

**Bank line rates float with interest rates**

- Lease rates are guaranteed fixed for the term of the lease
- Short-term rates are very low now- where will they “float” to during the next 12, 18 or 24 months?

**Do you have an existing line of credit at the bank?**

- What effect will a new loan have on the cash available under your business line, fore special business opportunities, emergencies etc.? (In most cases your total access to funds will be reduced)

**Is the bank actually offering a credit line or a term loan? There are many key differences:**

- Most banks require that credit lines be brought to zero at least once every 12 months. They want to reserve the option to call the line should your industry start to “go south,” or if the regional economy, or your own business prospects start to “soften” (In their sole opinion).

**Where would you be in the bank elected not to renew 12 months?**

- Banks typically do not fund more than 75-80% of the net equipment cost.

**The lease can cover as much as 110% of the cost as, unlike banks, we will include shipping, training, installation, initial maintenance and other “soft” costs.**

- Banks are far more restrictive than leasing companies, about the equipment they will finance.
- Many banks will only do “hard” collateral (machinery, etc.).
- Most banks will not even consider “used” equipment.

**The bank will place a “blanket lien” on all of your assets.**

- Our UCC will be filed on the leased equipment ONLY. Nothing else is encumbered. None of your financial flexibility will be compromised.
- Keep in mind that if the bank were to decline to renew your line (at any point in the term) that those “blanket liens” would still be in effect, blocking your attempt to use your own assets as collateral for any new (replacement) funding.

**The bank will likely require you to cross-collateralize any new obligation with all of the accounts you maintain at that institution-personal checking, savings, trusts etc. (this is often burred in the fine print)**

- Your lease is a freestanding obligation.

**Bank fees and closing costs typically run 1-4% of the transaction amount. These fees can have a significant effect on the real interest rate you are paying. Ask for a copy in writing before you sign and do the math.**

- Our equipment financiers have no documentation fee or minimal (\$200).
- Are you a “key customer?” That may sound flattering, but it usually means that the bank is extending its offer based on your “entire banking relationship” – your other accounts, the other balances that you maintain and the service fees/income that you generate for them.
- It also means that you are tied to that bank exclusively for the term of the loan. If you move accounts and/or services, your rates will almost certainly jump-way up. Not sure? Ask them specifically.

**Are You Ready To Pay These Very High Prices...For Those “Very Low Rates?”**

- Most customers find that they are being asked to pay a very high price for those seemingly “very low rates.” Operating & financial restrictions, capital “frozen” as unproductive “compensating balances,” business assets encumbered, future float risk, reduced availability of their own critical business credit lines etc., etc.