Problem Statement:

Get a loan from the bank

Possible Alternates:

1. To sell the old pattern cutting machine worth $50,000 and sell the waste wood chips and shavings worth $1,500 and take loan from bank for the remaining amount to buy the modern pattern cutting machine.

   Cost: $50000+$1500-$125000= $73500

2. To renovate the old pattern cutting machine in $25,000 and sell it in $80,000 and take loan from bank for the remaining amount to buy the modern pattern cutting machine.

   Cost: -$25000+$80000-125000=70000

Based on these calculations I would choose Option 2.