



FREQUENTLY ASKED QUESTIONS ON LEASING

Q *Can my lease be cancelled or paid off early?*

A No, you may not cancel the lease since it is a non-cancelable agreement. At any time during the course of your lease (before the expiration of the initial term) you may contact Marlin for a quote to buyout, add-on or upgrade your equipment. Should you decide to buyout or upgrade the equipment on your lease, you will still be responsible for the remaining balance of payments plus any other outstanding obligations, including but not limited to sales tax, late fees, property taxes and interim rent charges.

Q *What is the interest rate in this lease?*

A Since you are leasing and not taking out a bank loan to finance your purchase, there is no "interest rate" as we usually think of one. It's more like leasing office space. You're paying to rent the equipment, with the monthly payment amount based on the type of leasing plan you choose, the terms of the lease and the cost of the equipment.

Q *What should I do if I have problems with the equipment that I leased?*

A The vendor providing the equipment is solely responsible for any service or warranty issues. Marlin's role is to assist you in financing the equipment, the same way a bank would finance a car.

Q *Why did you request my personal guaranty?*

A A personal guaranty is typically requested when an applicant is unable to credit qualify on the strength of the business alone. Marlin utilizes third party databases in an attempt to acquire sufficient credit information. The decision to require a personal guaranty is based on the experience and discretion of the credit analyst reviewing the application.

Q *When is my first payment due and what is Interim Rent?*

A After Marlin confirms that the equipment has been delivered and we've received all of the required documents, your equipment supplier is paid. We then set up the lease contract on our billing system and an invoice is sent to you for the first payment due. This payment covers the following full 30-day period. Included on the first invoice is a charge for interim rent which covers the period between when we pay your vendor and when the first lease payment is due.

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Q *What is the Documentation Fee?*

A Marlin does not charge an application fee. We do, however, charge a one-time documentation fee to compensate us for processing the lease documents and reimburse us for any fees incurred with filing UCC-1 financing statements.

Q *Why am I required to insure my leased equipment?*

A Since the leased equipment is owned by Marlin Leasing, Marlin must ensure that if the equipment is destroyed or stolen, the lease will be paid off from the proceeds of the insurance policy. Most commercial policies cover leased equipment; all you need to do is have your insurance agent forward us evidence of property insurance showing Marlin as a Loss Payee. This is usually done at not cost to you. If you do not give us proof of property insurance, then depending on the original equipment cost we may obtain property insurance to cover our interests and charge you a fee for such coverage, or charge you a risk fee (which provides no insurance benefits). Upon our receipt of evidence of acceptable property coverage maintained by you, we will no longer bill you under our insurance program.

Q *What happens at the end of the lease term?*

A Unless you have chosen one of our fixed purchase option plans, you are responsible for returning the equipment in good working condition per the terms and conditions of the lease agreement. If you do not return the equipment in accordance with your lease terms, your lease will renew for the period specified in the lease. If you chose a fixed purchase option, you must exercise your rights by giving advance notice to Marlin per the terms and conditions of your lease agreement.

Q *What taxes am I responsible for?*

A In most states and some local jurisdictions, Marlin is required to pay a Sales or Use tax on each monthly payment. Since the lease payment was calculated in advance, and these rates change from time-to-time, the tax amount is billed separately. In certain states, the full amount of Sales/Use taxes is due at the inception of the lease, and the responsibility to pay the Sales/Use tax falls on Marlin. In these situations, the Sales/Use tax is added to the equipment cost to calculate the monthly payment.

Many states and local jurisdictions charge an annual tax on business tangible personal property. Since Marlin is the legal owner of the equipment, we are required to pay this tax. Our lease rate does not include these property taxes. We pass this cost on to you by invoicing your account. In most cases you will receive an invoice for the yearly estimate of the tax. When the actual tax is paid your account will be reconciled and you will be credited or invoiced for any differences. Again, property taxes are charged periodically and are not included in the calculation for the base monthly payment.

Where required by state law, taxes may be applied to late fees, insurance, interim rent and the reimbursement of property taxes.

Q *What are the tax benefits associated with leasing?*

A As the lessee, you may be able to deduct the monthly lease payment as a business expense on your tax returns. You should seek specific advice from your accountant. From Marlin's perspective as the lessor, unless you chose a \$1.00 buyout option, Marlin is entitled to any tax benefits associated with ownership.

For information, call Dawn Bethel

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