



Academy for Lease & Finance Professionals

Pricing Example

1. Lessee is acquiring a machine tool for \$89,000 including sales tax. He wishes to structure a 5-year lease with a \$1.00 purchase option. The lessee wants to put 5%, or \$4,450, down on the lease to reduce payments. The lessor has a cost of money of 6.5% and wants to make 8 points upon discounting the transaction. He structures the transaction as a 61-month lease with the first payment being equal to the 5% down that was requested by the lessee, and then 60 equal remaining payments. The lessee agrees to this structure. What is the lessee's monthly payment and lease rate factor?



CERTIFIED LEASE & FINANCE PROFESSIONAL FOUNDATION

Answers:

1a. Payment: \$1,793.63

1b. Lease Rate Factor: .02015

How to get the answer:

Calculator:

1a. LEASE = 84,550 I% = 6.5 TERM = 60 FEE = 7,120 (8% of \$89,000)
Solve for PMT

1b. For factor - 1,793.63/89,000

TValue:

Compounding Period: Monthly		Nominal Annual Rate: 6.500 %		Label: Pricing Example		
EVENT	DATE	AMOUNT	NUMBER	PERIOD	END DATE	SPECIAL SERIES
1 Lease	01/01/2020	89,000.00	1			
2 Lease Payment	01/01/2020	4,450.00	1			
3 Commission	01/01/2020	7,120.00	1			
4 Lease Payment	02/01/2020	1,793.63	60	Monthly	01/01/2025	