



Equipment Financing 101



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"Equipment financing is one of the easiest ways to hit your business loan production goals!"



Victor Castillo @ Bizpetrol



"Your business clients are going to purchase equipment this year. If they don't hear from you, they will likely accept vendor financing!"



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Types Of Equipment Loans

- **Equipment Line of Credit:**
 - **Converts into a lease or loan**
- **Equipment Lease:**
 - **Operating Lease**
 - **Capital Lease**
- **Equipment Loan**

Equipment Line of Credit

- **Ask your client how much equipment the business will purchase this calendar year**
- **Submit a loan package for the estimated amount**
- **Line of credit is good for 1 year**
- **Each draw against the line converts to a loan or lease**
- **You can finance up to 100% of equipment & 20% of soft costs (tax, shipping, installation)**

Equipment Lease Types

- **Operating Lease:***
 - aka: Off-Balance Sheet Lease, Tax Lease, FMV Lease, Early Buy-Out Lease, etc.
 - Completely expensed & likely have lowest payments
 - Lessor holds title & ownership of equipment
 - Ownership may transfer to lessee for fair market value
- **Capital Lease:**
 - aka: \$1 Buy Out Lease, Dollar-option Lease, Lease-Purchase or Finance Lease
 - are accounted for as an asset + liability and the business depreciates the assets & incurs interest expense
 - ownership is conveyed from lessor to lessee at maturity based on agreed upon terms

*New reporting standards require that all businesses report a corresponding liability & asset for operating leases with terms greater than a year.

Talk To Your Equipment Lending Specialist

- **There are many ways to structure equipment leases**
- **Your equipment specialist can inform you so that you can sell against vendor financing or equipment financing companies**

Want To Improve Your Business Lending Game?

This material came from the
Commercial Lending Toolkit! The
toolkit helps you get your loans
approved & funded fast!

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