Short answer: Lendio is primarily a business-loan marketplace, not a bank that lends its own money. It connects businesses seeking financing with third-party lenders, which may send loan offers for products such as term loans, lines of credit, equipment financing, and SBA loans. Lendio can make it easier to explore options in one place, but you still need to compare lenders, costs, eligibility rules, and repayment terms yourself.

That distinction matters. A marketplace can help you find financing, but it does not mean every applicant will receive an offer—or that the first offer is the best one. Before borrowing to hire staff, buy equipment, or cover a cash-flow gap, estimate what the money will cost and whether your business can comfortably repay it.

What Lendio does—and what it doesn't

Lendio collects information about your business and financing needs, then uses it to connect you business formation help with potential funding sources. The lender, not Lendio, generally makes the credit decision, sets the terms, and provides the funds. Depending on the product and application process, Lendio may help you navigate the process, but it is not the same as applying directly to a bank or credit union.



- **Lendio is a place to look for options:** You can submit business information and potentially be matched with financing providers.
- **A lender decides whether to approve you:** Approval and terms depend on that lender's requirements and your business profile.
- **Loan offers are not interchangeable:** Rates, fees, repayment schedules, collateral requirements, and personal guarantees can differ substantially.
- **Availability varies:** Products, lender participation, and eligibility can depend on your business, location, and the lender's current policies.

Think of Lendio as a starting point for shopping, not as a promise of approval or a substitute for reading the final agreement. Before accepting an offer, identify the actual lender and confirm who will service the loan, collect payments, and handle questions after funding.

How the Lendio process generally works

1. **Share business and financing details.** Applications commonly ask about your business, revenue, time in operation, requested amount, and intended use of funds. The exact information depends on the product.
2. **Review potential matches.** Lendio may connect you with lenders whose criteria appear to fit. A match is not the same as approval.
3. **Provide documents to the lender.** The lender may request bank statements, tax returns, financial statements, ownership details, or other documentation.
4. **Compare written offers.** Check the full repayment amount, payment frequency, fees, term, collateral, guarantees, and any conditions for early repayment.
5. **Choose whether to proceed.** You are not obligated to accept an offer simply because you applied or received one. Review the lender's final contract before signing.

Ask whether checking your options involves a soft or hard credit inquiry, and when a hard inquiry may occur. Also ask whether submitting information authorizes contact from lenders or other providers. Read the application's consent language rather than assuming that a marketplace inquiry is invisible to your credit file or inbox.

How to compare loan offers—not just headline rates

When you compare lenders, look beyond a quoted rate or an advertised payment. Some financing products use an annual percentage rate (APR); others may quote a factor rate, a fixed fee, or a payment amount. These figures are not always directly comparable. Ask the lender to show the total dollars you will repay and the schedule for paying them.

What to compare Question to ask Why it matters Total repayment How much will I repay in total, including required fees? A low-looking payment can still add up to a high borrowing cost. Payment schedule Are payments daily, weekly, or monthly? Frequent payments can put pressure on operating cash flow. Fees Are there origination, closing, draw, late, or prepayment fees? Fees can change the effective cost or reduce the funds you receive. Security Is collateral or a personal guarantee required? You may be putting business or personal assets at risk. Flexibility Can I repay early, renew, or draw funds again? Flexibility varies by product and contract; do not assume it is included.

For a quick sanity check, imagine borrowing $20,000 and being required to repay $24,000 over 12 months. Ignoring timing and any fees taken out before funding, the simple difference is $4,000, or 20% of the amount borrowed. That is not an APR calculation, but it is a useful first question: "How many dollars will leave my business in total?" Then ask the lender for the APR or another standardized cost explanation appropriate to that product.

Marketplace access does not automatically mean you will receive multiple comparable offers. You might see one option, several options, or none. Compare each written offer with alternatives from your existing bank, credit union, community development financial institution, or another reputable provider. Be cautious about pressure to sign immediately.

Is a Lendio loan right for hiring employees?

Borrowing to hire can make sense when you have a clear plan for how the new role will generate or protect revenue. It is riskier when a loan is being used to cover an ongoing payroll shortfall without a credible path to closing the gap. Loan repayments continue even if a new hire takes longer than expected to become productive.

Estimate the **true cost of hiring** before deciding how much financing you need. Salary is only one part of the budget. Depending on the job, location, and benefits package, costs may include employer payroll taxes, workers'

compensation, health coverage, retirement contributions, paid leave, recruiting, equipment, training, and payroll administration.

For example, suppose you hire one employee at $60,000 in annual wages. As a rough planning exercise, add employer Social Security and Medicare taxes, commonly 7.65% on applicable wages, or $4,590. That brings wages plus those taxes to $64,590—before unemployment taxes, workers' compensation, benefits, recruiting, equipment, and other expenses. This is a starting point, not a universal loaded-cost percentage: state rules, wage bases, industry, benefits, and the employee's work location all affect the real figure.

Use payroll and accounting tools to build a more complete estimate. Gusto can help employers manage payroll and benefits, while QuickBooks can help track business income and expenses. Neither tool replaces tax, legal, or insurance advice, and product features and pricing can change. Confirm what is included for your state and business size before relying on a tool's estimate.

