



Business Equipment Financing

Study Module 3

Introduction

In this module, we will discuss both equipment financing to obtain new equipment, and equipment sales/lease back, a method business owners use to obtain cash! You will be able to originate both these types of loans, with the lender attached.

Equipment financing is any method of extending capital to businesses for the purpose of acquiring equipment.

Equipment Sale-leaseback works kind of like an equity loan on your house. If you own equipment such as heavy machinery, titled equipment, or construction vehicles; you can use that asset to receive money immediately, and pay it back over a set period of time. Terms generally range from 3-5 years.

Equipment Financing

Businesses may finance equipment up to 100% of the value of the equipment. Most lenders will set the term of the loan equal to the expected useful life of the equipment. For example, most computers and software have an expected useful life of 3-5 years.

Many businesses will finance equipment, vs buying the equipment to reserve cash!

The equipment serves as collateral for the loan.

Approvals are generally based on credit, and the company's ability to pay for the financing being offered.



Equipment Sales-Leaseback

With a sale-leaseback, the company essentially sells equipment their company owns to a commercial financing company, to receive a loan. That firm then leases the same equipment back to the company. The equipment needn't move an inch during the process. The company keeps their equipment, and makes payments to the commercial finance company.

Advantages to sale leaseback transactions:

- ** In most cases, any small business that owns appropriate equipment can qualify, **even with some bad credit** or being a startup business.
- ** An equipment sale leaseback loan can be made very tax friendly depending on the way the deal is structured, the entire payment can potentially be a tax write off.
- ** These transactions often have longer terms, **lower payments and lower rates** than other alternative.

Originating Equipment Loans!

- Originating both these loans begin with having a simple application completed. (Your lender may provide one, but I have provided a general one)
- You will request a copy of the borrower's identification
- You will request all equipment information
- You will submit the application with information on the equipment, and identification to your lender for a pre-approval.
- *****The lender will guide you on requesting additional information needed in this process. Depending on the circumstances, they may request financials, such as tax returns, bank statements, or other information.**

Getting Started:

Once you have completed reading this brief module, I am recommending that you use the link here to sign up with South Star Capital, A representative will contact you to get started. <https://www.southstarcapital.com/brokers>

If you are new to the commercial finance industry, you may be advised to sign up as a Referral Partner, vs a Broker. The company offers both programs, and you can certainly grow from Referral Partner to a Broker over time. Both programs pay commissions to you! The Broker program allows for higher commissions, but involve more of you working the deal with the clients.

In addition this company offers 4 other Asset based lending products, which you can become involved in, and make money!!

They offer:

- **Purchase Order Financing**
- **Government Contract Financing**
- **Invoice Factoring**
- **Payroll Funding!**

You can learn about these products directly form their website, and offer them as additional products for commission as well!!

Getting Started Continued....

I have also enjoyed brokering with Blue Bridge Financial at:
<https://www.bluebridgefinancial.com/brokers/> .

This company prefers to broker with those with some previous experience, as well as time in the commercial finance industry. If you are new to the industry, spend some time with South Star, as a referral partner, and make the transition to brokering. You can then add, Blue Bridge on as a lender later. If you have some time in the industry, feel free to sign up now!

Complete the “Get Started” area to begin originating loans. You will be contacted by the company directly from that point on!

You may also make direct contact with the company to speak with a broker relations member.

I am also including a **Stock Loan Lender**: These are very handy for clients who have invested in stock, and want to hold on to their stocks while getting a good non-recourse loan. The process is as simple as an application, and information gathering.

International Stock Loans: <https://internationalstockloans.com/referral-partner>

Business To Do List:

- When you have completed this module, sign up with the lenders included!
- I have included an generic origination application for your clients!
- You have free access to our online resource page for marketing, as well as additional information on expanding your business, and products!

Online resource page is located at: <https://www.nbaaz.com/resource-center.html>

We wish you the very best in your endeavors!