

## Why Lease?

### ***"Running a business is hard work."***

Running a business is hard work. Whether you are a large corporation with several employees, are a self-employed businessperson or an entrepreneur, you will face daily challenges that, if handled improperly, could undermine your business's financial health and hinder its growth.

Any business needs to make investments of some type in basic equipment and supplies. If you are a carpenter, you will need various types of costly tools. If you are starting up a home-based accounting firm, you will likely need expensive software, workstations, copiers, faxes and the like. A software development firm will need computers, desks, chairs, telephones and dedicated servers. All of this can quickly add up and drain your available reserves or even use up a good portion of your personal credit lines.



### ***"This is one of the worst mistakes you can make."***

Often business owners will sink their own capital into their equipment purchases. This is one of the worst mistakes you can make. The nature of running a business is that income and capital are likely to fluctuate rapidly. One month you may have \$10,000 in income. The next month you may be in the hole \$5,000. If you are Coca Cola you have enough cash reserves to float the company through slow times. Not all businesses have that option. It is imperative that you keep ample cash reserves on hand.

In order to keep cash on hand, business owners are often persuaded by their bank to take out lines of credit. This is also bad news. Think about most of your equipment needs. Will you be purchasing items that will last forever? Probably not, chairs wear out, software requirements change, and computers need to be updated every few years. Why put yourself in debt and pay thousands in interest charges to own equipment that you will have to get rid of and replace in a few years?

In addition, when you take out a line of credit you are building up personal debt that can lower your credit score. This will make it harder for you to eventually purchase a home or car and get additional credit when you really need it.



### ***"Leasing avoids all of these financial minefields."***

Leasing avoids all of these financial minefields. By entering into a lease you are only making small monthly payments. This keeps essential cash in your operating accounts and eases the burden during slower business cycles. With a lease, you have the option to return all of your equipment at the end of the term— usually after two, four or six years – and then get new up to date equipment when you start your new lease. And, if you really feel the need to own your equipment, you can still take advantage of the options leasing provides but the lease can

be structured so that you may buy your equipment at the end of the term for a single dollar!

Taking out a lease has ***no impact whatsoever on your personal credit ranking or score***. When it comes time to buy a house or seek emergency financing, you will be grateful that you still have *access to full credit lines* and great interest rates.

**There are also multiple tax advantages to leasing.** When you purchase equipment you are building up your base of taxable assets. Leasing instead increases your liabilities. That translates into a lower tax burden to the IRS.

While banks are typically selective in commercial lending, and only fund nearly risk-free situations, lending institutions like Patriot Funding can handle higher-risk levels of credit even if you're credit-bureau rating is B, C or D.

We've been in commercial lending for years and understand that many businesses exist without perfect credit. No matter your situation, your real estate equity is probably not being leveraged in such a way as to assist your financial health. Patriot Funding can assist you in taking advantage of the cash that may very literally be at your feet.

Whatever the case, we know that your business is your lifeblood. To make your dreams of entrepreneurial success a reality you need to make sure that you make the most responsible financial decisions possible.

**Contact Patriot Funding Corporation today** and let us show you how we can help preserve your capital, maintain your credit rating and reduce your tax burden!