

EQUIPMENT FINANCING FOR BEGINNERS

The 5 Simple Steps to
Affording New Equipment



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*If you aren't familiar with common financing terms, or you need a quick refresher, head to this section before delving into the 5 steps.

1

Get Started

Whether starting a new business, replacing broken equipment, or looking to expand has led you to equipment financing, the first step is to apply. This can be done several ways: phone, fax, email, or online. No matter how you run your business, there's an easy way to apply.

The financing application will cover the basics of your business. It gives you a chance to tell your potential lender a little bit about yourself and what equipment your business needs to be successful. It will only take a few minutes and is usually a no-cost, no commitment way to get the ball rolling on acquiring equipment through financing.

Bonus Benefit

You can get a monthly payment estimate before you even apply. Head to beaconfunding.com/calculator to try it out!

2

Chat with an Expert

After you've submitted the application outlining your business and its needs, a financing consultant will reach out to you to get a better idea of what you're looking for from a financing plan. If this is your first time financing, you probably have plenty of questions. This is the perfect time to get them answered.



Bonus Benefit

Equipment financing helps you conserve your cash. By financing your equipment, you won't have to worry about being short on cash in case of an emergency.

In case you're stumped for questions, here are a few to consider asking:

- When will I know if I've been approved?
- Is there anything else I need to submit?
- I don't have equipment picked out. Do I have to wait until I do?
- What kind of financing plans work best for start-ups?
- How do I decide what kind of plan works best for my business?

During this call, your consultant will also explain the next steps and give you a better idea of what to expect out of a plan. While on the phone, your consultant can also work to get you a monthly payment estimate and a timeframe for when you might get the equipment up and running.



**Feel free to call us at
(847) 897-2484**

3

Submit Documentation

When you filled out the application, you gave your lender the basic information they need to get started, but to get an approval and an accurate idea of the options available for your business, you may need to send over some more information. Tax returns and bank statements give your lender a glimpse into your cash flow and credit history.

The best thing you can do at this step is to send everything over as soon as you can. To help speed things up and keep you from wasting your time hunting for paper copies, online banking makes it easy to send over your documentation. Just sign off on sending it over with an e-signature and you can move on to the next step.

This step makes some people nervous, but there is nothing to be worried about. From a technological standpoint, the programs used to send the information are perfectly secure and your information will be in good hands. If it's poor credit strength or a financial misstep that makes you nervous, remember that an understanding lender won't judge you too harshly.

Bonus Benefit

Financing equipment comes with some nice tax advantages. Section 179 allows a business to deduct all or part of the purchase price of certain qualifying equipment that is leased or financed.



4

You're Approved!

At this stage in the game, you find out if you've been approved. You should be contacted in about 48 hours, as long as the application is complete and any extra paperwork has been sent over. Your consultant will get to work coming up with the perfect, customized plan for your business. Once the details are all hammered out, you're just one quick step away from putting that new equipment to use!

Bonus Benefit

Financing makes it easy to budget. Lock in a low monthly payment and know exactly how much you can afford to spend each month.

5

Put the Equipment to Use

With the plan tailored to your business and accepted by both sides, it's time to start profiting! But before you pop the champagne, make sure you've signed the agreement and sent it back to the financing company.

They will submit a purchase order to the vendor and the equipment will be set to be delivered to you. Once it's in your possession, make sure it's the right equipment and is working properly. Let the lender know everything is good to go and your lease/financing agreement officially starts. Now you can celebrate!



Take the First Step

Apply for the equipment financing your business needs to succeed at:
beaconfunding.com/apply



Terms to Know

Six common terms you'll want to know
when getting ready to financing equipment.



Terms To Know

💰 Equipment Financing:

The equipment your business needs tends to cost a pretty penny. Equipment financing helps fit it into any budget. With equipment financing, a lender purchases a piece of equipment in your name. You receive ownership of the equipment and agree to repay the cost to the lender over a set period of months. At the end of the agreement, you remain the owner and no longer have to make payments.

📄 Equipment Leasing:

Equipment leasing is similar to financing in that it helps you afford the equipment you need. The difference lies in ownership. When leasing, the lender technically owns the equipment and you're paying to use it. Depending on the terms you set in the beginning, at the end of the lease, you either return the equipment, pay fair market value, or receive ownership (as a result of a lease-to-own plan).

🔑 Lease-to-Own:

Lease-to-own refers to specific variety of equipment leasing. Basically, it means that you are leasing the equipment with the intent to own it at the end. It's very similar to financing, but has a few main differences. Monthly payments tend to be lower, but end of lease balloon payment may come into play. Your consultant will be able to further break down the differences and help you decide what works best.



Note: In this e-book, the terms financing and leasing are used interchangeably unless otherwise noted.



Terms To Know

Flexible Financing:

The words flexible and financing might not seem to go together, but some equipment financing companies are trying to change that. Flexible financing refers to a plan that is customized to the lessee to help set them up for success. Although a plan can be 100% unique to your business, there are a few common flexible financing structures to know.

Flexible Financing Options:

- **Deferred Payment Plan (A.K.A. Buy Now, Pay Later):** Postpone payments at the start of the lease
- **Skip Payment Plan:** Allows you to skip payments during slow months
- **Step Payment Plan:** Pay less upfront and payments will slowly increase month-to-month or pay more upfront and payments will decrease month-to-month
- **TRAC Lease Program (Terminal Rental Adjustment Clause):** Shifts a portion of the payment to the end of the lease creating a lower monthly payment (only applies to commercial vehicles and trailers)

Apply for Financing

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beaconfunding.com/apply



Term Length

The number of months a financing/leasing agreement lasts. Typically 36-60 months, but can be longer or shorter depending on the plan.