FAQs - Equipment Financing

How long will the entire process take?

Requests under $250,000 are approved within 1-2 workdays after receiving our Credit Application, 3 current months' business bank statements, and vendor proposal. The "App Only" process can take 1 week. Requests over $250,000 require 3-5 days depending on the complexity of the financial statements. Upon approval a term sheet is offered and then a finance agreement is sent directly to the customer. Once the agreement is signed and returned, the vendor is funded. The entire process typically takes 1-2 weeks.

How can I speed up the finance process?

Have all your financial documents organized in a PDF format and ready to submit. For finances over $250,000 the basic package includes 3 years of tax returns (personal & business), 3 current months' business bank statements and financial statements, debt schedule and current balance sheet and income statements. We provide a list.

Can we finance used equipment?

Yes, we finance all types of used equipment. The equipment can be purchased from an equipment vendor or a private party. Typically, used equipment can be financed up to 36 months maximum.

What happens at the end of the finance?

There are a variety of end-of-term options available depending on the type of finance program you select. These include Fair Market Value (FMV or Operating Lease), $1.00 Buyout (Capital finance), an Equipment Loan and other Fixed Buyout Options (10% or 20% buyout).

Fair Market Value (FMV or Operating Lease)
This option is beneficial when concerned with financing equipment which becomes obsolete quickly. Computers and electronic hardware fall into this category. FMV leases were designed for customers who expect the value of their equipment to decrease quickly and may want to upgrade their equipment at the end of the lease. At the end of an FMV lease, the lessee has three options: extend the term of the lease, return the equipment, or buy it at its fair market value, which is usually 10% - 20% of the original price. This lease provides lower monthly payments and the ability to write-off 100% of the payments as an operating expense.

$1.00 Buyout (Capital finance)
This option is for those who are fairly certain their equipment will retain its value well over a 3-5 year term and plan to keep it for a longer time period. Construction, machine shop and manufacturing equipment fall into this category. Therefore, your plan is to purchase the equipment at end of term and exercise the $1.00 buyout option.

Equipment Loan
Like a Capital Finance; this option is for those individuals which will keep their equipment long term and want 100% ownership at the end of the loan. A loan will allow prepayment without any penalties. Most owners are familiar with this structure through their local bank.

10% - 20% Fixed Buyout Option

This option offers the flexibility to return the equipment or purchase it at the end of lease. The main advantage is the buyout amount is set ahead of time which can be from 10% to 20% of the new equipment price, without relying on what the future fair market value may be. This finance, like an FMV lease, has a lower monthly payment compared to a capital finance or loan.

What will my interest rate be?

Interest rates or money factors are based on the company's credit history and rating, time in business, equipment cost, finance term and structure. With small businesses, the credit of the owner(s) will play a critical part in the overall interest rate. The rate will depend on the risk, which is assessed for each business entity. The bottom line: riskier business models or companies pay higher rates.

Will my lease payments be tax deductible?

The IRS generally allows 100% write-off of your lease payment if the lease structure is within their guidelines. We recommend consulting with your tax advisor since laws change periodically. In general, FMV leases qualify.

Will the finance payments be fixed for the entire term?

Your payments are fixed throughout the finance or lease. No balloon or larger amount payments are part of a standard finance. Final buyout payments can vary depending on the type of finance structure you select.

What is the minimum dollar amount I can finance?

$20,000 is the minimum we require. On the upper end, we can fund multi-million-dollar projects as well.

How long do you have to be in business?

We finance start-up businesses if the owner has experience in the industry; after 2 years of being established with a proven track record, lower rates will be available. The best terms are offered to established companies with 5+ years in business.

How much down payment is required on an equipment finance?

We provide 100% financing. Although custom payment plans are available, we typically require only one or two payments in advance when documents are signed. You can always make a larger down payment to minimize the monthly expense if desired. 100% financing means taxes, installation and set-up costs can be included in your finance total.

Does it matter who structures my finance?

Yes! Some finance agents work specifically for one lender, like local banks, which limits their access to the most current programs. The same is true of some equipment vendors, which offer leasing to their customers; they work with one lender that can limit a customer's options. A finance company, which contracts with many lenders, can consistently offer you the most competitive financing for your project.

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