

Tips for Avoiding Common Leasing Pitfalls

Payment Problems

- Insurance:** You must provide adequate proof of insurance on leased equipment or you will be subject to additional charges. Check your invoice immediately. If insurance charges appear:
 - √ Contact your insurance provider to obtain proof of insurance
 - √ Submit proof of insurance to your Lessor and inquire about a refund, or have them stop billing the charges

- Price Increases:** As equipment ages, it becomes more expensive for your vendor to service. Many vendors implement an annual price increase to cover these costs.
 - √ Check your invoice against your original contract.
 - √ If the payment amount is more than you contracted for and it is unreasonable, contact your vendor and inquire about a refund, credit, or reduced increase on your next billing cycle.

End-of-Term Issues

- Termination Date:** Contact your Lessor for the exact termination date of your lease. This date is critical in determining your notification period (see below).

- Notification:** All FMV leases require advance notice to the Lessor of your intent to return equipment. Notice must be received by the specified dates, typically via certified mail, or your Agreement will be subject to the stated renewal period (see below).
 - √ Calculate your notification dates and mark your calendar **today** to insure that your agreement does not fall into renewal.
 - √ Most Lessors will not provide any form of alert to you.

- Renewal Period:** If you do not properly indicate your intent to return, your lease will be subject to the renewal period listed on your Agreement. Renewal payments can vary from one month to twelve months.

- Return Costs:** Returning the equipment to the Lessor at the end of the term is your financial responsibility. Be sure to budget accordingly to avoid surprise costs.

- Damage:** Excessive damage to machines – during shipping or the life of the machine – may result in excess charges to you.
 - √ Be sure to adequately insure the machine during shipping.
 - √ Take digital photos of the equipment prior to wrapping and shipping.

Miscellaneous Difficulties

- Lease Buyouts & Payoffs:** A lease “buyout” typically includes purchase of the machine, at its then Fair Market Value (determined by the Lessor). This is generally much more costly than the remaining stream of lease payments due.

Let Us Help You Make the Most of Leasing. Call CHESSE, Inc. at
(303) 573-5133 For a No-Cost, No-Obligation
Analysis of Your Current Agreements