

Document Preview – This is only a portion of the entire, customizable document.

Equipment Lease Checklist

A checklist of the most common issues that arise in a lease agreement is provided below. A careful review of the checklist can assist you in reviewing the issues that will be important when you negotiates an equipment lease.

- Term and rent.** What is the initial term of the lease, and what is the rent? How and when must rent be paid?

- Claims against supplier.** Does the lessee have the right to proceed directly against a supplier on warranties, refunds, price adjustments and other claims? Does the lessee have the right to retain any settlement?

- Transfers.** Does the lease restrict the lessor's right to transfer an interest in the leased equipment?

- Representations and indemnities.** Are any special representations required to satisfy regulatory requirements? Is the lessee required to assume property taxes, license fees, public liability? To what extent is the lessee obligated to indemnify other parties against various other risks and expenses?

- Claims.** Can the lessee sue and take other action in the name of the lessor to assert claims against third parties? Is the lessee's right to settlements that compensate for losses protected?

- Renewal options.** Does the lease provide for renewal? If so, for what term and at what rent? Keep in mind that renewal options may affect the tax treatment of the transaction.

- Subleasing.** May the lessee sublease the equipment? Under what conditions?

- **Maintenance.** Who is obligated to maintain the equipment? The lessee should not accept a requirement that he provide a higher degree of maintenance than would be the case if he owned the property.

Sample Preview