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## FINANCING START-UPS

1. Your personal investment (cash, credit cards, home equity, retirement funds, cash value of life insurance, stocks/bonds)
  - a. 20 Tips for Finding Money Now <http://www.inc.com/magazine/19990301/741.html>
2. Friends & Family – loans or investment
3. Traditional Lenders (banks)
  - a. Personal guaranty
  - b. Good credit rating
  - c. Collateral
4. SBA Loans
  - a. Preferred Lenders - SBA loans are term loans obtained through a bank or commercial lending institution and guaranteed by the Small Business Administration. The lending institution provides the funds and terms, while the SBA guarantees as much as 80% of the loan principal.
  - b. Less money down
  - c. Longer amortization
  - d. Lower interest rates
  - e. The most popular and heavily utilized SBA programs are the 7(a) and 504 loans, particularly for transactions involving commercial real estate.
  - f. Costs
5. Angel Investors
  - a. A “little” VC
  - b. Loans and/or equity interest for start-ups or expansions
  - c. Birmingham Angel Network <http://www.birminghamangels.com/>
  - d. Investments of \$100,000 - \$1,000,000
6. Venture Capital
  - a. Loan and/or equity interest or start-ups or expansions
  - b. Possibly debt convertible to equity
  - c. Investments of \$1M - \$5M
7. Investment Banks
  - a. [http://en.wikipedia.org/wiki/Investment\\_bank](http://en.wikipedia.org/wiki/Investment_bank)
  - b. Investments of \$5M+
8. Pension Funds & Hedge Funds
  - a. Retirement Systems of Alabama
  - b. Big Investments

*The information contained herein should not be construed as legal advice or a legal opinion with respect to any specific facts or circumstances, and is not to be used as a substitute for the advice of counsel.*