

## Equipment Lease Checklist

### I. Formalities of written agreement.

- A. An agreement;
- B. Between competent parties;
- C. Based upon the genuine assent of the parties;
- D. Supported by consideration;
- E. Made for a lawful objective; and
- F. And in the form required by law.

### II. Complete names of parties.

### III. Complete addresses of parties.

### IV. Effective date of lease.

- A. Place of execution of lease.
- B. Execution.
- C. Capacity of signatories.

### V. Stipulations of fact.

- A. Intended business activity of lessee.
- B. Inventory of property leased.
- C. Preparation of exhibit(s) or schedule(s).
- D. Depreciation schedule to establish change in value over term of lease.
- E. Initial condition of property.
- F. Arbitration procedure.

### VI. Stipulations of law.

- A. Recital that document intended to be lease.
- B. Recital of title to property.
- C. Limitation on assignments.
- D. Limitation of encumbrances on property.
- E. Prohibition of annexation to real property.
- F. Rights of parties following breach of lease.
- G. Choice of law.
- H. Severability of invalid provisions.
- I. Limitation of waivers.
- J. Modifications of lease terms.
- K. Prohibition of racial discrimination.
- L. Suspension of obligations of lessor.
- M. Limitation of warranties.
- N. Party entitled to applicable investment tax credits.

### VII. Consideration.

- A. Amount of lease payments.
- B. Place where lease payments to be made.
- C. Time when lease payments due.

### VIII. Effect of late payments.

- A. Late charges.

- B. Interest charges.
- C. Event of default.

**IX. Insurance:**

- A. Acceptable to lessor.
- B. Paid by lessor.
- C. Paid by lessee.
- D. Loss-payable to lessor.
- E. Notice to lessor of nonpayment.
- F. Event of default if not paid by lessee.
- G. Payment of license and incidental fees:
- H. Paid by lessor.
- I. Paid by lessee.
- J. Notice to lessor of nonpayment.
- K. Event of default if not paid by lessee.
- L. Payment of taxes:
- M. Paid by lessor.
- N. Paid by lessee.
- O. Notice to lessor of nonpayment.
- P. Event of default if not paid by lessee.

**X. Performance.**

- A. Time and place of delivery of property.
- B. Installation of property:
- C. Responsibility of lessor.
- D. Responsibility of lessee.
- E. Lessor to assist lessee.
- F. Without charge.
- G. Lessee to compensate lessor.
- H. Limitations on use of property.
- I. Property to be used in conformance with law.
- J. Limitations on location of property.
- K. Specifications for care of property.
- L. Provision for operators of leased equipment.
- M. Lessor's right to attach identification to property.
- N. Lessee's record of production.
- O. Liability for repairs and maintenance.
- P. Supervision of repairs and maintenance.
- Q. Instruction by lessor in repairs and maintenance.
- R. Limitation on alterations.
- S. Lessor's right to inspect property.
- T. Lessor's right to inspect lessee's books.
- U. Return of property at termination of lease:
- V. At lessor's expense.
- W. At lessee's expense.
- X. Events constituting defaults.

**XII. Duration and termination of lease.**

- A. Initial term.
- B. Automatic renewal.
- C. Optional renewal.

- D. Optional early termination.
- E. Lessor's summary termination for misuse of property.

**XIII. Risk of loss.**

- A. Lessee's inspection of property before acceptance.
- B. Liability for damages to property.
- C. Liability for damages to third parties.
- D. Indemnification of lessor.
- E. Security deposit.