

# THE **BENEFITS** OF FINANCING



**Haulotte**   
FINANCIAL SERVICES





# THERE ARE **PLENTY OF GOOD REASONS** TO SELECT HAULOTTE FINANCIAL SERVICES

## **Hold on to your cash**

In most cases, you can acquire the equipment you need with little to no cash outlay. We understand the importance of preserving capital to your overall business.

## **Keep your existing lines of credit open**

Unlike traditional lending, our financial products help preserve your bank lines of credit. Your other capital resources remain intact for times when you need ready access to cash to subsidize growth or meet operational needs.

## **Be smart — be flexible**

From flexible payment schedules to add-on equipment requirements during the life of the equipment, our financial solutions are flexible enough to adapt to just about any business situation.

## **Get the technological edge**

Using the latest equipment technology can give you a decided edge in job site efficiencies. But, today's equipment can look obsolete when compared to tomorrow's technology. Why settle for yesterday's level of efficiency? Working through Haulotte Financial Services lets you upgrade to new and better equipment anytime during or at the end of the equipment contract term.

## **Enjoy tax benefits**

Depending on the type of finance product you select, your payments may be treated as a fully deductible operating expense or you may depreciate the equipment. For a business needing to shelter income, this can be a huge benefit.

## **Go with the flow — cash flow!**

Our flexible financing options let you schedule your payments to fit fluctuations in cash flow.

For businesses tied to seasonal fluctuations, your equipment agreement can be structured to provide seasonal payments when you have income.

And, for construction situations that have fluctuating revenue streams, lower monthly payments when revenues slow, and higher payments when your business is at its peak. Haulotte Financial Services can provide flexibility to meet your cash flow fluctuations.

## **Flexible end-of-term leasing options**

We structure all of our products to put you in control. At the end of your agreement, you can choose to keep on leasing the same equipment, lease new equipment or return the equipment. It's up to you. You make the choice.

## **The best reason of all to use Haulotte Financial Services...Financing with us is quick and easy!**

In most cases, just one phone call is all it takes to get the process started. Depending on the transaction size, credit approval can take place in the same day and if you have an existing line of credit, it's even faster.



## PLENTY OF FLEXIBILITY AND CHOICE

Haulotte Financial Services offers a wide range of financing and leasing programs designed to meet the various business needs of today's customer. Some of our most popular programs are featured below. Take a moment to review them and call your Haulotte Financial Services representative for additional information or with any questions you may have.

### Full Payout Loan

With a Full Payout Loan, your company has fixed payments over the term of the contract while building ownership equity in the equipment over time.

#### Features

- › Level monthly payments
- › Depreciation and interest deductions claimed by borrower
- › Payment of equipment over time

#### Benefits

- › Fixed costs aid budgeting
- › Borrower takes full advantage of tax benefits
- › Conserves working capital

### Fixed Price Purchase Option

With a Fixed Price Purchase Option your company may purchase the equipment for an amount specified at the beginning of the term or return the equipment to Haulotte Financial Services.

#### Features

- › Level monthly payments
- › Option to purchase for a fixed price
- › Payment of equipment over time

#### Benefits

- › Fixed costs aid budgeting
- › Optional ownership
- › Conserves working capital
- › Pay only for equipment use

### Tax or True Lease (Fair Market Value)

An operating lease in which your company may purchase the equipment for a fair market value at lease end, extend the lease or return the equipment to Haulotte Financial Services.

#### Features

- › Level monthly payments
- › Option to purchase for a fair market price
- › Lessee may claim payments as expense (subject to advice of counsel or accountant)
- › Payment of equipment
- › May provide planned replacement
- › Depreciation may be claimed by Haulotte Financial Services

#### Benefits

- › Fixed costs aid budgeting
- › Optional ownership
- › May provide tax benefits and minimize or negate the impact of AMT
- › Conserves working capital
- › At term end, equipment may be replaced with new unit
- › Lowers monthly payment

# TYPES OF LEASES

## Accounting Perspective

### Capital Lease

A Capital Lease is one that meets any one or more of the four criteria per Financial Accounting Standards Board Statement Number 13 (FASB-13). A Capital Lease is often structured with a bargain purchase option that can range from \$1.00 to some amount below the expected fair market value. A lease in which the present value of the rents exceeds 90 percent of the cost of the equipment would also qualify as a Capital Lease regardless of the purchase option.

