

Daimler Truck Financial

# School Bus Financing for Municipalities



**Thomas**  
BUILT BUSES

## Your Knowledgeable Municipal Financing Partner

We know that having the right buses while making the most of your operating budget is a primary concern for school districts. As the captive finance provider for Thomas Built Buses, we work with school districts to ease budgetary concerns by enabling them to acquire the buses they need while allowing them to pay over time. Our tax-exempt bus finance programs can increase your purchasing power and stretch your budget.



We understand that transporting children makes having safe, innovative buses a top priority. Our industry-leading financing program lets you buy newer buses more quickly to reduce the average age of your fleet and deliver real savings on fuel and maintenance costs.



**Minotour®**



**Saf-T-Liner®  
C2/eC2**



**Saf-T-Liner®  
EFX/HDX**





## What is Tax-Exempt Financing?

Tax-exempt financing, also known as a tax-exempt installment purchase contract, allows school districts to purchase buses by making payments over the useful life of the bus. Here are some of the benefits of tax-exempt financing<sup>1/2</sup>:

- Low-cost, tax-exempt capital
- Lower interest rates than other types of commercial financing
- Up to 100% financing with no down payment
- Up to 120-month terms
- Multiple flexible payment options
- Payments are not considered debt
- Treated as an operating expense

## Maximize Your Budget

We know it can be difficult to keep your fleet updated when you use your appropriated budget to purchase buses outright, which may only allow you to purchase a limited number of buses each year. However, by financing your buses and using budget dollars to pay the financing costs, instead of paying cash up front, you may be able to afford more new buses, allowing you to grow your fleet and lower the average age of your buses—all while reducing your maintenance, fuel and downtime costs.

### Here's how it works<sup>3</sup>:

Consider that you have an annual budget of \$200,000, two buses out of service and ten older buses that are consuming your maintenance budget.

You could:

**Replace the two buses** that are out of service by paying cash outright, spending your entire budget of \$200,000.

Or:

**Use the same \$200,000 budget to finance ten new buses:** two to replace those out of service and eight more to replace many of your older models, reducing your maintenance costs and lowering the average age of your fleet.



## Payment Options to Meet Your Needs

When you finance your buses with us, you can look forward to a number of payment options to best suit the needs of your district.<sup>2</sup> (Note that all of the following options must be set up prior to contracting.)



### Balloon Payments

Pay a lump sum at the end of your contract. As a result, smaller payments are made throughout the term of the loan.



### Flexible Payments

Personalize your payment schedule by setting up monthly, quarterly, semi-annual or annual payments to meet specific budget requirements and to help manage cash flow.



### Extended Terms

To help our customers acquire the buses they need with a payment they can afford, we offer extended terms of up to ten years.



### Annual Arrears

Customized terms allow annual in arrears payments, making the first annual payment due a full year from the contract date.



### Escrow Accounts Available

An escrow account allows a district to lock into the current rate, even if the bus(es) will not be delivered for a few months. At the time of contract, the proceeds are held in an escrow account, and funds are released upon delivery and/or first payment. For example, consider a school district that is looking to purchase multiple buses to be delivered over an extended period. If the district elects to deposit funds into an escrow account, they are locking the current rate, but they can draw funds as needed as units deliver. No interest is paid during this period, eliminating concerns about fluctuating interest rates.



## A Straightforward Process

Applying for tax-exempt financing with Daimler Truck Financial is a straightforward process, and you can help speed up the qualifying process when you provide the information needed by our municipal team. While all contracts are initiated with a completed credit application, here are some specific items you will need to provide for a speedy credit decision:

- ☐ Three years audited financial reports
- ☐ Current budget
- ☐ Insurance information, including insurance agency name, level of coverage and deductible
- ☐ Bank references (if contract is over \$500K)
- ☐ Anticipated delivery date

## Get Started

Let our municipal bus financing team develop a program for you that meets the needs of your fiscal budget and stretches your available funds. Contact your Thomas Built Buses dealer to find out more about the many ways Daimler Truck Financial can meet your municipal financing needs, or go to:

[daimler-truckfinancial.com](http://daimler-truckfinancial.com)  
[thomasbuiltbuses.com](http://thomasbuiltbuses.com)

Daimler Truck Financial  
36455 Corporate Drive  
Farmington Hills, MI 48331  
United States of America

[daimler-truckfinancial.com](http://daimler-truckfinancial.com)

<sup>1</sup> The borrower must be a state or local government unit, as defined in Section 103 of the Internal Revenue Code, and the equipment must be for essential government purposes only.

<sup>2</sup> Actual rates, terms, down payment, advance and program eligibility will be determined by Daimler Truck Financial's credit team based on creditworthiness of the customer. Daimler Truck Financial does not provide or endorse any tax advice, accounting advice or tax strategy to its dealers, customers or potential customers. Please consult with your accountant or tax advisor for accounting and tax treatment.

<sup>3</sup> Example for illustrative purposes only.