

LIBERTY CAPITAL GROUP, INC.

The Business Owner's Guide to Equipment Leasing & Business Funding

How to get the equipment and capital you need without draining your cash, written by lenders who'll tell you the pros and cons straight.

2026 EDITION

Liberty Capital Group, Inc.

Business funding since 2004 · San Diego, CA
888-511-6223 · libertycapitalgroup.com

Equipment Leasing · Working Capital
Lines of Credit · Term Loans · MCA · Factoring

Funding, explained without the sales pitch

Most owners shop for financing the way they shop for a car: they focus on the rate and miss the structure. This guide shows how each kind of business funding really works, what it costs, when it fits, and when it doesn't.

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2004

Funding businesses
since

\$250M+

Funded since inception

A–D

Credit profiles we work
with

Nationwide

Lender network across the
US

Who we are

Liberty Capital Group is a San Diego-based direct lender and broker. Equipment leasing, working capital, lines of credit, term loans, merchant cash advance and factoring, all under one roof. Our job is to match the money to the job, not to sell you the most expensive product.

Six reasons smart owners lease instead of paying cash

Leasing isn't just a way to pay for equipment. Done right, it's a cash-flow strategy. Here are the six reasons owners choose to lease instead of writing a check:

1 Inflation buster

Your payment is fixed on day one. Prices for equipment, parts and labor keep climbing, but your payment doesn't. Over a 5-year lease you pay for today's machine with tomorrow's dollars.

2 Cash flow management

Leasing takes a small upfront outlay instead of the full purchase price. The equipment starts earning on day one, and you pay for it monthly from the revenue it produces.

3 Low, manageable payments

Spreading the cost over the useful life of the equipment keeps each payment small enough to fit your budget, so one big purchase doesn't drain the account.

4 Terms up to 5 years, most with a \$1 buyout

Standard terms run 24 to 60 months. Most of our leases end with a \$1 buyout, so you own the equipment when the last payment clears.

5 Section 179 and 100% bonus depreciation

Qualifying equipment you lease with a \$1 buyout can generally be written off under Section 179 the year it is placed in service, often for more than you paid out of pocket that year. Ask your CPA how it applies to you.

6 Conserve cash

Keep your cash and your bank line free for payroll, inventory, marketing and the surprises every business gets. Cash in the bank is what keeps a business alive in a slow month.

The honest math

Leasing usually costs more in total dollars than paying cash. You're paying for time, flexibility and liquidity. The question isn't "what's cheapest?" It's "what keeps my business strongest?" For most growing businesses, keeping cash on hand and letting the equipment pay for itself wins.

Pick the structure that fits how long you'll keep it

“Lease” covers several different contracts. The right one depends on whether you plan to own the equipment, how fast it loses value, and how you want it treated for taxes.

Structure	How it ends	Best for	Section 179?
\$1 buyout lease	You own it for \$1	Equipment you'll keep 5+ years	Generally yes
Equipment finance agreement (EFA)	You own it from day one; the lender holds a lien	Owners who want title now	Generally yes
10% purchase option	Buy it for 10% of cost	Lower payment, still plan to keep it	Usually yes
Fair market value (FMV) lease	Return it, renew, or buy at fair market value	Tech and equipment that ages fast	No; payments are usually deducted as an operating expense

Rule of thumb

If the equipment will still be making you money in five years, a \$1 buyout or EFA is usually the better deal. If it will be outdated in three, an FMV lease keeps the payment lower and makes upgrading easy.

New or used?

We finance both. Used equipment can save a lot upfront, but terms on used equipment cap at 60 months, and lenders look harder at the age and condition of older units. Standard terms run up to 60 months; up to 72 months is available only on qualifying new heavy equipment for well-qualified businesses.

Section 179 & bonus depreciation in 2026

Section 179 lets a business deduct the full cost of qualifying equipment in the year it is placed in service, instead of depreciating it over several years. A \$1 buyout lease or equipment finance agreement generally qualifies, because for tax purposes you are treated as the owner.

\$2,560,000
2026 federal Section 179 deduction limit

\$4,090,000
Equipment purchases where the limit starts to phase out, dollar for dollar

100%
Bonus depreciation for qualifying property acquired after Jan 19, 2025

How it can work: an illustration

Say you finance a \$100,000 piece of equipment on a 60-month \$1 buyout lease and place it in service in 2026. You may be able to deduct the full \$100,000 on your 2026 federal return. In the 21% corporate bracket, that is about \$21,000 in federal tax savings, while you made only a handful of monthly payments that year. Pass-through owners (S-corps, LLCs, sole proprietors) save at their own personal rate.

Illustration only	Pay cash	\$1 buyout lease
Cash out of pocket in year 1	\$100,000	First payment(s) + any down payment
Potential 2026 Section 179 deduction	\$100,000	\$100,000
Federal tax savings at 21%	~\$21,000	~\$21,000
Cash left working in the business	Much less	Much more

California businesses: read this

California does not follow the federal numbers. For California purposes the Section 179 deduction is capped at \$25,000 and starts phasing out above \$200,000 of qualifying property, and California does not conform to federal bonus depreciation. Your federal and state deductions will differ.

Equipment must be placed in service by the end of your tax year (December 31, 2026 for calendar-year filers). Figures are from IRS Rev. Proc. 2025-32 and California FTB guidance. This is general information, not tax advice; confirm with your CPA before you buy.

