



Leasing & Creative Leasing Programs

for
Vendors & End Users

EASYLEASE

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CORP

Providing innovative financial solutions helping your business grow

AGENDA

- About EASYLEASE CORP.
- Angel Investors
- The Leasing (Funder) Landscape.
- Funders vs. Brokers.
- Lease vs. Loan.
- Types of Leases.
- Why Vendors offer Leasing.
- Why End Users (Corporations and individuals) Lease.
- Creative Leasing.
- Questions.

ABOUT EASYLEASE

- Founded in 1996 .
- Canada's Largest Independent full service leasing brokerage company.
- Easylease Corp. provides National, Regional and local reseller Vendor Leasing as well as end user's.
- I have been working in the equipment leasing industry for over 15 years.

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ANGEL INVESTORS

- Angel Investors are accredited investor's with significant business experience and acumen.
- They meet with entrepreneurs to screen business plans and provide advice and early stage capital to get small businesses off the ground.
- Typically Angel's step in after 'friends and family' investors are exhausted.
- Examples – Riverdale, Bike Poncho
- What I have learned..... Get it in writing
- Pitfalls – What happens when things go wrong

The Leasing (Funder) Landscape

- Tier 1 Banks & Life Co's. – Exceptional Credit – Ridiculous Documentation & painfully slow decision making process. Like big deals. Awesome rates. A+
- Tier 2 Banks, Credit Unions – Also require stronger credit, documentation varies, rates are good A+ - A
- Commercial Leasing Co's – CIT, National Leasing, MCAP. Typically prefer strong credits, small-mid ticket deals, quick approval and easy documentation process. Rates A to A-. Banks are acquiring them.
- Boutique leasing Co's. – Typically Private groups or Life Co. funded. Specific asset preferences, wider credit appetite, rates B – C. Personal Guarantees always required.

Funders vs. Brokers

- Funders all have preferred asset types AND a defined credit appetite, either A, B, C or High Risk.
- **Diversify your borrowing – Don't put all your eggs in one basket**
- Brokers have dozens of lenders with a wide range of credit appetites and know which lenders prefer which assets.
- We typically secure approvals for over of 95% of all applications received – both strong & weak assets.
- We deal with all the lenders from the previous slide.

Lease vs. Loan

- Loans can have fixed or variable rates – Leases are fixed rate.
- Banks prefer loans – Leasing co's only do leases.
- Loans often allow early pay-outs – Leases rarely do.
- Loans typically require a sizable down-payment and you have to prepay the HST. – Leases pay the HST then collect monthly.
- In either case interest payments are a deductible expense.
Which is better for you? – Ask your accountant. Neither is wrong.

Types of Leases

OPERATING LEASE: - OFF Balance Sheet – Lease to use

- Structured to a “Fair Market Value” purchase option at the end of term
- Option to return the equipment to lender
- Lease payments can be written off 100% as business expense
- Terms are usually 18, 24 or 36 month terms. Less than 5% of all leases are true operating leases.

CAPITAL LEASE: - ON Balance Sheet – Lease to own

- Structured to \$10 or 10% or other (fixed) buyout at the end of the term
- No residual buyout value just a predetermined purchase ‘option’.
- Terms are usually 24, 36, 48 or 60+ months

WHY DO VENDORS OFFER LEASING

- Their competitor's offer leasing so they have to follow along.
- Often makes the customers buying decision easier.
- Eliminates almost all credit risk.
- They receive a solid PO from the funder and get paid quickly after delivery.
- Converts a capital expense to a monthly 'payment'.
- Allows for early upgrades or 'Blend & Extend'
- Client doesn't have room in 'capital' budget but has 'operating' budget
- Increases Sales.

WHY DO END USERS LEASE

- Purchasing Power – conserve capital
- Balance Sheet Management – Capital vs. Operating
- 100% Financing – First and last in advance
- Pay for use
- If it appreciates “buy it”, if it depreciates, “lease it”.
- Tax Treatment – Accelerated write-offs
- Flexibility for early upgrades
- In a disposable society ownership is less important
- Cash Flow Management – monthly vs annual

TYPES OF CREATIVE LEASES

- Skip lease – Don't pay until....
- STEP Lease – structured with increasing payments over time.
- Balloon Payment Lease – Lower your lease payment with a higher first payment – may lower your also.
- Seasonally Adjusted Lease – to match seasonal cash flows
- Trading Up & Trading-In Leases – early upgrade with little or no penalty.
- Sale lease-backs of *Paid-For-Cash* Equipment
- Blend & Extend
- Vendor Recourse or Remarketing Leases – When credit is bad



QUESTIONS

Thank you for your time today

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