

The How-To of Leasing

From CFC and Key Equipment Finance



Is your cooperative bound by cash-flow constraints? Leasing can give you access to the financing required to help you realize the full potential of your cooperative. From computers and office furniture to excavation equipment and commercial vehicles, leasing allows you to break down large, expensive acquisitions into fixed, monthly payments. By providing fast, dependable financing that's easy to access, we can help you free up your cash flow, making your money work harder for you in many ways.

The Benefits

Lease financing can be a useful tool for cooperative success. Leasing traditionally provides cooperatives with more control and more flexibility. CFC in association with Key Equipment Finance offer a variety of lease terms and end-of-lease options to meet your specific needs. Plus, upgrading is easier. And, if you prefer, you can even purchase the product outright at the end of your lease. We will work with you to customize the right solution. Here are some ways your cooperative can benefit:

Improved cash-flow management

- Conserve capital for reinvesting in your cooperative
- Improve budgeting accuracy through fixed monthly payments and no floating rates

Protection from owning outdated technology

- Match the length of the lease to the expected useful life of the equipment
- Easily upgrade your lease solution by adding new equipment throughout the lease

100% financing

- Qualified applicants can finance 100% of the cost and may include delivery, installation, service, and maintenance

FAQs about Leasing

What is a lease? A lease allows you to acquire the equipment your cooperative needs by making fixed monthly payments for the term of the lease. This affords you full use of the product without spending all of your capital by purchasing it outright. With leases you generally make only the first and last payments at the start of the lease.

Leasing your equipment in this manner allows you to choose the term of your lease—we offer flexible terms allowing members to choose flexible end-of-lease purchase options. It also helps you avoid owning equipment that might quickly become outdated.

How do I qualify? Lease financing provided by CFC and Key Equipment Finance is available to electric distribution cooperatives as well as generation and transmission cooperatives. Lease financing to individuals for equipment intended for personal use is not offered through this program.

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How do I apply? Contact your CFC RVP and/or AVP for more information.

What information will I need to get started? You will be asked to provide the following:

- Information for the vendor who is supplying your equipment, including: vendor name, address, phone, and contact information.
- General information about your cooperative, including: legal cooperative name and address, contact name for the person executing the lease, estimated equipment cost or total estimated lease amount, and the equipment location.

What kind of equipment can I lease? You can lease a broad range of equipment necessary for cooperative operations including computers, excavators, telephone systems, fleet vehicles, and bucket trucks to name just a few.

What terms are available? CFC and Key Equipment Finance offer lease terms of twelve months to seven years. Other options and customized terms are available to qualified members.

What purchase options are available?

- Our Fair Market Value, or "FMV," lease allows you to use the equipment for the term of the lease and then have the option of either returning or purchasing the equipment, or extending the lease term. This purchase option is based on the Fair Market Value of the equipment at the end of the lease term.
- Our \$1.00 Purchase Option lease allows you to purchase the equipment at the end of the term for the nominal charge of \$1.00.
- Our 10% Purchase Option lease allows you to purchase the equipment at the end of the lease term for 10% of the original equipment cost.

Can I include soft costs and services on a lease? Our financing solutions can accommodate soft costs including: delivery, installation, service, and maintenance.

What will my rate be? Your rate will be based on a number of factors, including: equipment type and cost, length of the lease, and the end-of-lease option that you select. Once your rate is determined, it will be fixed for the term of the lease.

