

Bank Authorized  
Equipment Leasing and Financing Agents



- \* Healthcare
- \* High Technology
- \* Broadcasting
- \* Colleges
- \* Industry
- \* Municipal / Govt.

## LEASE FINANCING VS. CREDIT CARD

|   | <b>EQUIPMENT LEASE</b>   | <b>PERSONAL CREDIT CARD ("CC")</b>   |
|---|--|--|
| <b>LEGAL ASPECTS, CORPORATE VAIL</b>  | <b>RETAIN CORPORATE PROTECTION BY NOT MIXING BUSINESS PURCHASES WITH PERSONAL CC FINANCING</b>                               | USING A PERSONAL CREDIT CARD TO BUY CORPORATE ASSETS IF INCORPORATED COULD REDUCE CORPORATE PROTECTION   |
| <b>ACCOUNTING FOR BUSINESS ASSETS</b>   | LEASING BUSINESS ASSETS KEEPS ON CORPORATE BOOKS   | PURCHASING USING A PERSONAL CC PUTS TITLE INTO YOUR PERSONAL NAME REQUIRING A SEPARATE ENTRY TO TRANSFER TO CORPORATE BOOKS BY ADDING CAPITAL, OR MAKING A STOCKHOLDER LOAN ETC. |
| <b>FLIGHT MILES OR OTHER BENEFITS AND RISKS</b>   | NOT AN ISSUE   | FLIGHT MILES FOR USING A CREDIT CARD ARE MINIMAL IN VALUE AND AS A SPECIAL CC PROGRAM, THE RATE COULD CATIPULT UP IF A PAYMENT IS EVEN ONE DAY LATE IN THE FUTURE                |
| <b>ACCOUNTING OPTIONS</b>   | WRITE OFF ALL AT ONCE USING IRS SECTION 179, OR WRITE OFF OVER 5 YEARS, OR NOT SHOW AS DEBT ON BALANCE SHEET AT ALL          | MUST SHOW AS DEBT ON PERSONAL BALANCE SHEET IF A PERSONAL CC, AND IF ASSET IS TRANSFERRED TO BUSINESS, MUST SHOW AS DEBT THERE   |
| <b>WRITE OFF AS A BUSINESS EXPENSE</b>  | YES, DEFINITELY  | USING A PERSONAL CC IT COULD BE ARGUED THAT IT IS A PERSONAL EXPENSE FOR TAX PURPOSES, NOT A BUSINESS ONE AND WITH A REDUCED OR ELIMINATED TAX SAVINGS                           |
| <b>FICO SCORE ON PERSONAL CREDIT EFFECTED BY THE DEBT AND COULD GO DOWN</b>                     | NO   | YES  |
| <b>DEBT REPORTED ON PERSONAL BUREAUS EFFECTING DEBT RATIOS AND OVERALL CREDIT RATING</b>        | NO   | YES  |
| <b>IMPRESSION OF HAVING HIGH CC BALANCES ON OTHER LENDERS</b>                                   | NOT A PROBLEM  | HIGH CC BALANCES GIVES A BAD IMPRESSION TO OTHER LENDERS FOR HOME LOANS, REFINANCES, ETC.  |
| <b>OPTION TO SET UP AS AN OPERATING LEASE TO LOWER PAYMENTS AND MAKE THE PURCHASE AN OPTION</b> | YES, COULD ELECT TO HAVE LOWER PAYMENTS, AND NOT EXERCISE THE OPTION TO BUY AT THE END AND THEN EASILY UPGRADE THE EQUIPMENT | NO, NO OPTION TO PURCHASE SINCE THE EQUIPMENT WILL BE FULLY PAID OFF   |
| <b>MULTIPLE SUPPLIERS OK</b>  | WE CAN ARRANGE PAYMENTS TO MULTIPLE SUPPLIERS, ALL OF WHOM MIGHT NOT ALLOW THE USE OF A CC                                   | MAYBE ONLY A FEW WOULD ACCEPT A CC   |
| <b>VENDORS MIGHT GIVE DISCOUNTS TO YOU FOR NOT USING A CC</b>                                   | THE FEE TO THE VENDOR FOR YOU USING A CC MAY BE 3% OR SO AND YOU COULD GET THIS A DISCOUNT ON A LEASE                        | USING A CC COSTS THE VENDOR 3% MORE NORMALLY SO WOULD NOT REDUCE THE EQUIPMENT COST BY THIS AMOUNT   |

