Your guide to small business equipment financing.

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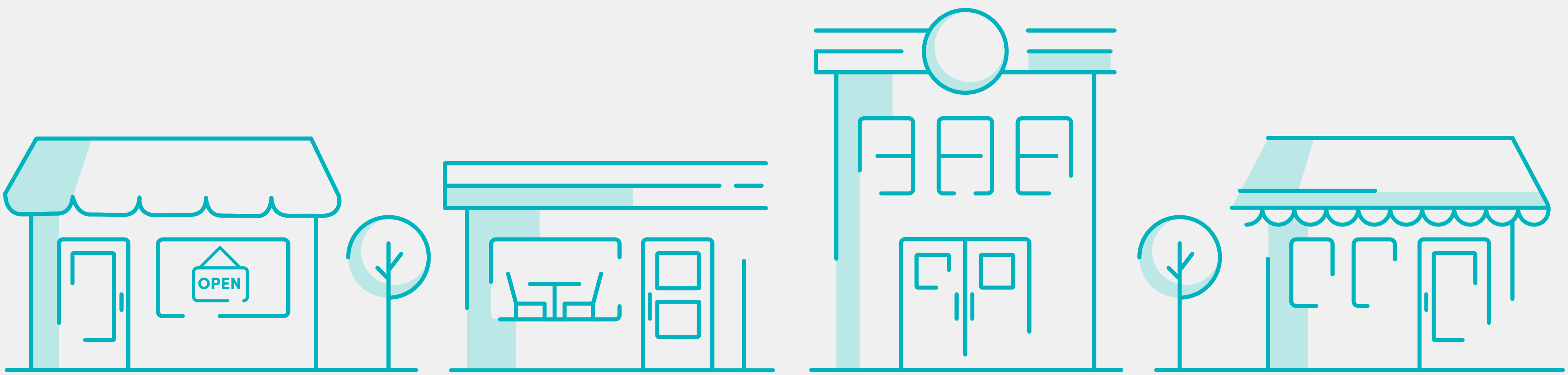
Considering financing for your small business equipment needs?

You probably have a lot of questions. Like:

- How do I know if my business is ready for financing?
- What's the process really like?
- And what happens when my term ends?

We'll answer all your equipment financing questions in six simple stages.



Stage one:
Tackling the important questions

Let's start with the most important part of financing: your business needs.

1. What's your monthly budget?

With financing, you can buy the equipment you need now and pay over time. But first, you have to know what monthly payment you can afford.

2. How long do you plan on using the equipment?

The type of equipment you need will determine the best term length for you. For example, a 3-year-term typically works for necessary technology like a computer. On the other hand, if you're financing a vehicle, you can get away with up to a 6-year-term.

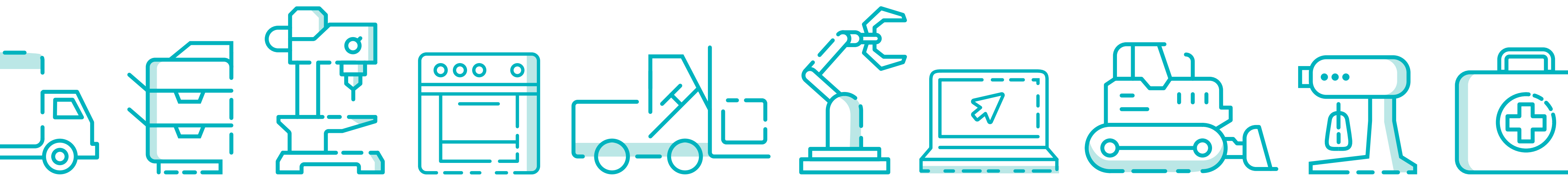
Stage two:
Understanding the basics

What type of equipment qualifies?
What doesn't?

The general rule of thumb is that the equipment you finance has to be used for business purposes. We consider those "hard assets."

Something else to consider: the cost of the equipment you need. Generally, it's reasonable to finance if the equipment you're buying costs $2,000 or more. It's rare to find lenders that will agree to finance equipment costs less than that.

Bonus:
CIT will finance up to **20 percent of soft costs** too, including training, shipping and installation.



Stage three:
Determining if financing is the right fit

You have a budget in mind and you know what equipment qualifies. But does it really make sense for your business?

Many businesses have cash readily available for large purchases like equipment. We get it. If that's how you prefer to operate, we think that's great.

But if you aren't ready to uproot your cash flow, we think financing is definitely an option that could work for you. Yes, you'll have an added monthly expense, and you will have to pay interest. But the beauty of financing equipment is that you get what you need almost instantly – no matter how many payments you'll be making. You can start improving production and increasing revenue while still preserving your cash flow. What's better than that?

Stage four:
Learning the financing process

1.
Complete the application

Applying for financing is easy with a lender like CIT. With an online application and near-instant approvals, all you'll need is your basic business information and financial data for the company and its principles.

2.
Receive approval

You'll typically hear back from a lender within 24 hours about your approval for financing.

3.
Review your documents

Pay close attention during this step: Carefully review the lease structure, monthly payments, fees and interest rates before signing any documents and sharing them with your lender.

4.
Get your equipment

Lenders like CIT will usually work directly with the vendor after receiving the documents and your first payment. The funds will be released and you'll get your equipment. It's that simple.

Stage five:
Selecting a buyout option

Now that you're ready to move forward, it's time to decide on an end-of-term option: a $1 buyout or a Fair Market Value (FMV) lease. But how do you choose?

What's a $1 buyout?

At the end of your term, you pay $1 and own the equipment outright.

The highlights:

- You'll own the equipment at the end of the term for a reasonable price.
- If your equipment is long-lasting (like construction or auto repair), you'll be able to keep it once you've finished paying it off.

What's an FMV lease?

It's a lease that has a residual purchase option at the end of the contract.

Meaning? You have options.

You have no obligation to purchase the equipment at the end of your term, but if you do want it, there are a few things you can do. You can:

1. Buy it outright at fair market value (often set by the lender)
2. Give the equipment back to the lender
3. Choose to finance it for a longer period of time

The highlights:

- An FMV lease often requires the lowest monthly payments.
- It's usually considered an expense that's fully deductible on your balance sheet because it's not a long-term asset, debt or liability. Hello, potential tax benefits!

Stage six:
Choosing the right lender

“But,” you may be asking, “how do I know who to work with?”

Don’t worry, you’ve got options. If you’ve gone through the application process with one lender and don’t think it’s the right match for you, hit pause and take a step back.

Ask yourself:

- Do they have good end-of-term options? (Remember: $1 buyout or FMV)
- Do they consider your cash flow and what you can reasonably afford?
- Do they have professional, top-notch customer service?
- Are they leaders in lending technology?

At the end of the day, you want a lending partner who has your back. Choose one that best matches your needs and you’ll never have to worry.

We hope now you feel prepared to kick start your equipment financing journey when the time comes. Our seasoned team is always available to answer your questions, and if you’re ready to get started, just click here.

About CIT

CIT's Business Capital division empowers small, mid and large cap businesses by providing equipment financing solutions via technology-enabled platforms and market leading structuring expertise.

CIT is a leading national bank focused on empowering businesses and personal savers with the financial agility to navigate their goals. CIT Group Inc. (NYSE: CIT) is a financial holding company with over a century of experience, and operates a principal bank subsidiary, CIT Bank, N.A. (Member FDIC, Equal Housing Lender).

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