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Which lease option works best for you—TRAC, Modified TRAC, or FMV?

Each lease option offers a different set of advantages to help accommodate your business situation.

Terminal Rental Adjustment Clause (TRAC)

Provides a known residual as well as offering you ownership opportunities at lease end. Many term and residual options are available to suit your needs and the type of equipment you purchase. TRAC leases also offer three options for you at the end of your lease—the residual amount may be re-financed, paid off, or the truck can be returned and sold for fair market value. If the truck sells for more than the predetermined residual, you will receive the difference. If the truck sells for less, you will owe the difference.

Modified TRAC

While similar to the TRAC Lease, this lease generally qualifies for true off balance sheet treatment as a result of PACCAR Financial participating in the residual risk.

Fair Market Value (FMV)

Sometimes called the “walk away” lease because you have no further obligation at the lease expiration—assuming the vehicle has been maintained and all other terms of the lease have been satisfied. Additionally, at the end of your lease you may opt to buy the vehicle at the fair market value or renew your lease.

To help clarify the benefits associated with each lease option and to assist you in making an educated decision, PACCAR Financial has identified and compared the benefits of each of the offered leasing types for you below.

	TRAC	Modified TRAC	FMV
Lower Monthly Payment Compared to Loans	Yes	Yes	Yes
Pre-Determined Residual Price	Yes	Yes	Available
Lessee Responsible for Residual	Yes	Partially	No
Off-Balance Sheet Financing*	No	Generally	Yes
Return Conditions	No	Yes	Yes

*Always check with your tax advisor for proper financial statement treatment of leases.

At PACCAR Financial, we offer numerous programs so you can tailor a solution that meets your needs. Please call 800-777-8525 or visit your local Kenworth dealership for more information.