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| <b>CASH ADVANCE FEE ON CC IF VENDOR DOESN'T ALLOW YOU TO USE IT DIRECTLY AD PROBABLY A HIGHTER INTEREST RATE</b>                | NO EXTRA FEES   | IF YOUR SUPPLIER DOESN'T ALLOW YOU TO USE YOUR CC THERE AND YOU GET A CASH ADVANCE, THERE COULD BE A 3-5% FEE AND A HIGHER INTEREST RATE    |
| <b>CREDIT CARD COMPANIES CURRENTLY LOWERING CREDIT LIMITS, CHANGING TERMS, RAISING RATES</b>                                    | RATES AND TERMS FIXED SO YOU CAN COUNT ON NO CHANGES  | HIGHER COSTS COULD BE TRIGGERED EASILY  |
| <b>EFFECTIVE RATE AND PAYMENTS – OPERATING LEASE</b>  | MUCH LOWER RATE AND PAYMENTS OVER THE YEARS (OPTIONAL PURCHASE OPTION AT THE END OF THE LEASE)                                  | HIGHER RATE AND PAYMENTS DUE TO BEING A FULLY AMORTIZED   |
| <b>EFFECTIVE RATE – FINANCE LEASE WITH \$1 OUT</b>  | EQUAL TO OR EVEN LOWER THAN A BANK LOAN NORMALLY  | EQUAL TO OR LOWER POSSIBLY  |
| <b>CREATIVE PAYMENT OPTIONS</b>   | YES, ONLY \$100 TO START AND \$100 PER MONTH FOR 6 MONTHS UP TO \$75K, SEASONAL PAYMENTS, AND 9 OTHER OPTIONS                   | ONE SIZE FITS ALL AND NORMALLY THE AMORTIZATION PERIOD IS OVER 2-3 YEAR   |
| <b>LENGTH OF TERM</b>   | OPTIONS OF 1, 2, 3, 4, 5, 6, OR 7 YEARS TO PAY.   | NORMALLY LIMITED TO BEING AMORTIZED OVER 24-36 MONTHS WITH CORRESPONDING HIGHER PAYMENTS  |
| <b>*****VERY IMPORTANT***** USING AN EQUIPMENT LEASE FOR YOUR EQUIPMENT KEEPS AVAILABLE CC CREDIT LINES OPEN FOR CASH NEEDS</b> | YES, USING LEASING LEAVES CC LINES OPEN TO GET CASH FOR BUSINESS EMERGENCIES OR PROBLEMS  | MANY BUSINESSES USE THEIR CC FOR LINES OF CREDIT AND BUYING SUPPLIES AND USE LEASING COMPANIES FOR EQUIPMENT                                |
| <b>SHORT TERM VS. LONG TERM FINANCING</b>   | EQUIPMENT LEASING IS TYPICALLY LONG TERM FINANCING  | TYPICALLY SHORT TERM FINANCING TO BE PAID OFF THE NEXT MONTH AFTER USING THE CONVENIENCE OF A CC  |
| <b>CAN PRE-PAY SUPPLIER</b>   | YES   | YES   |
| <b>EASE OF BORROWING</b>  | VERY EASY   | NOT AS EASY- ESPECIALLY LARGE BANKS DON'T WANT TO BOTHER WITH LITTLE LOANS AND ARE MUCH MORE CONSERVATIVE                                   |
| <b>NEED PERSONAL GUARANTEES OF ALL OWNERS</b>   | NO, SOME OR ALL CAN BE EXCLUDED IF QUALIFIED  | YES, NORMALLY   |
| <b>USE OF BUSINESS REAL ESTATE AS SECURITY</b>  | NO  | YES, NORMALLY   |
| <b>SPOUSES PERSONAL GUARANTEE</b>   | NO  | YES, NORMALLY   |
| <b>USE OF PERSONAL OF ALL OWNERS</b>  | YES, ALL MAJORITY OWNERS SHOULD SIGN THE LEASE PERSONAL GUARANTEE, NOT SIGLE OUT JUST ONE TO GUARANTEE AS IS THE CASE WITH A CC | A CC HAS THE GUARANTEE OF THE OWNER OF THE CC BUT NO GUARANTEE FROM HIS OTHER BUSINESS PARTNERS WHEN ALL SHOULD SHARE IN THE RESPONSIBILITY |
| <b>ACCOUNTING</b>   | NORMALLY NOT SHOWN AS DEBT, JUST A MONTHLY RENTAL   | YES, SHOW AS DEBT ON FINANCIALS   |
| <b>ACCOUNTING PROCEDURES</b>  | NORMALLY WRITE OFF ENTIRE PAYMENT MONTHLY   | NORMALLY IT IS CAPITALIZED AS A DEPRECIATING ASSET OVER 5 YEARS ON THE FINANCIALS WHICH COMPLICATES BOOKEEPING AND TAX RETURNS              |
| <b>INCOME STATEMENT SIMPLE</b>  | YES – MOST BUSINESSES DEDUCT THE ENTIRE PAYMENT   | NO, THE ACCOUNTANT NORMALLY NEEDS TO SEPARATE THE PRINCIPAL AND   |

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|   |   |   |
|---|---|---|
|   |   | INTEREST AND LET YOU WRITE OFF ONLY THE INTEREST  |
| <b>ACCOUNTING</b>   | IN BUSINESS NAME  | PERSONAL NAME, AND MUCH TOUGHER TO QUALIFY TO HAVE IN BUSINESS NAME   |
| <b>RETURN EQUIPMENT AT END OF LEASE OPTION</b>  | YES   | NO  |
| <b>ASSISTANCE IF YOU WANT SOMEONE TO ASSUME THE EQUIPMENT LEASE</b>                       | YES   | NO  |
| <b>HOLD UP PAYMENT TO SUPPLIER UNTIL YOU ARE 100% SATISFIED</b>                           | YES, WE PAY SUPPLIER AFTER DELIVERY AND YOU ARE 100% SATISFIED WITH THE EQUIPMENT | NORMALLY PAY ALL UP FRONT PRIOR TO DELIVERY   |
| <b>FIXED RATE YOU CAN COUNT ON</b>  | YES   | THE RATE COULD GO UP IF THE CC COMPANY CHANGES THEIR POLICY, IF A RATE INCREASE OCCURES DUE TO BEING LATE WITH A PAYMENT AND ANY SPECIAL PROMOTION PRICING IS DROPPED |
| <b>LEASE OTHER EQUIPMENT, SOFTWARE, SERVICES FROM MULTIPLE SUPPLIERS ALL ON ONE LEASE</b> | YES   | NOT ALL SUPPLIERS ACCEPT A CC FOR PAYMENT   |

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