AdvanceAcceptance

The differences between an EFA (Equipment Finance Agreement) and a $1 Lease:

EFA stands for Equipment Finance Agreement. With an EFA, the borrower takes ownership of the equipment up front.

- Ownership: Customer owns the equipment day-one. Lender has security interest in the equipment until the contract is paid off.
- IRS Tax Benefit: Qualifies for Section 179 benefits (depreciation).
- Down Payment Option: Allows customers the option to put a larger amount of money down, reducing the amount financed.
- Taxes: Lender is not the custodian (collector of all taxes) for property, sales and other applicable taxes.

With an EFA, the customer owns the equipment from the start and retains ownership at the end of the finance term. Most customers choose this option for financing equipment.

A dollar purchase option lease is also known as a "capital lease," where the lessee (customer) owns the equipment at the end of the term for just $1.00.

- Ownership: Ownership only transfers to customer (lessee) at the end of the original term (ex: 60 months). Must exercise the stated purchase option.
- IRS Tax Benefits: Qualifies for Section 179 benefits (depreciation only), the lease payment is not a tax write-off.
- Taxes: Lessor is the custodian (collector of all taxes) for property, sales and all other applicable taxes billed to lessee in contract or invoiced.

The customer can buy the equipment at the end of the lease term for $1.00. The dollar purchase option lease is available to meet the requirements of municipal customers or customers with specific accounting needs.

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