

# Getting Fast Capital For Your Business Expansion - What You Need To Know

## Two Types of Business Loans

Before you go ahead and apply for the best business loans, it would be good to equip yourself with the right knowledge about small business loans. There are two types you should consider:

### 1. Long-term loans

If there are larger expenses that you expect to use for more than a year, long-term loans are ideal. These expenses can include equipment, machinery, vehicles, buildings, and property.

### 2. Short-term loans

If you are looking for fast capital that you are going to use for one year or less, short-term loans are the best business loans. These fast business loans are normally used to finance emergency or unexpected items, payroll, inventory, and other day-to-day expenses.

## The Four C's Loan Companies Look For

For you to be able to land the business funding perfect for your needs, it's important to make sure that you find the perfect loan company. Once you have a loan company in mind, you should prepare for your loan application. Don't forget to take into consideration the four C's that loan companies look into during the evaluation process:

### 1. Cash Flow

One of the factors that loan companies consider is your ability to repay the money you are going to borrow. To prove that you can properly repay, you need to provide a cash flow forecast, which is part of the business plan created for you.

### 2. Collateral

Another form of assurance that loan companies normally require when you apply for small business loans is collateral, or assets you are willing to pledge against the loan. An amount (in US dollars) will be placed on the pledged assets, which will later be compared to the fast capital you requested. Some companies require this, some don't. So, if you happen to know of a company that doesn't require this from you, you're in luck.

### 3. Commitment

The loan company would also ask about the amount of money you have committed to your business. This is their way of knowing whether you have contributed your fair share personally, and speaks to your accountability in obtaining additional business funding. There are some loan companies that do not require personal guarantees, so make sure to do your research well.

### 4. Character

Your history in borrowing and repaying personal lines of credit, credit cards, and bank loans will also be looked into by the financial institution. If you do not have a good credit rating, you will have decreased chances of obtaining those much needed fast business loans.

## About the Author

Fortunately, there are some small [Best Business Loans](#) companies that do not put high regard on your credit score, so do search for companies that can provide this kind of application process for you.