

# Toyota Commercial Finance Programs

## Commercial Equipment - Customer Advantages



### TYPICAL ADVANTAGES OF LEASING

#### **Maximize Equipment Use**

- Leasing enables a customer to maximize the use of their equipment typically without paying for the full cost of ownership. Fixed leasing terms and payments give the customer the ability to budget expense and forecast fleet replacement cycles. At lease termination, customers can return the equipment and replace with new equipment. There is no need to worry about selling the equipment or negotiating trade-in values.

#### **Cash Management**

- Generally leases allow for little or no money due at lease signing as compared to financing the equipment through a retail agreement. Monthly lease payments will typically be lower than a retail loan contract.

#### **Capital Budget Constraints**

- Leases may allow customers an alternative to capital budget investments to obtain additional equipment

#### **Flexibility and Convenience**

- Leasing is a very flexible and convenient method of acquiring the "use" of equipment to meet the ever changing needs of the customer's business. Depending on the lease agreement, various options to purchase or renew for an additional term at the end of the contract give the customer the flexibility to customize the lease structure to meet their needs. If the customer's business needs change, the customer may arrange to return the equipment at the end of the lease or has the option to purchase.

#### **Tax Benefits**

- Various tax benefits may apply for your customer's leased equipment (their tax advisor should be consulted for details).

***Put the power of Toyota Commercial Finance to work for you***

# COMMERCIAL FINANCE PROGRAMS

## Commercial Equipment



TICF PRODUCT	PROGRAM DESCRIPTION	CUSTOMER ADVANTAGES
<b>FLEXIBLE TERM LEASE</b>	Lease which permits customer to lease for a specific initial term, with an option to renew lease for a second (or subsequent) specific term(s) at predetermined lease payments	<ul style="list-style-type: none"> <li>• Flexibility to terminate the lease at the end of the specified terms while locking in the monthly payments for the future</li> <li>• Ability to match specific lease periods with the customer's contract commitments</li> <li>• Ability to structure a program that will adjust to anticipated market fluctuations</li> </ul>
<b>CLOSED-END ("OPERATING") LEASE</b>	Alternative financing tool through which customer obtains the right to use the equipment acquired from dealer typically without the full cost of ownership	<ul style="list-style-type: none"> <li>• Right to use typically without full cost of ownership</li> <li>• Offers cash management flexibility in the structuring of lease payments</li> <li>• Lease payments may be deductible for federal income tax purposes to customer*</li> <li>• Generous cap of 2,000 operating hours, annually</li> <li>• Requires operation in a clean environment such as general warehouse, light manufacturing, or finished wood applications</li> </ul>
<b>CAPITAL LEASE ("BARGAIN OR \$1.00 PURCHASE OPTIONS")</b>	Lease with characteristics of a purchase agreement, typically providing for a purchase option at nominal or below-market price (also known as a Conditional Sales Lease)	<ul style="list-style-type: none"> <li>• Alternative to cash and Retail Installment contract</li> <li>• Ability for customer to purchase equipment at the end of lease for a nominal amount</li> <li>• No penalties for severe operating conditions</li> <li>• No overtime charges for high annual operating hours</li> <li>• Ideal for the following severe operating conditions: cooler, refrigerator or freezer, heavy manufacturing, foundries, chemical plants, plastics, textile, humid environments, recycling, etc.</li> </ul>
<b>MASTER LEASE OR CREDIT LINE</b>	Lease line of credit for current and future equipment acquisition needs under single master lease agreement (applicable to Operating, Flexible and Capital leases)	<ul style="list-style-type: none"> <li>• Fleet customers can make multiple purchases over an extended period of time</li> <li>• Only one master lease agreement is required for the credit line</li> <li>• Additional equipment leases handled on a supplemental agreement setting forth applicable lease terms at time of delivery</li> </ul>
<b>ONE-PAY LEASE OR LOAN</b>	Unique alternative to customers who have historically paid cash for their material handling equipment.	<ul style="list-style-type: none"> <li>• A reduced upfront cash investment</li> <li>• Keep cash available to reinvest in other areas of the business, or buy/lease more equipment</li> <li>• Keep current bank lines open</li> <li>• Significant reduction in interest expense</li> <li>• Eliminate processing of monthly invoices</li> <li>• Plan for future growth—take advantage of end of term options not available when owning a piece of equipment.</li> </ul>