

THE BENEFITS OF FACILITY LEASING WITH FARM CREDIT

Agriculture facility leases hold many benefits and may be the smartest approach you can take towards your financing.



Some of the advantages facility leases provide are immediate, while others have future positive impacts. Regardless of the reason you may be interested in facility leases, your Farm Credit Association is here to help you take advantage of all the benefits facility leases have to offer.

When thinking of potential facilities, the possibilities are vast and come in all types and sizes. Think—machine sheds, storage buildings, grain storage, livestock and dairy facilities, pole barns, greenhouses, commercial buildings (like offices or warehouses), or climate-controlled buildings. Whatever facility you need, leasing can possibly save you thousands of dollars on possible tax obligations, reduce stress, and is extremely competitive in regards to interest rates.

FACILITY LEASES ARE APPEALING FOR SEVERAL REASONS:

- Saves you money
- Gives you financial & future flexibility
- Options at lease end to possibly reduce tax obligations

Saves Money

One way that facility leases save you money is through tax advantages. Lease payments may be fully tax deductible as business expenses on a properly structured true lease. Not only that, but if the facility is less than \$500,000 then no underlying mortgage on the dirt is taken. This means no expensive appraisal or attorney fees.



Provides Financial & Future Flexibility

Taking a leasing approach can not just save you money but can provide you with financial flexibility. Leasing can provide full financing, including soft costs, with no down payment required, preserving your working capital.

Facility leases can also provide future stability. When it comes to estate planning, leasing can effectively help transition ownership of a facility to the next generation in a seamless manner and could also reduce tax liabilities here as well.

Give you options

Finally, choosing facility leases can give you options. For example, a project or construction can be financed through an interim funding agreement (IFA). Vendor invoices are funded during the construction phase and the completed project is placed on lease. Not only can this streamline the process, but it can minimize out of pocket expenses too.

And it is all customizable. If you are interested in this financial approach, Cape Fear Farm Credit can help you with the process. With decades of experience, they learn your unique needs and develop a lease specially customized for your business. Even the payment structures can be customized to fit your business' cash flow. Monthly, quarterly, semi-annual, annual, seasonal, harvest, and step-up or step-down payments are available. What is more, Cape Fear Farm Credit handles all payments to contractors.

Facility leasing is a smart approach to financing, and Cape Fear Farm Credit is ready to help you with a variety of Facilities and provide comprehensive leasing solutions. To learn more or get started with your Facility leases, contact us at 910-323-9188.

