

## **Why Leasing Makes Financial Sense ...For Your State, County or Municipal Government!**

### - Lease-to-Own Municipal Financing

#### » **MULTIPLY YOUR BUDGET by 3, 4 or 5 TIMES!**

Annual appropriations can be disbursed today, dollar-for-dollar, or can be “multiplied” by 3, 4 or 5 times when *the EXACT SAME AMOUNT* is allocated to lease-to-own payments instead! For example: A \$25,000 annual appropriation may provide enough “buying power” to place \$100-125,000 of new equipment into service, *today!* That’s leverage.

**Here’s How:** All of the equipment is delivered today, your vendor is paid today, while the repayment amounts are spread over multiple budget periods that you select. These leases have no residuals or “buyouts.” The federal, state or municipal entity owns the equipment from the day it is delivered. Further, the lease can be paid off in part or in full, at any time, re-financed at a future date (with grant dollars or bond proceeds, for example).

#### » **VERY LOW RATES & NO NEW DEBT**

All State, County & Municipal agencies qualify for the VERY LOWEST “municipal” rates, which are well below comparable commercial rates and compare directly with the tax-exempt municipal bond rates used by almost every government agency, for their largest capital projects (but without the legal expense, voter referendums and other regulatory delays that complicate bonds). And unlike bonds, *municipal leases do not create balance sheet debt.*

#### » **PAY AS YOU GO!**

Why pay in advance for assets that will be in service for years into the future?

**A Better Alternative:** “Pay as you go,” lease-to-own financing allows you to match this year’s expenses (as you incur them), to this year’s budget dollars as you receive them, on a monthly, quarterly or annual basis.

#### » **LARGER LEASES = LOWER RATES**

**Here’s Why:** Municipal lease rates are very transaction-size sensitive. We offer significant rate breaks at \$50,000, \$100,000, \$200,000, \$500,000 and \$750,000, for example. Combining purchases with other municipal departments (even with different vendors & terms and separate invoicing) will lower interest rates significantly--for all municipal departments.

#### » **NON-APPROPRIATION LANGUAGE? NO PROBLEM!**

**Here’s Why:** Our federal, state, county & municipal leases automatically include “NON APPROPRIATION” language that will be acceptable to your counsel. In the event funds are not available for any legal reason, the lease can be terminated at the end of the current budget period and the equipment returned to us—all without penalty.

#### » **BUY MORE...EVEN WITH A SMALLER CAPITAL BUDGET**

**Here’s How:** Leasing significantly reduces the amount of cash needed to acquire essential new equipment. Governments do not have to have the full purchase price “in the current budget.” Only the much smaller payment amount needs be in the current budget and anticipated to be available, in subsequent budgets. Lease payments may come from operating budgets in some cases, even bypassing capital budget “freezes.”

#### » **LEASE Vs. BONDS—LEASES ARE FASTER AND MUCH LESS EXPENSIVE THAN BONDS!**

**Here’s Why:** Bonds are guaranteed by the “full faith and credit” of your city and must be paid back, municipal leases are subject to the annual appropriation of funds. A bond issuer (city) guarantees to pay the bond or raise taxes as necessary to do so--backed by the real property of every resident. A bond obligation has the ability to “reach into the pocket” of each and every taxpayer should the budget ever come up short. That’s one of the many reasons that bonds, unlike leases, require public referendums, extensive legal review and “mountains” of documentation. Our lease requires the “OK” of your governing body, a two-page application & standard financials.

#### » **110% FINANCING, 110% FLEXIBLE TERMS**

**Here’s Why:** Leases can include many related expenses like shipping, installation, maintenance and training costs! There are no down payments or deposits with our government leases. There are NO end-of-lease buyouts or payoffs. Almost all leases are ZERO DOWN. Payments can be monthly, quarterly, semi-annually or annually--in advance, or in arrears or even deferred for up to 12 months after lease signing.

First Capital Equipment Leasing Corp.

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