

LEASING

Custom Leasing Solutions



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About Leasing

Leasing is another very effective form of business financing, so when should a lease be considered?

We recommend following the leasing rule of thumb:

If it is a cost to your business and it appreciates in value, buy it.

If it is a cost to your business and it depreciates in value, lease it.

Lease Vs Loan

It's a common dilemma: lease or buy, buy or lease, which is better? Everyone who has ever considered leasing has had this question cross their mind. So what is the answer?

Leases and loans are simply two different methods of equipment financing.

- Leasing finances the use of the equipment
- Loans finances the purchase of the equipment.

Depending on the particular situation and preferences of the consumer, leasing and loans each have their own benefits and drawbacks, so each should be carefully considered as this decision also links to at your own personal priorities – so, what's important to you?

1. Is having a new piece of equipment every two or three years with no major repair risks more important than long-term cost?
2. Are long term cost savings more important than lower monthly payments?
3. Is ownership more important than low up-front costs and no down payment?

Customer Example

Company ABC is a new law firm with no corporate financial history. The business started just like any other small or medium sized business; owners using their banks and access to personal loans to pay for office furniture, signage and office equipment. One of the unique aspects of this customer is that they owned their office furniture, but had yet to acquire their business signage and office equipment.

Castle Leasing spent the time with customer to understand how the client had started their business, and educated them on the types of "equipment" that could be financed as a commercial lease.

The Result:

- The office furniture that the customer has acquired 12 months earlier was re-financed as a lease. The customer's original capital outlay was paid back to them.
- The two new equipment additions (Xerox Office Equipment and Business Signage) were bundled into the same lease as the office furniture, one monthly payment.
- With all of this equipment now financed as a commercial lease, the capital outlay on this equipment is no longer a liability on the customer's personal credit.
- The customer now has a new line of business financing that has enabled the addition of new equipment whenever they need it.
- The allocation of this equipment to a formal lease has simplified the customer's account and overall tax advantages.

The decision to lease or buy is not always simple. Following below are some things to consider when assessing your financing options?

When comparing lease vs loan, or bank vs leasing company, for the lowest rates, it is important to understand key terminology and points. Equipment leasing companies and lease funding sources may be the best overall choice for purchasing your equipment.

Tax Write Off:

Since bank financing makes you the owner of the equipment, your only tax advantage is depreciation and the loans interest. Lease Payments may be 100% deductible or may be a form of accelerated depreciation depending upon the lease type and your company's financial structure

Credit Review Process: The bank credit review process is long and tedious and generally requires further information. Leasing usually takes 1-2 business days for an approval.

Lending Limits:

Banks establish a maximum borrowing limit for the company, and generally the principals also. This restricts future borrowing. Leasing offers a multitude of alternative lending options in addition to your company's bank lending options

Revolving Loan:

Banks prefer to classify a loan as a "Revolving" loan. This gives them the ability to extend or cancel the loan on a yearly basis. This means annual submission of Financial Statements for review and approval, often with sizable review fees payable by you. Additionally, this loan is now a current liability, which can really distort your financial ratios. Leasing is fixed long term financing, with no yearly review fees.

Down Payment:

Banks typically require 10 to 25% down on any equipment financing. Once again, they are more concerned about their exposure and risk and less concerned about your practical business needs (e.g. retention of working capital). Leasing is 100% financing and rarely requires down payments.

Rate Structure:

Banks prefer to loan long-term money on a floating or variable rate tied to prime, or some other indices. This places the rate risk on you instead of the bank. Lease rates are fixed for the term of the lease.

Compensating Balances:

Most banks will require that you maintain certain minimum balances if you want their lowest rates. Think about this one for a second; if you maintain certain balances that they pay you no, or low, interest on, this inflates their actual yield well above your loan interest rate. Additionally, this ties up your working capital. Leasing has no such requirement.



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Commercial Leasing Made Easy

The Castle Group was founded with one key objective: to help business owners succeed. From commercial leasing to mortgages and insurance, we make the complicated uncomplicated, ensuring your strategic and budgetary needs are covered.

When most people think about leasing, their minds shift to cars or property. The truth, though, is that leasing anything from computers and signage to manufacturing equipment and office furniture can be a great option for business owners.

Not sure where to start? The Castle team can show you the ins and outs of commercial leasing, helping you and your business reduce costs, avoid equipment depreciation and achieve significant tax deductions.

What we Lease

Any business input that can be accounted for as a depreciating cost can be leased.

Examples of items that our customers lease are:

- Property Leasehold Improvements
- Medical Equipment
- Business Signage
- Software and Professional Services
- Computer and Network Equipment
- Office Furniture
- Laptops
- Print/Fax Equipment
- Phone Systems
- GPS Systems
- Grain Augers
- Grain Dryers and Vacuums
- Fertilizer Sprayers
- Compressors
- Forklifts/Scissor Lifts
- Metal Lathes
- Packing/Strapping Equipment
- Pallet Wrappers
- Refrigeration
- Woodworking and Metalworking Machinery
- Automotive Equipment incl. Tire Changers, Alignment Equipment and Hoists
- Automotive Paint Spray Booths
- Welding Equipment
- Enclosed Cargo Trailers
- Equipment Trailer
- Goose Neck Trailers
- Stock Trailers

About Castle Leasing

We Simplify and Accelerate the Leasing Process

Castle Group is your one-stop-shop for your mortgage, insurance and commercial leasing needs. With an extensive library of funding partners and unparalleled in-house expertise, we specialize in simplifying and accelerating lease funding options for your business. With a wide range of lease options available, we can help you choose the perfect lease structure for your strategic and budgetary requirements.

The Castle Commitment

At Castle, we work with our customers to ensure everyone receives the full benefit of our comprehensive approach to commercial equipment leasing. Our mission is to be the first choice amongst business owners for any and all products and services that are needed to make their business succeed.