



**To Lease or Not
to Lease...**

Leasing

A non-cancelable contract extending over a fixed term

ADVANTAGES

- * Expense entire payments
- * Easy add-on/Trade up
- * 100% Financing
- * Conserves Capital
- * Can lessen Tax Liability
- * Flexible Terms
- * Hedge against Inflation
- * Obsolescence protection
- * Fixed Terms & payments
- * Full use without ownership
- * Creates new credit source

DISADVANTAGES

- * Non-cancelable

Bank Loan

Repaid in regular installments

ADVANTAGES

- * Direct Ownership
- * Depreciation
- * Appropriate when bank lines remain untapped or there is a loan covenant requirement

DISADVANTAGES

- * Capitalizes Equipment
- * Relatively Short Term
- * Extensive documentation
- * Covenant Restrictions
- * Exhausts credit line
- * Non-Financeable charges
- * No obsolescence protection
- * May require a down payment, compensating balances, origination fee
- * Non-cancelable

Cash Purchase

Using working capital for acquisitions

ADVANTAGES

- * No Finance Charges
- * Direct Ownership
- * Depreciation
- * Appropriate when lacking investment alternatives for excess cash, or annual depreciation expense exceeds annual capital expenditures

DISADVANTAGES

- * Attacks Cash Reserves
- * Negates Time Value of Money
- * No hedge against inflation
- * No obsolescence protection



Smart Finance Options, Inc.
Commercial Financing and Equipment Leasing