

Why is the rate not spelled out clearly on my lease documents?

Reason #1: You may not have been quoted the actual interest rate!

Most leasing sales reps do not quote the actual interest rate. It is common in the leasing world to use the "Lease Rate" or "Payment Stream Rate" when quoting a lease transaction. This rate does not take into account the effect of any advance payments, payments due at signing, or Purchase Options. When these items are factored into the offering, the effective rate charged is generally much higher than the rate quoted. Even one payment in advance has considerable affect on the overall rate.

For a free analysis of a lease quote please contact us at (866) 994-8499 ext 1

Reason #2: A lease contract is usually a non-cancellable agreement!

A non-cancellable lease (including a \$1.00 buyout lease) has a fixed amortization. If you make your payments early the effective rate to the leasing company goes up because your amortization remains fixed for the life of the lease.

Banterra loans utilize the Simple-Interest Method which gives you ability to benefit from paying early or extra amounts on your loan.

Reason #3: Leasing companies like to utilize delayed funding to enhance their rate!

On most leases, you sign a Delivery & Acceptance to trigger the payment to the equipment supplier. Due to the effect of the Time Value of Money, any time period the leasing company waits before paying your supplier increases the actual rate they receive on the lease contract. Waiting 30 days can have the same impact as getting an additional advance payment on the lease. Your amortization starts at the time of "Acceptance" even though the funds have not been advanced.

Banterra simple interest loans only accrue interest from the time of funding. For that reason we can and do quote the actual rate on the loan documents.