

# Creative credit: Alternative lending options

Beyond bank loans, lines of credit, and credit cards, small businesses have several financing choices that may help maintain a steady, positive cash flow. Here are a few additional options that you might want to consider.



## 1. Seller financing:

Sellers of big-ticket items like real estate, large equipment, or vehicles might offer financing directly to the buyer. These sellers sometimes offer sales incentives as part of their financing deals, such as 0% interest for a specified period of time or lower sticker prices.



## 2. Factoring (accounts receivable financing):

This is a way to get the money from your business's accounts receivable earlier by selling the invoice to a finance company in exchange for a percentage of the invoice amount (the finance company will generally take a percentage or fee, resulting in your business receiving an amount lower than the face value of the invoices). This can be an option if your business is in need of immediate cash flow.



## 3. Peer-to-peer lending:

This is where online companies create a forum for small businesses to connect with investors offering credit. You request a loan amount, and multiple individuals or institutional lenders can decide whether or not to provide funding. As you pay off the loan, investors get back their principal investment along with interest. It can take time for a loan request to be funded or to attract enough investors, so this may not be a quick credit option.



## 4. Personal financing:

It can be difficult for a new small business to obtain financing when first starting out, so many small business owners use personal funds, personal credit cards, home equity, or personal lines of credit in order to get established.



## 5. Community development grants or loans:

Nonprofits dedicated to helping small businesses provide small loans and grants, usually backed by donations or government funds.

If you aren't quite ready for traditional business lending, consider exploring nonbank options such as small business grants. Visit [wellsfargoworks.com/grants](https://wellsfargoworks.com/grants).