

# Vendor's Guide to Lease Purchase Financing



*Always Find A Way*



# Overcoming the Price Objection is Really an Opportunity

**Lease purchase financing puts essential equipment within reach of any department.**

What's one of the first questions your customer asks when you talk to them about a new fire truck? – "How much does it cost?" Sound familiar? Of course, it does. It doesn't matter if times are good or not, price is often the number one thing on your customers' mind.

So, we can take a lesson from the auto industry. The introduction of car financing was one of the key components of GM's growth into a global giant. Conversely, lack of credit was one GM's downfalls. During the recession, leasing dried up as a tool for the dealers to use and was a leading cause of their plunge in car sales.

Fortunately, financing has come back for the auto industry. A successful salesperson at your local dealer will talk to you in terms of payments, trying to find out what you can afford each month. From there, he'll put you in the car of your dreams. This applies just as much if you're selling to a

municipality, ambulance company or volunteer fire department. You can put them in the truck or ambulance they need. Talk to your customer about the price right up front but talk to them about the lease price before you talk about the equipment cost.

We'd recommend quoting the seven-year term price on fire apparatus. Why? If the reaction is to start screaming that it's just too high, you can stretch the payments over a longer term -- 10 or even 15 years -- lowering the payment and your customer's blood pressure.

What happens if your customer says, "That's not bad, we can handle that!"? Well, that opens the door for you to either lower the number of years and cut interest costs; or sell more options and features by stretching the payment over 10 years instead of 7.

Try it a few times. It will pay off. Give us a call or we'll prepare you up a calculator that will provide you the 3, 5, 7, and 10 year estimated payments for the truck you're quoting. Lead with financing and see what happens. We think you'll be surprised.



# Lease Purchase Financing Helps You Sell More.

When municipalities understand the flexibility of lease purchase financing, opportunities for sales grow and closing rates increase. Let Republic First National help.



- Fire Apparatus (new & used)
- Rescue Trucks
- Aerials
- Ambulances
- Rescue and Extrication Tools
- Chief's Vehicles
- Turnout Gear
- SCBAs
- Computers
- Fire and EMS Stations
- Portable Buildings
- 911 Systems
- Defibrillators
- Cots
- Radios

**Don't see the equipment you're interested in? Call us, it can likely be financed!**

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# What is Lease Purchase Financing?

Lease purchase financing allows municipalities to acquire tools their departments need by paying over time instead of borrowing or bonding.

Lease purchase financing, also referred to as tax-exempt or municipal financing, is a great solution for a number of reasons:

**Affordable** – low, tax-exempt interest rates.

**Simple** – straightforward documentation and assistance throughout the documentation process and for the life of the agreement.

**Flexible** – plans can be tailored to your specific revenue needs.

**Practical** – because of the non-appropriation language, a lease purchase is not considered debt for municipalities in most states.

**Predictable** – with fixed payment amounts and predictable payment schedules, budgeting is simple and straightforward.



# How is Lease Purchase Financing Different Than other Leases?

Lease Purchase Financing is a useful alternative to issuing bonds, giving governing bodies the flexibility to equip departments faster with the tools needed to serve and protect its citizens.



To a governmental lessee, the difference between lease purchase financing and true leasing is who owns or will own the asset.

In a lease purchase, the lessee acquires an ownership interest in the asset, obtaining title to the asset at the end of the lease term. In a true lease, the lessee acquires only the right to use the asset for a period of time, but no ownership of the asset. The term of a true lease is usually much shorter than the useful life of the asset, while a term of a lease purchase generally approximates its useful life. The term length differs because of what

happens at the end of the term. With a true lease, the municipality typically relinquishes the asset but may purchase it at a price that reflects its residual or market value. With a lease purchase, the municipality retains the asset.



# 5 Common Mistakes Fire Departments Make



**Trying to save cash to purchase new equipment.** - With the cost of equipment going up 3%-5% a year, it's more cost effective to buy now and finance.

**Band-aiding/repairing apparatus when money from the maintenance fund can be used to pay for new apparatus.** With newer equipment, the maintenance fund should have more money available as repairs should not be needed as often.

**Not looking into financing for other types of equipment.** Not only can fire apparatus be financed, but ambulances, chief's vehicles, SCBAs, rescue tools, turnout gear and stations can be financed too.

**Not obtaining credit approval early in the buying process.** - By obtaining credit approval the department has a good idea on how much truck it can afford. It also expedites the financing process if the department decides to utilize a 100% prepay option.

**Not having an equipment replacement plan.** Most departments are aware they need to buy new apparatus and equipment in the future but aren't sure how. By utilizing financing, it allows the department to begin a comprehensive replacement plan within a budget it can afford.

