

SAULSBURY HILL FINANCIAL

is one of the oldest
Commercial leasing
companies in the United
States, established in 1976.

From office equipment,
heavy equipment, energy
management retrofits to
complete co-generation plants,
we have done them all,
with the expertise to structure
and secure financing that
benefits all our clients
and customers.

Let us share some general
definitions for the primary
Commercial lease structures
that can be employed —
points for discussion as to
which option will reap the most
benefits for your Company.



SAULSBURY HILL FINANCIAL
MUNICIPAL COMMERCIAL FEDERAL

MAIL: P.O. Box 22699 · Denver, CO 80222-0699
OFFICE: 1131 Humboldt, The Loft · Denver, CO 80218
303-629-8777 · 888-SAULHILL · Fax 303-629-7689

www.saulhill.com

FINANCIAL SOLUTIONS
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COMMERCIAL LEASING

**OUTSIDE
THE NINE DOTS**

COMMERCIAL EQUIPMENT LEASES

Commercial Equipment Leases were traditionally “rentals” in every sense of the word. Just as you would rent a car, equipment “Leases” were originally written as rentals, such as an equipment rental for a specified period of time with a specific payment structure.

From the start of the Commercial Equipment Leasing Industry, Leasing has become increasingly more meaningful than just equipment rentals. Thanks to the Internal Revenue Service and the Generally Accepted Accounting Principals (“GAAP”) leases now come with diverse solutions to suit every customers needs.

OPERATING LEASES

Operating Leases by the GAAP definition are as close to a rental as you can get without actually being a short-term rental. An Operating Lease has no appearance of equity build-up during the lease term. Should the Lessee wish to take title to the equipment, title may be secured by payment of the Fair Market Value at the end of the original lease term. And, the Lessee typically incurs no new balance sheet debt.

FAIR MARKET VALUE

Fair Market Value is generally defined by a third party appraisal as to the equipment’s then present market value.

CAPITAL LEASES

A Capital Lease includes a minimal down payment with a payment structure for a set lease term. Upon satisfactory completion of the payment terms the Lessee can generally purchase title to the equipment from the Lessor for a nominal sum (generally a \$1.00 purchase option) with ownership transferring to Lessee. With a Capital Lease the depreciation expense goes to the Lessee as the title is expected to pass with the end of term purchase option. A Capital Lease is generally the chosen methodology for equipment acquisition when the equipment value or “life” is beyond the Capital Lease term.

TRUE LEASE

A True Lease falls somewhere between the Operating Lease and the Capital Lease. The True Lease allows a defined purchase option at the end of the lease term that the Lessee can, but does not need to exercise. This serves to lower the Lessee’s periodic payment. The True Lease Purchase Option is always higher than the \$1.00 Capital Lease Purchase Option. It can be defined in either dollars or a percentage of the original equipment cost. At lease inception Lessor and Lessee can agree on this “end of term” value or residual. A True Lease can either be on or off balance sheet, which is left to the discretion of the Lessee and their Auditor.

SAULSBURY HILL FINANCIAL MAKES LEASES HAPPEN SMOOTHLY AND PAINLESSLY

Contact us at **888-SAULHILL** — **303-629-8777** in Denver — to discuss our Commercial Finance Options.

www.saulhill.com

David J. Clamage EXT 102 davidc@saulhill.com