

# Equipment Leasing & Financing

By Maggi Normile

Commercial equipment financing is a \$230-billion-plus industry nationwide. About one-third of all business investment in equipment is through a commercial equipment loan or lease, and while some businesses choose to either pay cash for their equipment or finance it through a local bank, they may be unaware that there is a third alternative available to them, known as equipment leasing.

Asset-based lenders finance equipment for companies and act as the liaison between the vendor selling the equipment and the customer purchasing the equipment. Equipment purchases for these transactions can range from four figures to \$10 million and above. Many of these lenders work through equipment finance brokers. One such broker, Carl Vilella, CLP, has been in the business for 15 years. His company, Acceptance Leasing and Financing Service, Inc., offers services to the entire medical field, whether municipalities or individual practitioners. He offers both commercial equipment financing and commercial equipment leasing, which can give the customer the ability to take advantage of tax savings.

He has a background in quantitative business analysis with a degree from Penn State University. Mr. Vilella is also a CLP (Certified Leasing Professional). He has been trained in the legal, tax and accounting aspects of commercial equipment financing, so he is better able to assist businesses in structuring the financing to maximize the cost effectiveness.

"It's important to work with a qualified professional when exploring commercial finance options," said Vilella. "Equipment financing is the focal point for three different disciplines: tax, legal and accounting; so when you're working with a qualified professional who understands those areas, you're better able to choose the right solution, whether your objective is to maximize tax benefits, conserve cash or both."

Acceptance Leasing and Financing Service, Inc. is able to save businesses time and money by working with them through the entire funding process, from application to coordinating delivery of the equipment and payment to the vendor. "An important part of this is that

all they have to do is choose the equipment and the vendor," explained Vilella. "We'll work with them through everything else."

They have access to funding sources from all over the United States, so they are able to offer their clients options they may not normally have.

Acceptance Leasing and Financing Service, Inc. also works with a wide range of credit, so if yours is a start-up practice or a medical facility that has had financial difficulties in the past, Mr. Vilella is still able to work with you and help you finance the equipment that you need.

When financing through cash, "businesses are taking money out of their company and using it on a depreciable capital expenditure," said Vilella. "Many businesses prefer to keep the cash in the company and use it in areas where the money returns to them quicker, such as inventory. Also, all businesses have what is called the 'cash gap,' which is the period of time between which the service is rendered and payment is received, whether from the insurance company or the patient directly."

A bank may file a blanket lien on all the other assets or they may require a down payment. The bank rates can also be variable, but not always. However, through asset-based lending, the payments are fixed for the term, no blanket lien is filed and no money down is the norm.

"The client always knows what they need to budget for," said Vilella. "It conserves cash and also keeps the banks open for other things to service the customer, like mortgages and working capital loans, as well as other things that we don't do."

An important part of Acceptance Leasing and Financing Service, Inc.'s services is working with municipal credits, which are different from practices and hospitals that are privately owned. Municipal equipment leasing offers some advantages over alternative methods of financing, including simplicity.

Under most state statutes, if a municipal



Carl Vilella, CLP

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transaction contract is for more than a year, the client is obligated to invest significant amounts of time and money because of municipal debt restrictions. However, through asset-based lending, a municipal contract is a year-to-year obligation and many of the state statutes don't apply.

Equipment leasing also offers better economical choices because of the tax advantages and lower monthly payments. Lower payments allow the business to conserve additional cash.

"Equipment leasing is a commitment to use the equipment for a specific term, with the end of that term structured to allow options to keep it or return it," said Vilella.

For medical businesses that are looking for a simpler, cost-effective way to finance their equipment, equipment leasing is an important option to consider. If you want to save time, money and a lot of paperwork, equipment leasing can be more efficient, as opposed to going through a bank or digging into your own pocket.

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