

Bank Authorized
Equipment Leasing & Financing Agents



Since 1986

- * Healthcare
- * High Technology
- * Broadcasting
- * Colleges
- * Industry
- * Municipal / Govt.

REVOLVING LINE OF CREDIT VS. EQUIPMENT LEASE/PURCHASE

| | <u>EQUIPMENT LEASE</u> | <u>REVOLVING LINE WITH YOUR BANK</u> |
|---|--|--|
| MUST BE PAID OFF ANNUALLY | NO, A LEASE TERM IS FOR SEVERAL YEARS | YES, MUST BE PAID OFF ONCE PER YEAR GENERALLY |
| ANNUAL RENEWAL ANNUALLY NOT GUARANTEED, YOU MUST QUALIFY | NO, YOU QUALIFY ONLY ONCE UP FRONT | YES, YOU MUST QUALIFY TO HAVE IT RENEWED ANNUALLY. IF TURNED DOWN, YOU MUST PAY OFF IMMEDIATELY |
| USE REVOLVING LINE TO BUY EQUIPMENT AND THEN PAY OFF WITH A LEASE LATER | NOT A GOOD IDEA, THE EQUIPMENT BECOMES USED AND IS MUCH HARDER TO LEASE, AND IN ADDITION THE TITLE PASSES TO YOUR CO. WHEN YOU BUY IT AND YOUR LENDER(S) WOULD NOT WANT TO GIVE UP THE TITLE TO US ON A USED MACHINE LEASE | A REVOLVING LINE IS NOT FOR A FIXED DEPERCIATING ASSET BUT FOR HIGHLY LIQUID RECEIVABLES THAT ARE MUCH MORE VALUABLE TO YOUR BANK THAN EQUIPMENT. NORMALLY YOU WOULD BE IN VIOLATION OF THE TERMS OF YOUR LINE OF CREDIT |
| AUDITS AT YOUR BUSINESS QUARTERLY, SEMI-ANNUALLY ETC. | NONE REQUIRED | NORMALLY REQUIRED TO BE SURE YOU ARE IN COMPLIANCE WITH THE TERMS OF THE LINE |
| GOVERNING COVENANTS | NONE, JUST THE LEASE AGREEMENT | THESE RULES IN THE LINE OF CREDIT CONTRACT STRICTLY LIMIT THE USAGE OF THE CREDIT LINE |
| BORROWING BASE | NONE | NORMALLY A PERCENTAGE OF AR (ACCOUNTS RECEIVABLE, LIKE 70% OF AR THAT IS NO MORE THAN 90 DAYS LATE, PLUS 50% OF INVENTORY. THESE STRICT LIMITS WOULD BE COMPLETELY VIOLATED WITH USING THE LINE FOR AN EQUIPMENT LEASE |
| ADVANCE RATE | ALL UP FRONT, NO CHANGING | VARIABLES |
| QUARTERLY FINANCIALS NEEDED NORMALLY | NO | YES |
| RATE | FIXED, CAN NOT GO UP | VERY LOW DUE TO RELATIVE SAFETY OF THE HIGHLY LIQUID COLLATERAL. A MUCH HIGHER RATE WOULD BE CHARGED FOR DEPRECIATING ASSETS ESPECIALLY IF THERE WAS A LOT OF LABOR OR SOFTWARE INCLUDED. |

PHONE / FAX:

800-400-5060 PH
858-451-0400 PH
858-451-0033 FAX

MAILING ADDRESS:

P.O. Box 500110
SAN DIEGO, CA
92150

FEDEX / COURIER ADDRESS:

11835 CARMEL MT. RD.
SUITE # 1304-351
SAN DIEGO, CA 92128

CORPORATE ADDRESS:

11440 W. BERNARDO CT.
SUITE # 300
SAN DIEGO, CA 92127

Web: www.investmentleasing.com
brucef@investmentleasing.com

Calif. Real Estate Broker License #00528469

Calif. Finance Lender/Broker License #603H958