

FAQ about Commercial Vehicle Leasing

I leased a car and it was the worst experience. How is equipment leasing any different?

With car leasing from a dealership for personal use, you are required to pay for excessive mileage, the pre-established residual amount of the vehicle at the end of term or when you purchase the vehicle, along with up front costs such as security deposits, etc. This could be costly and there's usually NO negotiating with the dealer. The purchase price is predetermined in the contract based on what they think your usage will be.

With an ELS TRAC lease (for vehicles & trailers) all that is required up front is first and last month's rent and a small documentation fee. There are no mileage restrictions, YOU can choose your residual and can either turn the vehicle back in at the end or sell the vehicle. If the actual residual value at the end of the term is higher than what you chose at the beginning of the lease, you'll pay the difference. If it's lower, you will receive a "rebate" of the difference.

In an Operating lease, the purchase option is determined at the end of the term by obtaining a fair market value of the equipment. It is NOT PREDETERMINED. This can be obtained by getting vendor quotes, resale values, etc. and the lessor/lessee will come to an agreement. If no agreed upon value is reached, a third party appraiser will come in and appraise the fair market value, or, the equipment can simply be returned to lessor.

Can a commercial (TRAC) lease really help your bottom line?

Whatever your business vehicle needs, a properly structured commercial lease has many valuable financial benefits for companies of all sizes. We understand how vital a business fleet can be to the success of your business. Companies need the right vehicles, but having the wrong financial package on those vehicles can limit future growth and reduce rather than enhance a company's bottom line. Before we suggest a commercial lease for your business, we listen to your goals and offer real solutions by customizing a commercial program for your needs.

What is a TRAC Lease?

Terminal Rental Adjustment Clauses are referred to as TRAC or open end leases. This type of lease allows us to structure the contract to more accurately reflect the lease end value of the vehicle as determined by your intended use. Ultimately, businesses either receive a rebate or must pay additional rent upon final sale of the vehicle.

How can Trac leasing benefit my business?

- Lower monthly payments

- Free up working capital by lowering the amount you pay each month for your business equipment

- Operating leases may qualify as off-balance sheet financing

- Possible additional tax benefits (contact your tax counsel)

- Adjust your TRAC lease terms and vehicle residuals to fit the projected cash flow requirements of your business

What type of vehicles can our business lease?

Almost anything (see section on list of leasable equipment), from passenger cars to vans to light or heavy duty trucks, even class 8 tractor trailers, street sweepers, tow trucks and other more uniquely functional forms of vehicle types. With regards to a TRAC lease, in order to qualify as a commercial lease, the vehicle must be used more than 50% of the time for business. Vehicles with non-standard equipment require pre-approval and certain vehicles like ambulances, taxis, limos for hire and school vans normally would not qualify.

Why not pay cash or use a bank line-of-credit for our vehicle needs?

Leasing frees up your assets for other uses. Cash can be used to invest in the future success of the business and bank credit lines can remain open for funding additional inventory, receivables, and other expansion needs or cover emergencies as they arise. The yield returned from investing in the business will generally be greater than the financing cost of a lease.

What terms are available?

A standard commercial lease is up to 60 months; however, we recommend setting up your lease term to match the normal trade cycle for the type of equipment you need. Rates are very competitive, TRAC lease mileage is flexible, no down payments are required (only the first & last payments and a small documentation fee) and residuals can easily be customized.

What happens at the end of the TRAC lease term?

Purchase the vehicle for the residual value plus any remaining unpaid charges and fees.

Trade-in the vehicle or equipment to cover the remaining amount due.

Return the vehicle to a designated location for disposal and settlement.

And finally, let us help you determine your best option and assist you with additional business vehicle needs for your growing business.

What happens at the end of the Operating lease term?

Purchase the equipment for the residual value determined at lease end.

Trade-in the equipment for an upgrade.

Return the equipment to a designated location for disposal and settlement.

And finally, let us help you determine your best option and assist you with additional business equipment needs for your growing business.

What happens at the end of the Capital Lease term?

You own the equipment for a mutually agreed upon bargain purchase option, usually for \$1.00 (or \$101.00 in California).