

General Lease/Loan Criteria

LESSEE/DEBTOR LOCATION: national with a strong emphasis on mid-west companies.

SIZE: Deals ranging from \$100K up to \$5MM.

TYPE OF LEASE/FINANCE AGREEMENTS: Finance and FMV.

PRICING: based upon credit quality, equipment quality and term.

TERM: 12 month to 60 month.

FEES: Negotiated on a case-by-case basis.

Providence Equipment Finance – General Underwriting Criteria

General Information: All deals approved (whether they are smaller vendor program deals or large deals) satisfy the following criteria:

1. Good **credit** of the personal guarantors and/or favorable historical commercial credits.
2. Experienced **management** in a relevant industry.
3. Demonstrated ability to generate **cash flow/liquidity** to service the Lessee/Debtor's obligations including our Equipment Lease Agreement (ELA)/Equipment Finance Agreement (EFA).
4. **Equipment** has essential use value.
5. Direct **ACH** debit of ELA/EFA payment due on the 1st of each month.

Criteria applies regardless of whether the company is a start-up (less than 2 years in business), early stage (2-5 years in business) or mature company (over 5 years in business).

SMALL TICKET CRITERIA (\$100,000 - \$249,999)

- **More than 5 years in business requires acceptable**
 - Bank and trades.
 - Comparable commercial debt.
 - Dun and Bradstreet Report.
 - Industry trends.
 - Personal Guarantor.
 - Signed Application.
 - \$250 minimum deposit is required.
 - Working capital.

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SMALL TICKET CRITERIA (\$100,000 - \$249,999) continued

- **Less than 5 years in business requires same SMALL TICKET CRITERIA as more than 5 years in business, noted on previous page, plus the following acceptable:**
 - Business plan and management resume.
 - For Lessee/Debtor with one year or less in business: maximum 36 month term; plus FMV purchase option for **Providence Equipment Finance** account.
 - Tax returns for the last 2 years on guarantors.

MIDDLE AND LARGE TICKET CRITERIA (\$250,000 and over)

- **Requires minimum of 2 years acceptable tax returns and financial statements on Guarantors and Lessee/Debtor**
- **More than 5 years in business requires same SMALL TICKET CRITERIA information, noted on the previous page, plus acceptable:**
 - Further **Providence Equipment Finance** due diligence with management.
 - Six figure exposures may require physical due diligence trip.
 - Cash flow projections with contingency plan.
 - Max of 60 month term.
- **Less than 5 years in business requires all of the MIDDLE AND LARGE TICKET CRITERIA above plus the following:**
 - Max of 36 month term.

Providence Equipment Finance – General Credit Criteria

- Deals range from \$100K to \$5MM.
- Good credit of the personal guarantors and/or favorable historical commercial credit.
- Relevant management experience in that industry.
- Acceptable documentation, legal and inspection fees based on complexity of the situation.
- FMV - required when the deal is a HIGH CREDIT RISK.
- Approvals based upon credit information, history and background on the Lessee/Debtor.
- Sale/Leaseback or Sale/Financeback - canceled checks required (front and back) and blanket lien waivers.
- **Providence Equipment Finance** turnaround time is 1 - 2 days from receipt of complete transaction information.

MANAGEMENT - START-UPS

- 10 years minimum management experience. Resume and logical business plan required.
- 5 years minimum management experience in a relevant business for companies over 5 years in business.
- FMV only to **Providence Equipment Finance** with NO equity assigned to residual/no reduction in stream rate.

TRUCK CRITERIA

- Intrastate trucking - only within any one state
- Local hauling equipment, dump trucks, trailers and delivery vehicles.
- **Providence Equipment Finance** will not process any titled vehicle credit application unless the package includes a copy of front and back of title and the owner on title is the seller to **Providence Equipment Finance**.

CONSTRUCTION CRITERIA

- Variety of construction equipment.
- Caterpillar equipment preferred. Other brands reviewed.

NEW AND USED EQUIPMENT

- New and used equipment leases.
- Used equipment leases based on the quality of the equipment and experience of operators.

TITLE VEHICLES

- **Providence Equipment Finance** will not process any titled vehicle credit application unless the package includes a copy of front and back of title and the owner on title is the seller to **Providence Equipment Finance**.
- The title is directly processed with the local DMV office or a **Providence Equipment Finance** approved vendor.