Match the money to the job

The most expensive mistake in business funding is using the wrong product: short-term money for a long-term asset, or the other way around. Here is how the main options compare:

Product	Use it for	Speed	Watch out for
Equipment lease / EFA	Machines, vehicles, technology	1–5 days	Structure and buyout terms
Working capital / term loan	Growth, hiring, inventory, expansion	2–7 days	Daily or weekly payments on some programs
Business line of credit	Cash-flow gaps and seasonal swings	3–10 days	Draw fees, renewal terms
Merchant cash advance	Short-term needs when speed matters most	24–72 hours	Highest cost; stacking advances is dangerous
Invoice factoring	B2B companies waiting 30–90 days to be paid	24–48 hours once set up	Recourse terms, customer notification
SBA loan	Long-term growth, real estate, buyouts	30–90 days	Paperwork and collateral

An MCA is not a loan

A merchant cash advance is a purchase of your future receivables, priced with a factor rate rather than an interest rate. It can be the right bridge when timing is everything. It is the wrong tool for buying equipment or covering a long-term shortfall.

Never fund a 5-year asset with 6-month money

If the equipment will earn for five years, spread the payments over five years. Short-term money is for short-term needs. Mixing the two is how good businesses end up with cash-flow problems.

What people get wrong about financing

Myth: Leasing is always more expensive than paying cash.

Reality: In total dollars, often yes. But cash kept in the business, a fixed payment that beats inflation, and the Section 179 deduction can make leasing the better financial decision.

Myth: My bank said no, so I can't get financed.

Reality: Banks approve a small slice of applications. Alternative lenders look at revenue, time in business and the equipment itself. We work with A through D credit.

Myth: Startups can't lease equipment.

Reality: They can. Expect a 650+ credit minimum, and possibly a down payment or extra collateral. Pre-revenue and under-2-year businesses are reviewed case by case.

Myth: You need 20% down.

Reality: Well-qualified businesses can often finance with \$0 down, and soft costs like delivery and installation can often be rolled in.

Myth: Shopping for financing will wreck my credit.

Reality: We start with a soft inquiry. One account manager shops many lenders for you, so you don't need ten hard pulls.

Myth: The lowest rate is the best deal.

Reality: Term, structure, buyout, prepayment rules and payment frequency matter just as much. Compare the whole deal, not one number.

What lenders look for, and how to apply

We work with A through D credit, startups through established companies. Here is roughly where most equipment deals land:

Amount	Typical credit	Time in business	Paperwork
\$3,000 – \$49,999	600+	Startups to 1+ yr considered	Application only
\$50,000 – \$150,000	650+	Varies	Application only
\$150,000 – \$250,000+	650+	2–3+ years	Application + financials
\$250,000+	650+	Established	Full financials
App-only up to \$250,000	725+	5–7 years	Application only
Corporate only (no personal guarantee)	PAYDEX 80+	5–7 years	Business credit + financials

These tiers are a guide, not a promise. Application-only limits vary with credit, time in business, equipment type and industry. Startups (pre-revenue or under 2 years in business) generally need 650+ credit, and a down payment or extra collateral may be required. All financing is subject to credit approval.

Have these ready

- ✓ One-page credit application
- ✓ Equipment quote or invoice from your vendor
- ✓ Last 3–4 months of business bank statements (larger or startup deals)
- ✓ Two years of tax returns and financials (deals over about \$250K)

How it works

- **1. Apply.** Starts with a soft inquiry that won't hurt your score.
- **2. Get options.** Your account manager shops lenders and lays out the choices, pros and cons.
- **3. Sign & fund.** E-sign the documents. We pay the vendor and you take delivery.

Start your quote

libertycapitalgroup.com/quote · 888-511-6223 · info@libertycapitalgroup.com

Industry guides from Liberty Capital

Every industry buys equipment differently. Our free industry guides cover the equipment, typical price ranges, the structures that fit, and the questions lenders will ask:

Medical & Dental

Imaging, operatory, lasers and practice startups.
New, used and refurbished.

Restaurant & Food Service

Kitchen packages, hoods, walk-ins, food trucks
and working capital for openings and remodels.

Construction & Heavy Equipment

Excavators, loaders, dump trucks and dozers,
including up to 72-month terms on qualifying
new heavy iron.

Manufacturing & Machine Shops

CNC, lasers, press brakes, molding and
automation.

Fitness & Gyms

Cardio, strength and recovery equipment for new
gyms, studios and expansions.

Equipment dealers

Offer your customers financing at the point of
sale and earn referral fees. Ask about our vendor
program.

Download them free

libertycapitalgroup.com/e-book-download

ABOUT US

One roof for every kind of business funding

Liberty Capital Group, Inc. has funded businesses since 2004 — more than \$250 million to date. We're a direct lender and broker based in San Diego, serving businesses nationwide. We think like bankers and shop like brokers, and we tell you the pros and cons straight.

Equipment leasing & financing

New and used equipment, \$10K to \$5M. Terms up to 60 months (up to 72 on qualifying new heavy equipment). Startups considered.

Working capital & term loans

Fast funding for growth, payroll, inventory and expansion, based on your revenue.

Business lines of credit

Draw what you need and pay interest only on what you use.

Merchant cash advance

Revenue-based funding when speed matters most. We'll tell you when it's the wrong tool.

Invoice factoring

Turn unpaid invoices into cash in 24–48 hours.

SBA & commercial real estate

Longer-term financing for owners ready to build equity.

Talk to a real person: 888-511-6223 · info@libertycapitalgroup.com

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