



# Equipment Financing

## **ALTERNATIVE FUNDS**

Equipment financing refers to the type of funding companies utilize to purchase business-related equipment. Obtaining these assets can be through equipment leasing or equipment financing which doesn't require businesses to pay out of pocket large amounts of cash ultimately freeing up working capital within the business.

Equipment lease financing is similar to equipment financing except when leasing, you are technically paying the equipment's owner to rent it each month. At the end of the leasing period, you can opt for a buyout and purchase the equipment or end the leasing contract. Keep in mind, a disadvantage of renting equipment without the prospect of owning it may be expensive in the long run.

Equipment financing refers to a loan used to purchase business-related equipment. Instead of using your working capital to purchase the qualifying equipment, equipment financing allows you to finance the full equipment cost and repay the interest and principal over fixed terms. Once the payback period is complete, you will own the piece of equipment outright.

Similar to equipment financing, heavy equipment loans allow businesses to borrow money to purchase large pieces of

machinery such as forklifts, cranes, bulldozers, or other large machinery you need a license or special training to operate. Financing heavy equipment helps free up businesses' cash flow while giving you the ability to continue to serve your customers.

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