LEASE VS. LOAN VS. RENTAL / RPO

All three options get you on the machine today with fixed monthly payments and no large cash outlay — but the structure, flexibility, and long-term implications are very different.

COMPARE	OPERATING LEASE	CONVENTIONAL LOAN	RENTAL / RPO
$ MONTHLY PAYMENT	**Lower.** Residual value lowers your payment — you're not financing the full machine price.	**Higher.** You're financing 100% of the machine's purchase price from day one.	**Flexible.** Pay for actual use. RPO credits every payment toward a purchase option.
WHO OWNS IT	Finance company owns it during the lease. You pay for use — which is all most jobs require.	You own it from the start. Lender holds lien until payoff, then it is your asset free and clear.	Kirby-Smith owns it throughout. RPO equity builds with every payment toward a purchase option you can exercise anytime.
END OF TERM	Four choices: buy at fair market value, return it, renew the lease, or upgrade to the newest model.	You own it outright — but selling or trading it when you're done is on you.	Return it anytime. With RPO, apply your accumulated rental credits towards purchase when you are ready to convert (within terms).
IF THE MACHINE LOSES VALUE	Not your market risk. If residual value drops due to market conditions, the lessor bears that risk — not you. Excessive wear may create lessee liability per contract.	Your asset. The equipment resale and trade value will be reflective of current market conditions.	Not your concern. No commitment to purchase. Return it if conditions change.
% TAX WRITE-OFF	100% of every payment deductible as a business expense. No depreciation schedules or recapture rules.	Deduct interest + depreciation. Large up-front write-off, but tracking required and recapture rules apply when you sell.	100% of every payment deductible as a business expense — same clean treatment as a lease.
= YOUR BALANCE SHEET	Lease payment = operating expense. May not appear as a liability on the balance sheets of many smaller businesses.	Shows as debt. Loan balance on your books can affect borrowing capacity and bonding limits.	Fully off-balance-sheet for everyone — GAAP reporters included. The cleanest option available.

For more information, email finance@kirby-smith.com or contact your Regional Rep

WHICH OPTION IS RIGHT FOR YOU?

None is universally "better" — each is built for a different situation.

OPERATING LEASE IS THE RIGHT CALL IF...

- You want the lowest possible monthly payment
- You work project to project and want a clean exit at term end
- You don't want to deal with selling the machine at the end of the lease
- You want flexibility to upgrade to newer equipment
- You prefer a simple, predictable tax deduction every month

A LOAN MAKES MORE SENSE IF...

- You plan to keep the machine for many years
- You want to build equity and own it outright
- You have strong taxable income and want a large first-year write-off
- The equipment won't become outdated for your use
- Ownership matters for your business model or contracts

RENTAL / RPO IS THE RIGHT CALL IF...

- You need the equipment now with no formal long-term financing commitment
- Your project timeline is short or uncertain
- You want to try the machine before committing to ownership
- You're already renting from us and want to build equity toward ownership
- You want the cleanest balance sheet treatment — fully off-balance-sheet for everyone

STILL NOT SURE? HERE'S THE SIMPLE TEST

- How long will you realistically need this machine?
- Do you want to own it at the end, or are you fine returning it?
- Is your work steady enough to commit to a loan or lease contract?
- Share your needs with your sales rep and finance team — they'll walk through every option with you.

EXAMPLE: WHAT YOU ACTUALLY FINANCE ON A $400,000 MACHINE

FMV Lease saves ~$3,700/month vs. a loan — approximately $134,000 over a 36-month term.

Estimates based on 7.5% rate, 36-month term, 30% residual. Actual payments vary by credit, term, and equipment type.

NOT SURE WHICH OPTION FITS YOUR SITUATION?

Share your needs with your Kirby-Smith sales rep and finance team representative. They will help you evaluate the right structure for your situation — including side-by-side comparisons of all three options.

For more information, email finance@kirby-smith.com or contact your Regional Rep