Due Diligence FAQ

EZ Equipment (Ticker: EQPT)

Tax Saving Mechanism: Bonus Depreciation, K-1 in late March

Cost:

- 10% of financed amount
- 4% of total amount as platform fee

Pros:

- Tangible Asset
- Tax Savings
- Cash Flow – 10-12% of downpayment
- Quick approval of future purchases
- Co-op payments start 45-60 days after purchase

Cons:

- Must Form own LLC
- This is financed by a third party
- Minimum 100 hours of active participation in the business annually

Application Process:

- Submit Questionnaire
- Start LLC
- Apply for financing - Application online, client is personal guarantor, but loan is through LLC, will not show on credit report

Structure:

- Parties:
  - Client
  - EZ Equipment manages the rental co-op
  - Equipment Share handles the maintenance, storage, etc.
  - “Bevel Finance” finances these purchases
    (Not required to use, but they are preferred lender for this)
- Client purchases heavy equipment (scissor lift, generator, lift) through LLC, financed through Bevel Finance
- Assets are maintained by Equipment Share
- EZ Equipment handles rental, payment of expenses, and distributions to owners

Co-Op:

- Client LLC become Member of Co-op
- Ez Equipment Manages the Co-op
  - Takes in income, makes loan payment, sends income to client’s LLC
  - Income is shared between all members of the co-op
  - 350 storage locations across the country
  - Handles pooled insurance, 4% platform fee
  - Manages all the day to day for the client

Program Life: 6 years for each asset

- At the end of 6 years, EZ Equipment will repurchase asset at preset price
- This does generate depreciation recapture income, intended to be offset by repurchase in the program