

TOSHIBA EASY-LEASE™

OVERVIEW ◆ FINANCING YOUR NOTEBOOK

PUBLIC SCHOOLS

CONVENIENT, AFFORDABLE PAYMENTS MAKE NOTEBOOKS ACCESSIBLE TO ALL.

Making the notebook system affordable to the parents of students is vital to the success of the program. With easy monthly payments, a notebook costs no more than a typical cable bill or a night out for pizza and a movie.

THE NOTEBOOK LEASE PROGRAM

The Notebook Lease Program has been designed to provide schools an invaluable tool that places worldclass technology from Toshiba in the hands of teachers, parents, and students. This program should be considered carefully, for it has major ramifications on the affordability of the program for parents, the equity of the program for students, and the need to comply with legal requirements.

HOW IT WORKS

- The school qualifies for credit based on its own credit worthiness
- The school leases the notebooks from the Toshiba Reseller
- The school subleases or "rents" the units to the parents
- The school may arrange for collection of payments from parents bank account(s) monthly using electronic funds transfer (EFT) through a third party
- The third party sends a report of payments made to the school (and not made)
- The school is the official "owner" and is ultimately responsible for making all payments

Advantages

- Competitive interest rates are available through leasing
- School uses its credit line instead of relying on the credit of the parents
- Provides an alternative, minimizing the financial burden placed upon parents

Disadvantages

- The school must take responsibility for all payments and collection of delinquent accounts. Many schools already have methods for dealing with delinquency such as creating a contingency fund for "bad debt" by adding a little extra to each parent's monthly payment, security deposits, etc.

ADVANTAGES OF THE TOSHIBA RESELLER FINANCING PROGRAM

Your Toshiba Reseller has put together these special notebook financing programs to provide benefits difficult to duplicate elsewhere. There are several reasons why financing through your Toshiba Reseller is the best value:

Economies of Scale

By combining all notebook purchases with the Toshiba master program, you get the buying power of over \$100 million in notebooks. Due to this collective volume, we can offer lower financing rates than could be realized on a standalone transaction basis.

Knowledgeable Notebook Professionals

Your Toshiba Reseller provides access to a *team of experienced notebook specialists* with extensive education and tax-exempt financing experience to:

- Customize the program to *your* school's unique needs
- Simplify the process and explain all of your options
- Support "parent nights" with presentations or Q&A sessions
- Provide "best practices" from other schools

OnGoing Service and Relationship

You can add additional notebooks during the term of your agreement to meet your changing enrollment or technology needs. Plus, our experienced notebook personnel will remain "on call" on an on-going basis to help with your program's development and evolution.

Payment Processing Service

If you desire, your Toshiba Reseller will refer you to an agency that specializes in electronic payment processing to relieve you of this tedious, costly administrative task by taking over the electronic funds transfer collection from parents.

PAYMENT AMOUNTS

Payments are based on the quotation you receive from your Toshiba Reseller, the size of your total purchase, your district's credit worthiness, tax status, and the prime rate in effect at the time the lease begins. All rates used to calculate your payments will be highly-competitive due to the collective buying power of the notebook program as well as your Toshiba Reseller's commitment to the notebook program.

**ARRANGING
FINANCING
WITH YOUR
TOSHIBA
RESELLER**

The process of arranging a financing program takes several weeks to complete and should begin as early as possible. Remember to allot sufficient time in the implementation plan since no equipment may be ordered until the financing process is completed.

Note: School districts must make an appropriation of revenues received from local taxing sources and/or state allocated sources equivalent to the district's annual obligation for repayment of the lease.

Please check the boxes and fill in the blanks as you progress.

Step 1

Locate the Toshiba Easy-Lease Application Packet in this folder. Review the application to familiarize yourself with the instructions and information requested.

Step 2

Contact your Toshiba Reseller to discuss the application package and any questions you have. You will be assigned a financing representative for all inquiries. The purpose of this call is to establish your permanent leasing point of contact *and* to avoid any confusion leading to incomplete applications that may slow the process.

_____ (_____) _____ (_____) _____
Representative Phone Fax

Step 3

Complete the application package by thoroughly filling out the forms provided and assembling the required information. Contact your representative as needed. And remember, there are no "silly" questions!

Step 4

Submit the completed application package (including a copy of your proposed sublease) to your Toshiba Reseller. Once a completed application package is received by your Toshiba Reseller, the credit approval process begins and may take up to three weeks. Because your financing representative may need to reach your designated business/financial contact with questions, please indicate their names. *You will be notified by telephone (typically within two weeks of submittal) of your approval or decline.*

Step 5

Secure final equipment prices from your selected reseller and quantities from your parents. You may request "ballpark" estimates of monthly payments to facilitate parent orders. Accurate numbers are only available when final equipment costs and quantities are known.

Step 6

Provide final equipment costs and quantities to your Toshiba Reseller who will then prepare and send lease documents to the school for execution.

Step 7

Sign and return all lease documents which includes:

- Master Lease Agreements & Schedules
- UCC Financing Statement
- Proof of Insurance Coverage
- Consent to Sublease Agreement
- Board Resolution Approving Lease
- Other Documents Which May Be Required
- Opinion of Council

Also include an equipment purchase order to your Reseller. Your Reseller will place the order with Toshiba when all documents are returned. Please confirm equipment delivery and timing with your reseller.

**TOSHIBA RESELLERS MUST BE QUALIFIED AND AUTHORIZED TO
PARTICIPATE IN THIS PROGRAM**

HOW TO ARRANGE A SUBLEASE WITH PARENTS

If you are planning to sublease or rent notebooks to students/parents, you will need to create an agreement that adequately defines the relationships and responsibilities of the parties. This agreement will be between the school and the students/parents and/or faculty.

