

Bank Authorized
Equipment Leasing & Financing Agents



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

RENTING EQUIPMENT VS. LEASE/PURCHASE FINANCING

EXAMPLE: \$200K ITEM	<u>EQUIPMENT RENTAL / FMV LEASE</u> <u>(FMV stands for Fair Market Value)</u>	<u>LEASE / PURCHASE FINANCING</u>
EQUITY BUILD UP IN EQUIPMENT	0	\$50,000 (BASED UPON A FUTURE IN 5 YEARS OF ¼ OF CURRENT NEW VALUE)
IRS SECTION 179 WRITE OFF / DEPRECIATION IN FIRST YEAR	0	\$200,000 ! (IN THE 30% TAX BRACKET, YOU COULD SAVE \$60,000 IN INCOME TAXES IN YEAR 1)
REPLACEMENT MANDATORY ?	YES, THE ENTIRE RENTAL PERIOD, YOU KNOW YOU MUST REPLACE EVERYTHING	NO, YOU CAN KEEP THE EQUIPMENT AFTER IT IS PAID OFF, YOU ARE NOT FORCED TO REPLACE IT.
PURCHASE OPTION	SOMETIMES, AND IF SO, IT IS BASED ON THE "THEN, FAIR MARKET VALUE" SO ¼ OF \$200K IS \$50K WHICH MUST BE PAID IN CASH NORMALLY SINCE FINANCING 5-YEAR OLD EQUIPMENT DIFFICULT TO DO	ALWAYS, CAN BE \$1, OR 10% OF THE ORIGINAL COST, OR ANY AGREED AMOUNT.
EXTENSION OF RENTAL	NORMALLY AUTOMATIC FOR EACH ADDITIONAL YEAR	NOT NEEDED, EQUIPMENT PAID OFF AFTER INITIAL TERM
WRITE OFF PAYMENTS MONTHLY	YES	YES, JUST LIKE A RENTAL IF THE SECTION 179 OPTION NOT USED
PAYMENT AMOUNT	EQUAL TO OR HIGHER THAN LEASE	OUR \$1 AND 10% PURCHASE OPTION RATES COMPARE VERY FAVORABLY
SERVICE, MAINTENANCE, PARTS	HANDLED SAME AS A LEASE-YOU ARE RESPONSIBLE FOR	SAME
OTHER	VARIOUS ITEMS	VARIOUS ITEMS

PHONE / FAX:

800-400-5060 PH
858-451-0400 PH
858-451-0033 FAX

MAILING ADDRESS:

P.O. Box 500110
SAN DIEGO, CA
92150

FEDEX / COURIER ADDRESS:

11835 CARMEL MT. RD.
SUITE # 1304-351
SAN DIEGO, CA 92128

CORPORATE ADDRESS:

11440 W. BERNARDO CT.
SUITE # 300
SAN DIEGO, CA 92127

Web: www.investmentleasing.com

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