Use calculators before you borrow

Free small business calculators can help you test assumptions before you take on debt. They are useful for planning, but they are not a loan approval, a payroll quote, or tax advice. Check the inputs, keep a record of your assumptions, and compare the result with your actual financial records.

- **Loan payment calculator:** Estimate payments using the amount borrowed, interest rate, and repayment term. If the lender charges fees or uses a nonstandard repayment structure, a basic calculator may understate the cost.
- **Hiring cost calculator:** Add wages, employer taxes, benefits, workers' compensation, recruiting, equipment, and onboarding. Adjust for part-time schedules and state-specific requirements.
- **Payroll and take-home pay estimator:** Estimate an employee's net paycheck from gross pay after withholding assumptions. Results vary with federal and state taxes, local taxes, benefits deductions, filing status, pay frequency, and W-4 elections.
- **Break-even or cash-flow calculator:** Estimate how much additional sales or cost savings a hire must produce to cover their fully loaded cost and the loan payment.

Paycheck and take-home pay: avoid the common mix-up

An employee's take-home pay is not the same as the employer's cost. For instance, a worker may earn a $5,000 gross monthly salary, but the paycheck will generally be lower after withholding and any benefit deductions. The employer also owes its share of payroll taxes and may pay for benefits and insurance. A paycheck estimator helps explain the employee's net pay; it does not, by itself, calculate the company's full employment cost.

State-by-state differences matter. State income tax, unemployment insurance, paid family or medical leave programs, local taxes, workers' compensation rules, and required benefits can change the employer budget or employee paycheck. Even within one state, local taxes and work location can matter. Use the employee's actual work location and current payroll settings when estimating; do not apply one national "payroll tax" percentage to every hire.

Employee turnover cost math: include the replacement cycle

Turnover can make a hiring plan more expensive than it first appears. A practical estimate adds the costs of recruiting, screening, onboarding, training, temporary coverage, lost productivity, and any overtime or contractor

spending while the role is vacant. You may also need to account for lost sales, customer disruption, or knowledge that leaves with the employee.



Here is a simple back-of-the-napkin example. Suppose replacing an employee costs $3,000 in recruiting and onboarding, $2,000 in temporary coverage, and $4,000 in estimated lost productivity. The estimated direct and productivity-related cost is $9,000 per departure. If three employees leave in a year, the estimate becomes $27,000. That does not prove the exact cost—lost productivity is especially hard to measure—but it shows why turnover belongs in a staffing forecast.

To make the estimate more useful, separate cash expenses from assumptions. Recruiting invoices and overtime are observable; reduced output is an estimate. Use conservative assumptions, revisit them after a few hires, and avoid counting the same expense twice. If a loan is meant to fund expansion, include realistic hiring and replacement costs in the repayment plan.

Fees and other gotchas to check

Do not assume that “marketplace” means the process is free in every sense, or that the lender will charge no fees. Check Lendio’s current terms and privacy disclosures, and ask each lender for a complete written fee schedule. The lender’s contract controls the borrowing terms. Fees may include origination or closing charges, late-payment charges, wire or draw fees, and other product-specific costs. A fee deducted from funding means the business may receive less cash than the stated loan amount while still owing repayment based on the contract.

- Confirm whether the quoted cost is an APR, factor rate, fixed fee, or another measure.
- Ask whether payments are automatically debited and what happens if a payment fails.
- Check for a personal guarantee, blanket lien, or specific collateral requirement.
- Ask whether early payoff reduces the amount owed, and get the answer in writing.
- Verify the lender’s identity, licensing or registration where applicable, and contact details.
- Review the privacy and consent terms before sharing financial or personal information.

Rules and protections can vary by state and by financing product. Some commercial financing disclosures are governed by state-specific requirements, and exemptions or coverage can differ. If a contract is unclear, ask a qualified attorney or accountant to review it rather than relying on a sales conversation.

When Lendio may—and may not—make sense

Lendio may be worth exploring if you want to see whether multiple types of financing could fit your needs, or if you are not sure which product to investigate first. It can also provide a useful comparison point against offers from your current financial institution. But the marketplace is only as useful as the offers you qualify for and the care you take comparing them.

It may be a poor fit if you need guaranteed approval, want to avoid sharing business information with potential providers, or are looking for a substitute for fixing a persistent cash-flow problem. If you need a relatively small amount, compare the cost and convenience of a business credit card, bank line of credit, or other alternatives—but evaluate their terms just as carefully. For an SBA-backed loan, remember that an SBA guarantee does not mean the SBA itself is usually handing you the money; an approved lender makes and services the loan under the relevant program.

The bottom line

Lendio business loans are better understood as financing opportunities arranged through a marketplace, rather than loans issued by Lendio as a direct lender. That can help you find and compare lenders, but it does not remove the need to inspect every offer's total cost, repayment schedule, fees, guarantees, and state-specific conditions.

If you are borrowing to hire, start with the full cost of the role—not just salary. Estimate employer taxes, benefits, recruiting, training, and turnover; separately estimate employee take-home pay. Use free small business calculators as planning aids, then sanity-check their outputs against your records and the lender's written terms. A financing offer is only useful if the business can repay it after payroll and other operating costs are covered.