

Pre-Approvals

Everything You Always Wanted To Know But Didn't Know Who To Ask

“I’ve Been Pre-Approved!”

Wow.... Because of your excellent Dun & Bradstreet (D&B) rating, your company has just been “**Pre-approved**” for a \$100,000 leasing line of credit. And you even get a credit card with it. That sure is a lot better than the fax you got last week for being “**Pre-qualified**” for only \$75,000, and no credit card. Now all you have to do is call your customer service representative to activate your line of credit and confirm your acceptance and you can start selecting your equipment and vendor and arranging for delivery. The leasing company will get the lease documents out to you for signature by tomorrow. Boy, what a great deal.

What Is Wrong With This Picture !

There is a lot wrong with this. For starters, try and use that credit card for one. For another thing, how could you possibly be approved since you never filled out an Application for credit, or signed anything authorizing a credit investigation (to the extent of approving \$100,000). You’re a business man, think about this. Are you suspicious yet?

So how did this happen? Well, you’re company’s name was on a list purchased, by the sending leasing company, from Dun & Bradstreet, or some other source of the same information, and you have been part of an *unsolicited* mass mailing. This is an unethical and deceptive, and in some states illegal, form of advertising. You have **NOT** been pre-approved. At best, you have only been pre-qualified by some criteria, such as time in business, your business desirability, and to the extent of whatever business credit information is available in certain commercial databases (however accurate that may be). If you meet the leasing company’s preferred demographics, they want to get you to contact them. When you call, they will try and set the hook. You’re cordial and very friendly “Rep” will request that you execute some form of confirmation, or they may even go so far as to get lease documents out to you the next day based on your general equipment description and an estimate of the equipment cost. In any case, there will be some place to fill in all the credit information that is required to complete the credit process (this is called an Application), and a place for you to sign and return the document(s) with a deposit check. It will also be suggested that you notify your vendor of your approval and to start making preparations for delivery.

Still not suspicious? Well, the hook was set when you executed the documents and returned them with a check. Since you were not really approved before, the real credit process starts now. This may have some interesting consequences. After your credit has been shopped around for the best rate (for the leasing company), and your equipment is on its way or about to be delivered, you get the final leasing documents (assuming they actually got you approved). “The payment went up? I thought we already signed documents with the payment.” I guess you did not read the small print that gave the leasing company the right to change your payment if they discovered credit issues. Did you also spot the part about not returning your deposit money if you back out of the transaction at this point. Actually, the embarrassment of notifying your vendor that you have been scammed, or that you have credit issues, is probably enough for you to go forward with the transaction at this point.

Now it’s too late to be suspicious.....

Let’s Summarize:

- You are **NOT** approved and you have nothing in writing to that effect. At best your company matches some vague demographics, as a start.
- The credit process will begin after your “disguised” authorization and deposit are received by the leasing Co.
- You will be encouraged to proceed down the path with the vendor, which may work against you later.
- If your credit has issues, it will be “shopped” around, which will result in more inquiries, furthering your credit issues.
- Assuming you are approved, there is a good chance that the final documents will reflect a payment higher than originally quoted or documented due to something in your credit report.
- Cancelling the transaction will result in the loss of the deposit tendered at time of initial confirmation of your pre-approval.
- If leasing terms change and equipment is about to be delivered, it will be embarrassing and impractical to cancel.
- Based on the misrepresentations to date, do you really want to do business with this company.

What We Do At Markay !

WE DO NOT “Pre-approve” any company or any person. We can take a look at some of the characteristics of your company and the transaction that we have available to us and give you an evaluation of what we think (we are going to do that internally before we proceed anyway), but that does not equate into an approval. Until we have a completed and signed Application, we have concluded our credit investigation and we have a written confirmation from our debt source (that is a fancy way of saying our Bank or Lender) of available funds, **WE** (Markay) don’t have an approval. And, until you get it in writing from us (or anyone else), **YOU** don’t have an approval either.

A few other things you should be aware of. As much as you would like to know, asking for the *Interest Rate* doesn’t necessarily get you what you really want to know. Interest rates can be calculated in numerous ways. If you are comparison shopping, and you should if you are dealing with your leasing company for the first time, you want to compare the *monthly payment, the term in months, the up front money and the residual*. Now you can compare apples to apples. Additionally, if you are expecting a specific purchase option (e.g. \$1.00) at the end of the lease, make sure you get it in writing and that you get a signed copy from the leasing company.

What Should I Do ?

Analyze and understand the concept presented here. Then, compare it to your business situation to see which situation is best for you and your Company, then call us at (818) 998-6125. We are MARKAY LEASING CORPORATION and we would welcome an opportunity to explain our programs and become your Leasing company and finance partner.