Eve Bailey

Career Math

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Business Loans

The first type of business loan I looked up was the Small Business Loan, or an SBA loan. An SBA loan is usually used for working capital, expansion, and real estate. Another type of business loan would be equipment loans. These would be used for buying equipment. A third type of business loan would be a merchant cash advance, which is used for working capital and expansion. The average rate for an SBA loan is around 3.26%. The average interest rate for equipment loans would be 4.65%.

The total amount of money to the lender was $1,882.37. I found this because on the spreadsheet, it has on the chart “total interest paid”, and has the total amount of money that you paid back to the lender. Out of all the loans I researched, I picked loan number 2. I picked this loan because it had the lowest interest rate of them all and had the lowest monthly payment also.

A change in interest rate for a loan changes the payment. A lower interest rate means that there will be a lower monthly payment and you won’t have to pay back as much money to the lender as you would with a higher interest rate.

The best time to make extra interest rate payments would be at the beginning. If you would make the extra payments at any other time, it wouldn’t be as effective and wouldn’t take off as much money as it would if you did it at the beginning of your payments. My business would still be profitable because of the amount that the hairstylists would bring in would cover a lot of the loan costs.