extra fees and go after the collateral on the loan. An ideal short term lender is one who is part of the exit strategy and does whatever they can to support the client. Not having to worry about finance saves time and allows the client to focus on what's best for the business.

6. Legal fees

In the world of Corporate finance, legal fees are often seen as another way to maximise profit by charging 10s of thousands of dollars. There are some lenders who understand that a satisfied client is a long term client and as such keep legal fees to a bare minimum. This is the kind of lender you should be looking for.

As you can see there are a number of very important factors when it comes to evaluating a short term loan. The main purpose of the loan in the first place is to help with the development of your business, so any lender you choose should have this consideration at the top of their list. They are in business to help you, not the other way around.

About the Author

Lucas McEntee is the CEO of Quest Corporate Services, an Australian company specialising in insolvency, business loans, factoring, corporate restructuring and more. Please visit us at: <http://questcorp.com.au>

Source: <http://www.articletrader.com>