Why lease – why not just borrow the money?

If you borrow the money to buy & own equipment, you are using up available credit. If your credit were to be used for other purposes, it can earn a higher return than the cost of lease payments. Leasing provides a new course of credit with the added benefit of being able to "expense" payments in most cases.

Who can lease?

Any company, association, non-profit organization, or individual that uses the equipment for a business or commercial purpose.

What is the typical process for leasing equipment?

You will fill out a simple, one page credit application. In certain instances, other financial information may be required such as tax returns or financial statements. The supplied credit information is reviewed and upon approval, the lease documents are prepared and sent to you for signature. A purchase order is then issued to eSign. Upon delivery of the equipment and its acceptance by you, the equipment is paid for and the lease commences.

What costs does the lease quote cover?

The lease can cover as much as 110% of the cost as, unlike banks, we will include shipping, training, installation, initial maintenance and other “soft” costs.
- Banks are far more restrictive than leasing companies, about the equipment they will finance.
- Many banks will only do “hard” collateral (machinery, etc.).
- Most banks will not even consider “used” equipment.

What about insurance?

For your protection, and ours, the equipment must be insured. You simply instruct your own insurance agent to forward evidence of insurance to us at no cost to you.

Where can an investment of $30,000 get me?

A: (CD-Certificate of Deposit)
@ 5.00%, for 5 years
After 5 years = US$ 38,288.45

B: Leasing
$30,000 for 60 months (5 years)
60 Payments of $680.46 each
Total payments: US$ 40,827.60 + US$ 3,000.00 (10% Buyout option) = $ 43,827.60
After 5 years = Equipment + 38,288.45 cash

Important Tax Benefits:
Payment of US$ 680.46 for 60 months
Average Tax bracket of corporation 35% of US$ 680.46 = US$ 238.16 (amount picked up by Uncle Sam)
Actual payments will be US$ 680.46 - US$ 238.16 = US$ 442.30
Total payments:
US$ 442.30 x 60 months = US$ 26,537.94 + US$ 3,000.00 = US$ 29,537.94 (Lower than the

original value)

C: Cash:
Your investment US$ 30,000.00
You get to deduct depreciation on a seven-year schedule
After 5 years you have equipment worth not much other than remaining depreciation. + “No cash”

D: Investment if you Lease:
You could invest $30,000 in a CD, inventory, cash flow, etc.
You pay monthly the payments for the equipment
You deduct 100% of the payment on your income statement
You can deduct 100% of the payment as tax deduction
You use your future sales and profits to pay for the fixtures
You get to keep $38,288.45 after 5 years in cash if invested in a CD at 5.0%, or higher
You get equipment that are paid up after 5 years, and which have still has some depreciable value

Can I cancel the lease?

The lease is not cancelable. However, you may arrange for a prepayment of the lease or an upgrade to a more sophisticated piece of equipment.

What's the difference between a lease and a loan?

Lease vs. Loan	
Leases do not require down payments and allows financing of 100% of the equipment cost. The lessee normally has the option to purchase the equipment at the end of the lease for its remaining value.	Loans usually require a down payment of 10 to 20% from the end user when making an equipment acquisition. The loan finances the remaining amount of the equipment cost.
The leased equipment is typically all that is required as collateral.	Loans often will require the borrower to pledge other, if not all of their assets as collateral.
The lessor bears all of the risk for the obsolescence of the equipment, since the end user has no obligation to purchase the equipment at the end of the lease.	The end user assumes all of the risk of obsolescence on the equipment as the owner.
Leases can be structured so that the lessee may be able to claim the entire lease payment as a tax-deductible expense. Since the equipment write-off is based on the lease term, which can be shorter than the IRS depreciation schedules, the deductible expense can be greater each year.	Loans may allow for a tax deduction for a portion of the loan payment as interest, and for the borrower to depreciate the equipment per IRS depreciation schedules. If the borrower is in an Alternative Minimum Tax (AMT) position, the depreciation is not an allowable deduction.
Leases on equipment that qualify as operating leases do not appear on the balance sheet, which can improve financial ratios.	The Financial Accounting Standards Board (FASB) requires all equipment that is owned to appear on the balance sheet as an asset with a corresponding liability.
More of the cash flow of a lease, especially the option to purchase the equipment, occurs in the future with cheaper dollars due to inflation.	Loans require a larger portion of the financial obligation to be paid in today's more expensive dollars.