



LEASE VS. BOND

You will be surprised to find out how many Municipalities don't know much about Municipal Tax-Exempt finance and how easy it is to acquire to solve their equipment needs. They all know about the cash they don't have in this year's budget, or that they would have to complete a major process to obtain a Municipal Bond. Municipal leasing is easy and quick. Here is some information for you and it can also be found on our web page in a document called **"A Brief Course in Public Financing"**.

Lease/Purchase Agreement transactions are placed with a single investor, and generally limited to 10-12 years in length with an average maturity of about 5 years. Sizes run from around \$10,000 to \$millions – depending on the useful life of the asset, transaction size and essentiality of the equipment. Vehicles and office equipment are typical items being financed.

Other advantages:

- **100% Financing** including delivery, installation and sales tax (where applicable).
- **Cost effective** – Nominal associated origination costs, if any.
- **Equipment and Real Property** may be financed on a Lease/Purchase Agreement.
- **Flexible payments:** Monthly, Quarterly, Semi-Annual, Annual or Delayed Payments.
- **No Reserve Accounts** are required.
- **Uncomplicated documentation!**

MUNICIPAL LEASE vs. BOND COMPARISON

<u>Financing Characteristics and/or Requirements</u>	<u>Public Bond Offering</u>	<u>Direct Source Financing</u>	<u>Why "NO" is the Better Answer</u>
Compliance with SEC	YES	NO	Disclosure rules do not apply
Exact Rates Unknown Prior to Closing	YES	NO	Rates quoted before funding. Rate lock option available.
Underwriter's Fees	YES	NO	No additional fees
Rating Agency Fees	YES	NO	No additional fees
Printing Costs	YES	NO	No additional fees
Reserve Fund	YES	NO	Not required
Prepayments only on Call Dates	YES	NO	Prepayment options throughout term.
Multiple Investors	YES	NO	Private Placements
Semi-Annual Only	YES	NO	Payment Schedule designed to meet your needs.
Time Consuming Documentation Process	YES	NO	One simple process

Acquire the equipment you need without Disclosure. Beginning July 3, 1995, an amended SEC Rule 15c2-12 governing disclosure obligation of municipal securities issuers and obligor went into effect. The new Rule was designed to protect investors by ensuring adequate ongoing disclosure of information relating to the financial health of the issuer and obligor. The Rule increases the complexity of debt issuance in the public market. **Direct source financing is not subject to disclosure requirements. Hopefully this information might help you close more transactions.**

<u>PHONE / FAX:</u>	<u>MAILING ADDRESS:</u>	<u>FEDEX / COURIER ADDRESS:</u>	<u>CORPORATE ADDRESS:</u>
800-400-5060 PH	P.O. Box 500110	11835 CARMEL MT. RD.	11440 W. BERNARDO CT.
858-451-0400 PH	SAN DIEGO, CA	SUITE # 1304-351	SUITE # 300
858-451-0033 FAX	92150	SAN DIEGO, CA 92128	SAN DIEGO, CA 92127