



EXPERIENCE COUNTS WHEN FINANCING EQUIPMENT

A young aggregate crushing company wanted to purchase the equipment they had on rent, but the bank and captive finance company refused to approve financing for the purchase due to limited company and credit history.

Overview

Despite a long-term contract, this young company couldn't get funding.

As a new company with limited credit, the owner had started out by renting his equipment. Rental rates for a screen machine crusher, track-mounted screening plant, and conveyors were costing them \$30k per month. After a while, the dealer needed to either convert this equipment into a purchase or take the equipment back so they could sell it. The customer had a lucrative long-term contract with a local city to crush and sell limestone for \$6 a ton. The limestone was dumped on the customers yard for free by local excavation contractors. The customer needed the equipment to fulfill his contract with the city and did not want to give up the rental payment equity built into the equipment up to this point. However, because the customer had limited credit, the dealer was unable to finance the rental purchase option (RPO) and the local bank declined the request for credit. They needed a lender that would:

- Understand the value of the equipment and the equity they had built through renting
- Provide financing to purchase the rented equipment
- See the potential in the customer and recognize the opportunity they had with their city contracts

COMPANY BACKGROUND

This aggregate crushing company had only been in business for 3 years, but the owner had decades of industry experience, having worked for his family's company his entire life. Specializing in the aggregate, dump truck, and demolition business, the company had 15 employees and was renting most of their equipment.

Solution

CCG provided financing based on the owner's experience and the value of the contracts and equipment.

Because CCG understands the industry and was able to recognize the experience of the company owner and understand the value of the equipment and the contracts, we were able to finance the purchase of all the equipment. We structured a loan that accomplished the following:

- Converted all rented equipment to a purchase, totaling approximately \$630K
- Substantially lowered the customer's monthly debt service coverage
- Preserved the equity in the equipment

The company continues to grow and has recently purchased additional equipment.

Industry: Construction - Aggregate - Crusher/Screen/Conveyors
Location: Midwest

www.commercialcreditgroup.com

© 2021 Commercial Credit Group Inc.



Commercial Credit Group

CS_Construction_2021_02