

# FINANCING AND WHAT YOU ARE NOT BEING TOLD

In these turbulent economic times make sure you have all the information to make an informed decision for your business. Although Equipment Capital Corp will get your company the best available rate there is more to financing than just the getting the lowest interest rate.

## **FEES INCLUDING APPLICATION/SETUP/REGISTRATION COSTS**

Bank Fees, loan application and registration fees are typically higher so if the interest rate is a little lower to start this could cost your business in the end when taking into account these fees and your total cost of borrowing could in fact be more expensive.

## **CALLABLE VERSUS NON-CALLABLE DEBT**

Bank debt is callable which means even if you are making your payments as required, the Bank can change their outlook on your industry and want you to payout your borrowing facilities or not provide additional equipment loans.

## **SECURITY**

What security is being taken? A General Security Agreement (GSA) covering all assets of the company? A specific charge covering just asset(s) financed? A Personal Guarantee and/or Corporate Guarantee for a specific amount or unlimited amount? Be informed as to what you are pledging as security.

## **COVENANTS**

Typically the Banks want to set up covenants such as current ratio, debt/tangible net worth or cash flow. While this might not be a consideration for you at the time it is evident, now in the turbulent times, we are seeing more and more Banks calling their loans because of covenant breaches even though payments are made on time.

## **TAX ADVANTAGES**

There are tax savings/advantages with leases over term loans

## **SERVICE**

What is the level of service going to be? Do they provide additional advice to consider or are they there just for the immediate deal? Do they have a long term approach to your company's success, as well as their own success?

There are other factors to consider such as the importance of not having all your equipment loans with one institution to have established relationships at other institutions in case circumstances change like the bank's outlook or an account manager change. Make sure you have information you need to determine the true cost of borrowing and interest rate by ensuring you receive a lending amortization schedule before you agree to anything.

Having a well thought out strategy on equipment purchases can save time and money in the long term. Get the Knowledge, the Transparency, and the Service Level you and your Company Deserves. **Call the Experts at Equipment Capital Corp.**

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