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Benefits of using business lines of credit by [Kemar Roach](#)

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Small business line of credit is a kind of financing that is offered by a lot of business banks and it is basically a small amount of finance that the business can have access to anytime should there be a need for it. The amount is usually decided between the lender and the business owners. For some business lines of credit, no collateral is required to be put up as a guarantee for the repayment of loan. Collaterals are usually applied in cases where the lender and the business owner cannot agree on the credit card scores of the borrower.

Business lines of credit become one of the best assets to have for a growing business. It essentially helps a business meet all its short term cash arrangements and requirements. It provides the working capital that a growing business needs from time to time. Normally business owners use small business line of credit for covering the shortages of cash flow in different departments and it is also used to restock seasonal items in their inventory. More often than not, this amount is used to meet any kind of unforeseen financial expenditure.

The exact loan amount that one can get from small business line of credit depends on the past history of the business and its current and past revenues. The banks also take a look at the annual projected cash influx of the company. To be approved for business lines of credit a company has to prove to banks that they have a positive cash flow coming at the end of the year which basically assures the lending firms that the business will have enough to take care of its debts. In other words, the company should be able to show that it is running a profitable business and that it will be able to repay the loan on a monthly basis.

One common way that banks and other lending firms use to determine the credibility of a business for business lines of credit approval is to check their bank accounts and see if there has been a steady flow of cash in and cash out. Some banks also look at the daily balance sheets of a business to determine whether the company will be able to repay any debt that it takes.

Small business line of credit is much like the process of a person using a credit card. There are no fixed payment terms for such kinds of loans and the interest rates are dependent on the market's fluctuating nature. One of the best features about business lines of credit is that a business owner will only have to pay the interest rate on a monthly basis which will keep the small business in an upward growing spiral.

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