FAQ'S

Frequently Asked Questions about Financing

ITW FOOD EQUIPMENT GROUP

Q: Can my finance agreement be cancelled or paid off early?

A: No, you may not cancel the finance agreement. At any time during the course of your agreement (before the expiration of the initial term) you may contact PEAC for a quote to buyout, add-on or upgrade your equipment. Should you decide to buyout or upgrade the equipment on your agreement, you will still be responsible for the remaining balance of payments plus any other outstanding obligations, including but not limited to sales tax, late fees, property taxes and interim rent charges.

Q: What is the interest rate in this finance agreement?

A: Since you are financing and not taking out a bank loan, there is no "interest rate" as we usually think of one. It's more like financing office space. You're paying to rent the equipment, with the monthly payment amount based on the type of financing plan you choose, the terms of the agreement and the cost of the equipment.

Q: What should I do if I have problems with the equipment that I financed?

A: The vendor providing the equipment is solely responsible for any service or warranty issues. PEAC's role is to assist you in financing the equipment.

Q: Why did you request my personal guaranty?

A: A personal guaranty is typically requested when an applicant is unable to credit qualify on the strength of the business alone. PEAC utilizes third party databases in an attempt to acquire sufficient credit information. The decision to require a personal guaranty is based on the experience and discretion of the credit analyst reviewing the application.

Q: When is my first payment due and what is Interim Rent?

A: After PEAC confirms the equipment has been delivered and all required documents have been received, your equipment supplier is paid. The finance contract is then setup on our billing system and an invoice is sent to you for the first payment due. This payment covers the following full 30-day period. Included on the first invoice is a charge for interim rent which covers the period between when we pay your vendor and when the first finance payment is due.

Q: What is the Documentation Fee?

A: PEAC does not charge an application fee. We do, however, charge a one-time documentation fee to compensate us for processing the finance documents and reimburse us for any fees incurred with filing UCC-1 financing statements.

Q: What are the tax benefits associated with financing?

A: As the lessee, you may be able to deduct the monthly finance payment as a business expense on your tax returns. Consult your accountant. From PEAC's perspective as the lessor, unless you chose a $1.00 buyout option, PEAC is entitled to any tax benefits associated with ownership.

Q: Why am I required to insure my financed equipment?

A: Since the financed equipment is owned by PEAC, we must ensure that if the equipment is destroyed or stolen, the finance agreement will be paid off from the proceeds of the insurance policy. Most commercial policies cover financed equipment; all you need to do is have your insurance agent forward us evidence of property insurance showing PEAC as a Loss Payee. This is usually done at not cost to you. If you do not provide proof of property insurance, then depending on the original equipment cost, we may obtain property insurance to cover our interests and charge you a fee for such coverage, or charge you a risk fee (which provides no insurance benefits). Upon our receipt of evidence of acceptable property coverage maintained by you, we will no longer bill you under our insurance program.

Q: What happens at the end of the finance term?

A: Unless you have chosen one of our fixed purchase option plans, you're responsible for returning the equipment in good working condition per the terms and conditions of the finance agreement. If you do not return the equipment in accordance with the terms, your finance agreement will renew for the period specified in the finance agreement. If you chose a fixed purchase option, you must exercise your rights by giving advance notice to PEAC per the terms and conditions of your finance agreement.

Q: What taxes am I responsible for?

A: In most states and some local jurisdictions, PEAC is required to pay a Sales or Use tax on each monthly payment. Since the finance payment was calculated in advance, and these rates change from time-to-time, the tax amount is billed separately. In certain states, the full amount of Sales/Use taxes is due at the inception of the finance agreement, and the responsibility to pay the Sales/Use tax falls on PEAC. In these situations, the Sales/Use tax is added to the equipment cost to calculate the monthly payment.

Many states and local jurisdictions charge an annual tax on business tangible personal property. Since PEAC is the legal owner of the equipment, we are required to pay this tax. Our financing rate does not include these property taxes. We pass this cost on to you by invoicing your account. In most cases you will receive an invoice for the yearly estimate of the tax. When the actual tax is paid your account will be reconciled and you will be credited or invoiced for any differences. Again, property taxes are charged periodically and are not included in the calculation for the base monthly payment. Where required by state law, taxes may be applied to late fees, insurance, interim rent and the reimbursement of property taxes.

CONTACT US FOR MORE INFO:

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