

Best Practices Equipment Lease Contracting

Contractual Challenges and Best Practices Solutions

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Agenda and Motivation

- Leasing can be a valuable financing solution...or a new set of problems
- Lease vs. buy analysis—the challenge
- Contract must be first on the “to do” list



Preliminary Issues

- A. Lease contracts written for benefit of _____

- B. Number of lease contract terms designed for benefit of lessee: _____

- C. Implications of signing a lease without modification _____



Preliminary Issues--continued

- D. Family of lease documents—negotiate in parallel or in series?

- E. How many lessors should you negotiate with at one time?



Preliminary Issues--continued

- F. Bids from multiple lessors—are they comparable?
- G. Lease vs. buy analysis & lease contracts
- H. Should you write your own lease contracts or negotiate off lessor documents?



Preliminary Issues--continued

- I. What do you (the lessee) have that the lessor wants?

- J. Who has the negotiating power—you (the lessee) or the lessor?



Key Contract Provisions

1. Commencement—when should your lease begin?
2. Relocation of Equipment—do you need to move equipment under lease?



Key Contract Provisions--continued

3. Property tax assessments
 - can you challenge them?
 - who is obligated for late payment charges?

4. Can your lease be terminated before end of lease?



Key Contract Provisions--continued

5. Automatic renewals—"book of the month club"
6. Casualty losses—why they are a big deal



Key Contract Provisions--continued

7. Do you have the option to renew your lease—under what terms?

8. Do you have the right to purchase leased equipment at end of term?



Key Contract Provisions--continued

9. Importance of LKEs—Like Kind Exchanges

10. Importance of method of estimating fair value



Next Steps

Technology Leasing Power Tools for Lessees

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