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## YOUR SMALL BUSINESS

### Bene-factors take chance on start-ups

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**L**imo company owner Rudolf Samandarov hit plenty of dead ends when he approached banks about financing his start-up three years ago.

"When you're a new company, the banks usually don't want you," said Samandarov, who emigrated here from the former Soviet Union.

So Samandarov headed in a different direction. He approached Manhattan-based Summa Capital, which lends him the money he needs to operate, secured by his invoices.

Three years later, Samandarov's company, Group Americar Transportation, has a fleet of black cars and brings in \$10 million in annual sales.

Asset-based lenders like Summa Capital are the alternative to

traditional bank financing. While banks want to see a strong balance sheet and cash flow, an asset-based lender will look at your collateral, whether it's accounts receivable, inventory or intellectual property.

"We are more flexible than banks," Summa Capital president Howard Schulder said. "We're more hands-on."

A different twist on asset-based lending is factoring. Factors will buy your invoices outright, then collect the money directly from your customer.

"If we believe in the company and the collateral is there, we'll provide the necessary financing," said Adam Winters of Merchant Factors.

Asset-based lenders charge 3% to 7% above the prime lending rate, compared with a traditional lender, which will charge up to 2% above prime. Factors charge an additional fee, a commission that ranges from 0.5% to up 2% of the invoice.

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