

## **New Approach To Business Lending Emphasizes Success**

(NAPSA)—Small businesses often find they can't get the credit they deserve—or need. Many consumers might be surprised to learn that an estimated seven out of 10 small businesses in America don't qualify for traditional bank loans and must look elsewhere for capital.

This can sometimes mean taking on high-priced alternatives to stay afloat. For example, Merchant Cash Advances—also known as MCAs—let a lender purchase a merchant's future credit card sales at a discount. This can result in interest rates of more than 150 percent APR. Some see these as a form of predatory lending, and as a result, 1,000 U.S. mayors have recently passed a resolution denouncing MCAs altogether.

Now, one company is working to change all that with what it describes as a new approach to small-business lending. The company—On Deck Capital—looks beyond a small-business owner's personal credit score, studying the performance of the business, its bank activity, transaction data, business credit and other data to evaluate the overall health of the business. Through this model, it is able to double the number of businesses that can access affordable loans.

According to the company's founder, Mitch Jacobs, "Everyone agrees that well-run small businesses drive our economy, but unfortunately, the evaluation



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model employed by traditional lenders is designed to identify the challenges a business faces, not their successes."

"Some clients are using their loans to maintain their business during this difficult time, but most are using it to grow, open new locations and pursue the American dream. If we give small businesses the tools they need to succeed, our economy will thrive," said Jacobs.

For example, one individual who owns a mail-order business selling fishing gear saw sales growing after four years in business. Unfortunately, his loan applications were continuously denied by banks. He found On Deck Capital after searching for alternative loan options and was approved for a \$50,000 loan within days.

In another case, the owner of a store specializing in soccer equip-

ment for men, women and students explored MCAs as a form of financing after banks rejected her loan requests. She turned down their predatory offers and selected Jacobs' company after realizing that she would have lost 25 percent of her daily credit card sales to the cash advance. She said that she found On Deck's pricing to be much more straightforward and liked the fact that there were no strings attached.

To learn more, visit [www.ondeckcapital.com](http://www.ondeckcapital.com).

### **Simple Steps to Take Before Applying for a Loan**

- Prepare for diligence.
  - Have your bank statements, payment processing statements, tax returns and other information ready.
- Research potential lenders.
  - Apply to lenders that work with businesses of your profile.
  - Determine if they can meet your needs in terms of amount, timing, etc.
- Review your credit report to be sure it is accurate.
  - If not, take necessary actions to make sure errors are corrected and your credit score reflects the changes.
- Be smart with existing credit.
  - Be sure to pay bills on time and don't go into overdraft.
  - Show lenders you are creditworthy.