

Example: \$50,000 Lease

Option	36 mo.	48 mo.	60 mo.
10%	\$1,665.35	\$1,289.27	\$1,059.84
\$1.00	\$1,704.73	\$1,313.21	\$1,084.28

- Payments shown above exclude applicable sales or use tax.
- The above payments are based on approximate figures and subject to change.

Qualifications:

Good candidates include customers that have been in business at least two years and have a positive financial.

Some Benefits of Financing

There are many benefits of equipment financing including the following:

- 100% Financing. Leasing covers 100% of the equipment cost with room to add soft costs including training, installation, and maintenance.
- No Down Payment. A security deposit equal to two months rental payments is usually all that is required.
- Possible tax savings*. If a company is in the 34% tax bracket and has a lease with a monthly payment of \$500, the payment may be reduced to \$330 - that's a monthly savings of \$170 (\$500 x 34%) or \$2040 annually. *Consult your tax advisor¹.
- Flexibility. Customize a lease to fit your particular situation with skip payments or seasonal payments.
- Use inflation to your advantage. If you pay cash for your equipment, you pay with today's dollars at today's value. Through leasing, you pay with next year's inflated dollars, and the next, and the next.
- Increase profits immediately. With leasing, you only need to cover the monthly payment for the new equipment to be profitable from the first month.
- Preserve bank credit lines. Leasing doesn't affect your bank borrowing limits. You still have 100% of your credit available.
- Avoid obsolescence. Upgrade Leases are easy with most modern equipment always available.
- Conserve working capital. Cash isn't tied up in overhead; it's free for income producing investments.
- Leases may have accounting benefits. Monthly payments may be deductible as operating expenses rather than accounting for the equipment as an asset.

Leasing Options:

\$1 Buyout or Lease to Own

This non-tax lease allows the customer to own the equipment for \$1 at the end of the lease. This lease will have the highest monthly payment. The following options are available at the end of the lease:

- Purchase the equipment for \$1
- Upgrade the lease

This is a good option for equipment with a long useful life. Also called a capital lease and may be depreciated on the balance sheet.*

Fair Market Value (FMV)

This lease provides the lowest monthly payment and has three options at the end of the lease:

- Purchase the equipment for the fair market value
- Return the equipment
- Upgrade or renew the lease

This is a good option for companies that upgrade to new equipment every few years. Also called a Tax Lease or True Lease because it usually qualifies as a tax deductible business expense.*

10% Option

This 10% Option guarantees a 10% residual on the equipment; however, the customer has the option of purchasing the equipment for 10%. Following are the end of lease options:

- Purchase the equipment for 10% of the original cost
- Return the equipment
- Upgrade or renew the lease

Also called a Tax Lease or a True Lease, the lessee retains ownership and the lease payments paid by the lessee are usually tax deductible.*

10% Purchase Upon Termination (PUT)

Under this non-tax lease, the customer must purchase the equipment at the end of the lease at 10% of the original equipment cost. The following options are available at the end of the lease:

- Purchase the equipment for 10% of the original cost
- Upgrade or renew the lease

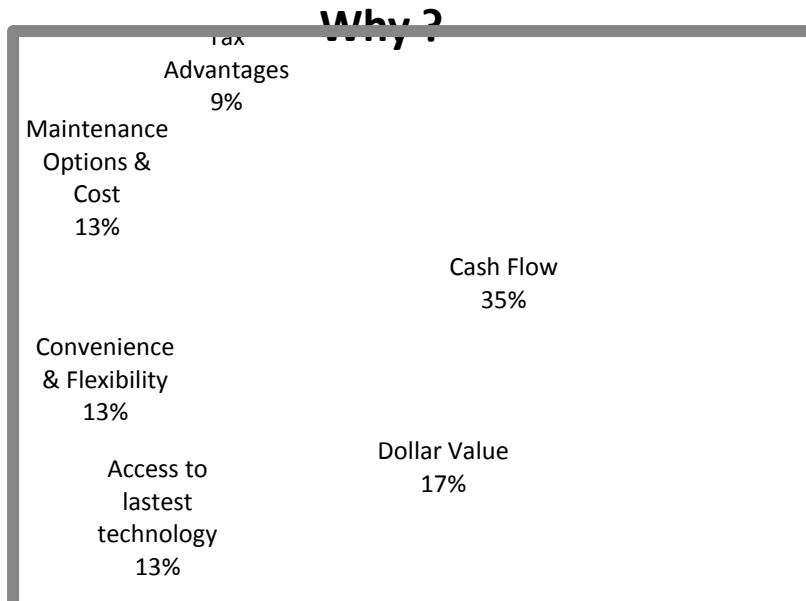
This lease is also called a Capital Lease and may be depreciated on the balance sheet.*

To Initiate a Lease:

Complete a Lease Application providing trade and lease references, including officer's information if the business is closely-held. You may request a Lease Application by calling our offices or Providence at 714-986-1220

¹ All lessees should consult with their tax advisor on the specific impact to their business.

85% of small business lease



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AdvanTec in partnership with Providence Capital Funding, LLC. (PCF) Can provide leasing for all or part of your project on terms that meet your business needs.

Benefits of Leasing with PCF:

- 100% Tax Write Off
- 0 Money Down
- Competitive Rates
- 90 Day Deferral Programs
- Easy Add-On / Trade-Up Options
- Flexibility
- Preservation of Bank Lines of Credit
- Fixed Terms and Payments

Payment Type & Features

Cash

Loan

Lease

Payment Type & Features	Cash	Loan	Lease
Cash Flow	Buying has an immediate impact on cash flow by diminishing cash reserves.	Down payment required and loan payments are generally higher than lease payments.	No down payment required. Leasing usually has less impact on cash flow due to lower payments.
Line of Credit	Liquid assets are depleted and may affect credit.	Taps the line of credit.	Does not affect line of credit.
Equipment Risk	The owner bears all the risk of equipment devaluation. Obsolescence must be tracked by the owner.	The owner bears all the risk of equipment devaluation. Obsolescence must be tracked by the owner.	In many leases, the burden of taxes and insurance is managed by the lessor.
Asset Liability	Owners must manage asset liability on their books. Financial accounting requires owned equipment to appear as an asset with a corresponding liability on the balance sheet.	Owners must manage asset liability on their books and are required to have equipment appear as an asset with a corresponding liability on the balance sheet.	Operating lease assets are expensed. Such assets do not appear on the balance sheet, which can improve financial ratios.
Rate risk	Cash should be used for income producing investments since you pay with today's dollars at today's value.	Banks prefer to loan money on a floating or variable rate tied to prime. Rate risk is on the customer, not the bank.	Payments are fixed for the lease term. Pay with next year's inflated dollars - take advantage of inflation.
Soft Costs	Soft costs such as installation, training can erode cash reserves.	Banks rarely finance soft costs. Cash is usually needed.	Leasing may cover all soft costs including maintenance and software.
Upgrade	Owners must manage disposal/selling of outdated equipment. This can slow down the upgrade process.	Owners must manage the disposal/selling of outdated equipment. This can slow down the upgrade process.	Leasing allows for easy upgrades or additions and keeps the same payment by simply extending the lease term.

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