

## Your Guide to the Benefits of U.S. Bancorp® Vendor Services' Innovative Leasing Program.

### Benefits of Leasing

- *Leasing is easy and covers 100% of the equipment cost.* A large down payment isn't necessary. Typically, a security deposit equal to two months rental payments is all that is required. In 30 days, your rental payments begin.
- *Possible tax savings\**. If your company is in the 34% tax bracket with a monthly payment of \$500, the actual lease payment may be reduced to \$330 - that's a monthly savings of \$170 (\$500 x 34%) or \$2040 annually. \*Please consult your tax advisor to determine the impact on your business.
- *Flexibility.* A typical lease involves payments of 36 or 60 months. But, a unique plan may be better for you. We can customize a lease to fit your particular situation. If you choose to upgrade or replace the equipment during the lease term, we'll help.
- *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.
- *Increases profits immediately.* With leasing, you only have to cover the monthly payment for the new equipment to be profitable from the first month. Additionally, when broken down, you can easily see the cost effectiveness of a lease.

#### Example:

A monthly payment of \$500 divided by 30 days = a daily cost of only \$16.67!  
Divide \$16.67 by 8 work-day hours to get an hourly cost of \$2.36!

- *Preserve bank credit lines.* Your lease doesn't affect your existing borrowing limits with your bank. You still have 100% of your credit available for other needs.
- *Avoid rapid obsolescence.* Because updating is so easy, the most modern equipment is always available.
- *Conserve working capital.* Cash isn't tied up in overhead, it's free for income producing investments. Or your cash savings may be reinvested in your business to create earnings which may reduce the net cash cost of leasing.
- *Leases may have accounting benefits.* Monthly payments may be fully deductible as operating expenses rather than accounting for the equipment as an asset.

*Continued*



## Vendor Services

### Common Questions & Answers

- *Why lease versus cash?* When considering which is the best financing option for your business, the rule of business is to invest in assets that appreciate and finance those that depreciate. When you consider financing assets that depreciate such as computers and high technology equipment, you transfer all risk of obsolescence to the leasing company as there is no obligations to own equipment at the end of the lease.
- *Does a lease affect my credit line?* If you borrow money from the bank or other source to buy the equipment, you immediately reduce your credit line with that source. A bank may require a 20-25% down payment and may require additional collateral - a lease doesn't.
- *What financial or credit information is necessary?* For leases under \$75,000, usually a standard lease application is sufficient. Sometimes we'll have additional questions. If we do, we'll call and let you know. For leases over \$75,000, we need an application in addition to your current financial statement. If you don't have a current statement, or if it isn't reviewed by your accountant, you may substitute tax returns.
- *Can I stop the lease?* The lease is non-cancelable. However, if you need new equipment or need to upgrade, we'll structure a new lease for the upgrade. If you need to terminate the lease, we'll figure a buyout for you. You could then either pay the buyout and ship the equipment back or pay the buyout plus the purchase option and keep the equipment.

### Commitment to Stability

The stability of Vendor Services is rooted in its parent, U.S. Bancorp®, a diversified financial services company serving its customers since 1853. We strive to create superior value by developing competitive and customized financing. The essence of this commitment is expressed in our sales philosophy:

We make every effort to understand our customers business and to support their strategies by providing customized financing and superior service. Our approach is to increase our customers' success by using a consultative sales approach to proactively design programs that result in:

- Increased profitability
- Reduced Administrative Burdens
- Improved Accounts Receivables and
- Increased Sales

### Contact Information

U.S. Bancorp®  
Vendor Services  
1310 Madrid Street, Suite 101  
Marshall, MN 56258  
Toll-Free: 800-225-3428  
Fax: 800-328-9092

Flexible, Easy  
& Convenient