



LEGION
FOOD TRUCKS

Financing Your Food Truck





Starting your **own** food truck doesn't have to be **intimidating**.

There are dozens of options available when it comes to securing financing for your food truck business.

From operating **leases** to **rental agreements**, there's a solution that's **right for you**.

Legion Food Trucks will work with you to understand what your options are and select the right solution for you and your business. We can even help you secure financing through our partnership with **Ford Financial**.



This guide will explain the different types of financing as well as the pros and cons of each option.

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General Loan Options

There are several different types of loan options available for business owners. If you choose to take out a loan, it is important to consider the benefits and drawbacks of each to make the right choice for your business.

1. Business Loans

Getting a business loan from your bank is one option, but understand that this may not be the easiest option. You need to know exactly what type of loan you are applying for and what exactly the funds will be used for. For example, are you looking for seed capital or start-up capital? Chances are you need startup capital, but what will you use it for? Examples of start-up costs can include:

- | **BUILDING YOUR FOOD TRUCK**
- | **PAYROLL**
- | **FEES AND LICENSING**
- | **STOCK/INVENTORY**
- | **ETC.**

You also need to be prepared to put down a cash deposit up front. It doesn't matter how good your credit score is, banks will be looking for at least some percentage in cash or assets before approving your loan. It is also worth noting that the more cash you can pay up front, the more likely you are to get the loan.



2. Microloans

A microloan is a great option if you only need a small amount of working capital to purchase inventory, supplies, repairs, or other short-term expenses. Microloans can be received for up to \$50,000 but are usually given for less than that. They are also generally the most affordable and easily attainable type of loans to get.

Unlike a traditional business loan that is given out through a large national bank, microloans are dispersed by community lenders that fund small businesses or nonprofits. These are considered the easiest loans to get and provide more leniency as far as credit score and repayment terms go.

3. Crowdfunding

Crowdfunding is another great option for business owners who have strong ties in the communities they serve. It involves asking for small donations from a large number of people in order to raise the funds needed to accomplish your goal. You might consider popular crowdfunding platforms like Kickstarter or GoFundMe.

The benefit of crowdfunding is that you are being funded by people who want you to succeed and will ask for very little in return. It also gives you a chance to create awareness and build hype before you even open up shop. The downside is there may not be enough interest to generate the necessary funds.





Additional Ways to **Save**

Loans aren't the only way to make your food truck more affordable. **If you live in California**, you can take advantage of the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program, or **HVIP**.

This program offers nearly **\$30,000** to those who purchase battery-electric trucks—and we make it even easier with the Logistar 400, a model that provides large cargo space as well as an effective driving range.

- Zero Emissions
- Cost Effective
- Exceptional Performance
- Lower Maintenance & Operating Costs

On top of the vouchers from the California HVIP, you'll also save on maintenance and operating costs when using a battery-electric truck.



Leasing and Financing Options Through Legion Food Trucks

Legion Food Trucks has its own platform through **Ford Financial** that allows you to easily apply for leases and loans on food trucks and related equipment. Unlike other loan companies, Ford Financial **builds the food truck foundation and chassis**, and offers financing for the entire buildout. **We can help you apply for the following lease and loan options:**

1. Operating Lease (True Lease)

Also called a Fair Market Value Lease, an Operating Lease allows you to write off each lease payment as an operating expense. When the lease term is up, you will have the option to renew the lease, upgrade the equipment, purchase it at Fair Market Value, or send it back.

This type of lease makes the most sense if the equipment is for short-term use only or if you plan to replace it in the near future. An example of an operating lease would be a car rental where the lessee pays a monthly fee but does not accrue interest. This is not necessarily cheaper than a capital lease.

2. Capital Lease

A Capital Lease is designed for you to own the equipment at the end of the payment period. This type of lease is considered a loan and will accrue interest over time. This makes the most sense if you plan to use the equipment for an extended period. A Capital Lease can also reduce the amount of taxable income for your business.





3. Rental Agreement

We have the ability to structure an agreement as a Rental. Rental Agreements are a great way to overcome budget constraints and are best suited if you are short on capital or if you want to test a new piece of equipment before purchasing. Rental costs are also tax deductible in most cases.

4. Equipment Finance Agreement

EFA is a simple loan to your business that allows you to buy the equipment you need. Unlike a rental agreement, you will become the sole owner of the equipment. You will be required to make monthly payments until the agreed upon amount has been paid in full.

Finance agreements are beneficial if you want to own the equipment but don't have - or don't want to put up - the entire amount up front. However, these agreements are often subject to additional fees and will accrue interest over time.

Getting financing for your food truck is much easier than you might think. As long as you have good credit and can make a down payment, you can secure financing for the buildout of your truck in most cases. We keep the process simple in **3 easy steps** and will work with you and provide guidance every step of the way.

Just click here to access our financing application and get started building the business of your dreams today!

→ **FILL OUT FINANCING APPLICATION**

About **LEGION** FOOD TRUCKS

Legion Food Trucks has been in business for over 27 years and we love helping new creatives and entrepreneurs build their dream! Let us share our knowledge and love of food trucks with you. We have seen and done it all, and there is no challenge we can't help you overcome.

Legion Food Trucks

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