As such, it is the responsibility of the school to create this document. Each school's sublease may be unique and only each school and its legal counsel can determine the appropriate content. Your Toshiba Reseller can not provide schools with a sublease or rental agreement but certain elements the school must include are:

- The equipment may not be further subleased
- The sublease must expire, and the Equipment must be returned to your Reseller at the expiration of the Lease between your Reseller and the School, unless a purchase option is offered and exercised under the sublease agreement.
- The parent must immediately return the equipment to the Reseller if the school is in default of any of its obligations under the lease agreement.
- The parent is responsible for keeping the equipment in good working order.
- Upon notice, the parent shall remit all payments directly to the Reseller under the terms of the sublease agreement for the remainder of the sublease term.

Step 1

Consider and itemize the elements you want to include in your agreement given the different subsets of participants in the program (grades, etc.) Key elements may include:

Duration

The term of sublease may or may not match students' remaining time to graduation. Keep in mind the school's underlying lease obligation.

End of Term Purchase Option

Purchase for fair market value or \$1.00, depending on the structure between the reseller and the school.

Early Termination

The sublease may be cancelable or noncancelable. Circumstances such as students leaving the school or financial hardship may be addressed

Default

Procedures for treating default under the sublease (i.e. non payment, improper care, etc.)

Deposits

The sublease may or may not require an up-front security or good faith deposit prior to placing unit orders. The terms of a deposit refund (if any) should be addressed.

Ownership

The sublease should clearly state who owns the notebooks during the term.

Insurance

The sublease should address insurance claims and deductible responsibilities

Step 2

The school's legal counsel crafts the sublease agreement satisfying the school's individual requirements.

HOW TO SET UP ELECTRONIC FUNDS TRANSFER

Electronic funds transfer or "EFT" is an option which may be available to schools through a third-party referral program. With EFT, Parents' payments under their sublease are electronically collected and remitted to the school each month.

BENEFITS OF EFT INCLUDE:

- Relieves most of the administrative effort of processing payments from parents
- Provides itemized tracking of payments made each month
- Streamlines banking by consolidating payments into lump sum remittances once monthly
- Provides a delinquent account collection vehicle when needed

One available source for EFT services is National Credit Services. The following steps should be taken if the school decides to use EFT through National Credit Services:

Step 1

Locate the EFT packet in this folder (green sheets) and familiarize yourself with its contents. Find the Collection Services Agreement and the EFT Authorization Form.

Step 2

Contact Pam Brown at NCS at (913) 451- 3333; fax (913) 451-83/1 to discuss the program, logistics, and any questions you may have. Make sure you understand the information required to activate the program

Step 3

Complete the Collection Services Agreement and forward it to NCS

Step 4

Distribute EFT authorization forms to parents. These are to be completed by parents and returned to the school or Reseller (as directed by the Reseller) with a securely attached voided check. The EFT Authorization Form allows NCS to electronically gather monthly payments directly from the parent's bank accounts for the full term of the parent's sublease

Step 5

Forward all EFT authorization forms to NCS with specific instructions on payment timing. You may select one payment due date or allow parents an option for convenience (i.e. first or fifteenth of month, etc.)

Step 6

Confirm that all documentation is in order with NCS including the first scheduled payments due dates.

Note: EFT documentation should be in place prior to the delivery of any notebooks.

FREQUENTLY ASKED QUESTIONS

Q Why do parents buy or "rent" the units?

The user of a truly portable, personal computer should pay for the system. It becomes a 24-hour a day tool students take with them to class, at home, on vacation, or anywhere else as needed. A sense of ownership is also important for the student to take responsibility for the careful treatment of the notebook.

It is clearly impossible for every school to purchase a computer for every student and keep up-to-date with technology. With Toshiba's notebook program, capital expenditures can be applied to the school's infrastructure.

Q Who do the parents make the payments to and how?

Under the Notebook Lease Program, parents pay the school each month using an electronic funds transfer (EFT) transaction. The payment amount is automatically deducted from their checking or savings accounts.

Q Who owns the equipment during the lease period and at the end of the lease term?

Normally, under the Notebook Lease Program, the school owns the equipment during the lease period. However it is important to verify the specific lease structure that the school has elected. Based upon the structure of the lease between the Reseller and the school, the school may elect to keep the systems or sell them to the parents for fair market value, or as little as \$1.00.

Q Can additional accessories be added to the notebooks such as memory, printers, etc.?

Yes, although the school may impose standards and/or procedures for program continuity.

Q In the case of electronic funds transfer, what happens if there are insufficient funds to meet the monthly payment?

As with checks overdrawn against a checking account, the bank may charge overdraft penalties and void the transaction. This may also result in delinquent penalties imposed by the school.

Q If the student chooses to leave the school, can the parents leave the notebook program? Are there any costs, penalties, or fees?

Costs, penalties or fees would be assessed at the sole discretion of the school.

Q If the student leaves or moves away, can the parent purchase the computer from the school and take it with them?

This option would be available at the sole discretion of the school.

Q What happens if the sub-lessee defaults?

The school should develop a concise, stated policy regarding defaults which anticipates common events such as financial distress and unemployment. The policy may include a "best efforts" catch-up window, revoked take-home privileges (via after school labs), required application for financial assistance/subsidy grants, and contract termination/repossession.

Q Can I buy the notebook from another source or another supplier?

Yes, however, Toshiba's Notebook Lease Program has negotiated a very competitive price for hardware and software, and offers attractive financing programs.

Q Can the Notebook Lease Program also be set up for one or two year terms?

Yes.

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