A Capital Lease represents nominal ownership for the customer. The cost of the equipment and the lease obligation must be presented on the customer's balance sheet with a Capital Lease.

### Operating Lease

An Operating Lease must not meet any of the criteria of FASB-13. An Operating Lease is structured so that the customer uses the equipment for the term of the lease with the options to renew, return the equipment, or purchase it at its fair market value at the end of the lease term. An Operating Lease is basically a "Long-term Rental Agreement" in which the customer obtains the use of the equipment without the risk or benefits of ownership. For accounting purposes these transactions are usually treated as off balance sheet.

## Revenue Agency/Tax Perspective

### Non-Tax Lease

A lease in which the lessee (customer) is considered by the Revenue Agency to be the owner is classified as a Non-Tax Lease. This type of arrangement is like a conditional sales contract. The title to the equipment does not pass to the customer until all required payments have been made, including the purchase option payment.

A Non-Tax Lease often has a purchase option for a predetermined price that is below the expected fair market value. The customer, in such a lease, assumes the risks of ownership and, from a tax standpoint, is considered the owner. The lessor in this type of lease is considered, from a tax standpoint, to have only provided the financing.

### Tax Lease/True Lease

From a tax standpoint, a lessee would not be considered the owner of the leased equipment with a Tax or True Lease. The lessor is considered to be the owner of the equipment being leased in a Tax Lease. With a Tax Lease, the lessee is likely to receive lower rental payments because the lessor will receive the benefits of accelerated depreciation in computing his tax liability. For the lessee, all payments on a tax-oriented lease are deductible. To qualify as a Tax Lease, certain Revenue Agency guidelines must be met. These guidelines are not the same as the four criteria outlined in FASB-13 used to determine Operating or Capital Lease status from an accounting perspective.

## Lease Classification (At a glance)

To summarize the typical tax and accounting classification on leases from the lessee's viewpoint:

	Tax Lease/True Lease	Non-Tax Lease
Tax	Lessee does not take tax benefits	Lessee takes tax benefits
Accounting	Operating Lease	Capital Lease

Please note: These materials are for informational purposes only. The availability of any financing described herein is subject to credit and equipment approval. Nothing herein constitutes tax advice and customers are advised to consult with their tax advisors prior to electing specific rates or options.

# Haulotte Financial Services — The Best Way to Keep Your Most Valued Assets

Capital starts a business and keeps it growing. Equipment lets the business do its job more efficiently and competitively. Both are essential. Holding on to both of them often requires considerable effort and the right financial solution. Keep your capital and acquire the equipment you need — by contacting Haulotte Financial Services.

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## An Irresistible Alternative to Ownership

Through Haulotte Financial Services you can acquire a significant construction asset without a down payment. You pay for its use out of your operating budget, not from capital reserves. And, at the end of the finance term, you can often buy the equipment for a fraction of the original cost, upgrade to newer technology, extend the finance term or return the equipment to Haulotte Financial Services.

The vast majority of American companies, including most of the Fortune 500, utilize some form of equipment financing. This number will continue to grow as more and more businesses discover the vast array of flexible financial solutions available in today's marketplace.

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## Is Haulotte Financial Services right for you?

Which is right for your business, a flexible financing structure or outright purchase? The choice depends. For example, what will happen to the equipment's value as time goes on? Will it appreciate or depreciate? What will the value be at the end of the economic life cycle? Can your capital or credit line be better used to leverage your financial returns? Which option will provide the best tax advantage? If it's equipment that will increase in value and can be acquired without draining your pool of capital, consider buying it. But most equipment needs are not so easily met, and that's where Haulotte Financial Services can help.

Haulotte Financial Service's team of construction financing professionals offer proven industry experience wrapped around the highest level of service quality. This deep commitment to our customers is the reason why we've been so successful providing flexible financial solutions to the construction industry. Our knowledgeable industry specialists are ready to provide you with the products and services you need to meet your business goals and keep you competitive.







Our equipment financing professionals are ready to answer any questions you may have or assist you with your next transaction. To find out more about the benefits of acquiring your equipment through Haulotte Financial Services, contact us.

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