



## LEASE-PURCHASE FINANCING OF EQUIPMENT & PROJECTS FOR MUNICIPALITIES

We appreciate your interest in financing through Tax-Exempt Leasing Corp. and hope we will have an opportunity to work together on all of your financing needs.

Tax-exempt leasing is a financing tool that allows municipal entities to purchase needed equipment immediately and pay for it over time. Under a lease-purchase financing arrangement, each payment you make is applied to principal and interest and, at the end of the term, you own the equipment outright. We simply record a security interest in the equipment until the loan has been repaid in full. After it is paid in full, the lien is released and the equipment is yours without any further obligation.

Municipal leases are the most common tax-exempt lease and are designed specifically to meet the needs of local and state government organizations. These leases typically contain a non-appropriation clause. In the event the municipality is unable to obtain funding for future payments, this clause allows them to terminate the lease at the end of the current appropriation period without further obligation. Because of the inclusion of this clause, the obligation is not considered debt and voter approval is typically not required.

Below is an illustration of the leasing process:

- 1) Tax-Exempt Leasing Corp. ("TELC") provides a financing quote.
- 2) If the customer wishes to proceed with the financing, the customer completes a one-page application and forwards it, along with 2-3-years of audited financial statements, to TELC.
- 3) The transaction is then submitted to Credit. A decision is usually provided in 2-3 business days.
- 4) Assuming an approval, documents are prepared and forwarded to the customer for signature.
- 5) The customer signs all necessary documents and returns all originals to TELC.
- 6) The transaction funds either into an escrow account (in the case of non-stock units) or to the dealer.
- 7) Payments are due per the schedule in the documents. Customer will be invoiced for payments.

Payments are due either monthly, quarterly, semi-annually, or annually, depending on the requested structure. Once the documents are signed, the payment schedule and rate are set for the term of the lease.

I hope this provides some insight into the process. If you have any questions, please do not hesitate to give me a call. I can be reached at 847-247-0771 x 1 or via email at [markz@taxexemptleasing.com](mailto:markz@taxexemptleasing.com).

Kind Regards,



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