Additional Sources of Capital

1. **Home equity loans.**
   Whether it is a home-equity line of credit, a second mortgage, or the refinancing of an original mortgage, you can usually get as much as 80 percent of the equity in a house. The loan is easy to qualify for, with rates comparable to and occasionally lower than small-business loans. Obviously, the disadvantage is you could lose a home if you are unable to repay the loan.

2. **Credit unions.**
   Small business owners can get personal, unsecured loans from credit unions. If you have been a member of such an institution for some time and can qualify, it's worth asking. However, credit unions cannot directly finance your business ventures.

3. **Cash-value life insurance.**
   If you have such a policy you can borrow against it and reasonable interest rates may be possible depending on the fine print. Cash-value life insurance also is excellent collateral for institutional loans.

4. **Broker loans.**
   Your local investment broker can lend you money based on the balance in your security account. Securities can be turned into cash in the time it takes to make a phone call to Wall Street.

5. **Customers.**
   Advance payments for year-long service contracts or shipping products, special pre-release discounts or incentives for a host of products and services are examples of customer financing.

6. **Suppliers.**
   Asking a supplier to give 60 to 90 day terms, particularly for inventory or goods that you manufacture or resell within that time frame, is the equivalent of a short-term loan. This works best if you can show orders to suppliers and you should be prepared to pay for the use of their money through an interest rate or more business.

7. **Micro-loans.**
   These loans are usually described as unbankable deals and generally do not exceed $25,000. For more information on these loans, please contact your local Longwood Small Business Development Center.

8. **Liquidate retirement funds.**
   If you can pay the immediate income tax on funds withdrawn, and afford the 10 percent penalty for those under age 59 1/2, you can cash out an IRA, or take money out of a Keogh account. While this is a heavy price, there are no loan forms to fill out. Most other bootstrap techniques should be considered prior to using this method. You can also consider these accounts as collateral and select option 9:

9. **Borrow from a retirement plan.**
   If you have not quit your job, you can sometimes borrow from a 401(k) plan. If a working spouse has a plan try borrowing from it. Be certain to read the fine print to see how the plan's rules are set up to allow these loans.

10. **Credit cards.**
    Obtaining plastic money prior to starting a business is perhaps the easiest capital to raise. However, cash advance interest rates usually are between 16 percent and 23 percent or higher. Credit cards are best used as a revolving line of credit, and to get over short-term (less than four months) financial hurdles during the first two years of business. Beware: you can develop serious cash flow problems just paying the interest if credit card debt is not used judiciously and strategically.