excedr your success, our support.

Excedr Leases vs. Cash vs. Bank Loans vs. Credit Lines

It has always been a good business practice to keep a healthy cushion of cash on hand at all times. When credit markets are tight it is especially important to keep cash reserves available for unexpected opportunities and to preserve credit line availability for emergencies.

Financial consultants and accountants commonly agree that leasing is the most effective use of operating capital. Excedr's operating lease program allows you to acquire equipment with a fixed, affordable monthly payment, leaving credit lines and cash reserves free for business development opportunities or unexpected expenses.

The following table illustrates how Excedr's operating lease program compares with traditional financing based on several major criteria.*

	Excedr Lease	Cash	Bank Loan	Credit Line
Upfront Cost	Minimal, typically ~2 advance monthly payments are required.	110% - 120% of equipment cost due to tax, freight, installation, etc.	The down payment is typically 30% of the total cost.	1% - 2% of the availability on the LOC (line of credit) + additional fees for non-utilization.
Repayment Term	Highly flexible 2-6 year terms with custom payment plans.	None.	Inflexible payment plans normally with 3–5 year maximum terms.	Variable since LOC's are callable (can be due on demand) and annual renewal is not guaranteed.
Effect of Credit/Future Borrowing Ability	Does not hinder future borrowing ability. No personal credit reporting.	Could hinder future borrowing ability due to reduction in liquidity.	Normally encumber all assets with a blanket lien that significantly impacts credit and borrowing ability.	Using credit lines to purchase equipment reduces available credit and limits future borrowing ability.
Effect on Operating Capital	Low upfront cost preserves working capital and allows you to reinvest cash in business development or operations.	Immediate loss of working capital due to large cash outlay.	Immediate loss of capital due to down payment.	Immediate loss of credit availability due to utilizing short term LOC.

	Excedr Lease	Cash	Bank Loan	Credit Line
Accounting Treatment	Payments are a tax-deductible operating expense. They are not recorded on your balance sheet, only on your income statement.	Cumbersome depreciation records. Purchase is capitalized and depreciated by IRS MACRS chart.	Lengthy amortization schedules with complex short/long term debt calculations.	Cumbersome depreciation records. Purchase is capitalized and depreciated by IRS MACRS chart.
Payments	Monthly payments may be higher due to lower upfront costs.	Expensive due to annual service contracts (~15% of MSRP).	Typically lower due to higher upfront costs, cross collateralization, and personal guarantees.	Variable/unpredictable.
Tax Benefits/Impact	Payments are 100% tax deductible.	None.	Deductions are typically lower because only the interest payments are deductible.	Deductions are typically lower because only the interest payments are deductible.
Speed of Approval	1-3 days.	Instant.	Could be several months (~3 on average).	Could be several months (~3 on average).
Financial Statements/Tax Returns	Required documentation is based on the lease applicant's corporate profile, which allows us to be flexible.	None.	Always required for underwriting: 3 years of financials and tax returns, debt schedules, personal financial statements, bank statements, and compliance documents, which can be lengthy and intrusive.	Always required for underwriting: 3 years of financials and tax returns, debt schedules, personal financial statements, bank statements, and compliance documents, which can be lengthy and intrusive.
Equipment Obsolescence	Leasing is often the only hedge against obsolescence.	No hedge – you own the equipment.	No hedge – you own the equipment.	No hedge – you own the equipment.
Refurbished Equipment	Acceptable and encouraged when the budget is tight.	Time-consuming research is required to source quality used instruments.	Strict requirements may only allow new equipment purchases.	Strict requirements may only allow new equipment purchases.

* Every company/situation is unique, so it is always wise to consult with a tax professional or your accountant to determine the best option for your company.