

## Office Equipment Lease and Service Glossary

**Lease** – Rather than buying a device outright – clients can finance the device with the option of buying it at the end of the lease.

**Lease Term** – Leases are typically 36, 48 or 60 months in length. The shorter the lease, the higher the monthly or quarterly payments. Most lease terms are 36 or 48 months.

**Co-terminus Lease Terms** – Lease can either expire at a set period from when they are initiated or they can be terminated at the same time (co-terminus)

**Service** – A service provider will typically maintain the device, provide toner and maintenance kits (pads, drums...) for a per-page fee that is added to the lease.

**Rent** – An alternative to leasing in which a monthly payment is made for using the device and paying for service but there is no option to buy the equipment at the end of the term (if there is a term).

**Evergreen Clause**- When a lease reaches its expiration date, it will typically automatically renew for another year unless the client notifies the leasing company ahead of time.

**Allowance** – A leased device is paid for through minimum printing/copying requirements. The allowance is the minimum copy quantity required per month or quarter.

**Meter Readings** – On a periodic (usually quarterly) basis, the service provider will check the meter on each device to determine the quantity of color and monochrome pages printed.

**True-up** – Leases contain minimum quantities for printing. On a monthly basis, the client will typically be billed these minimum fees and then once a quarter they will be charged for any overages based on meter readings – this is called a quarterly true-up.

**Contracted Cost-Per-Page** – This is the *contracted* cost of each “printed” page. Typically there are two prices – the base cost-per-page (used to pay for the device, the service and the toner) and the excess cost-per-page (used to pay for service and toner only). These prices may vary.

**True Cost-per-page** – The *true* cost-per-page factors in all landed costs per page. The *true* cost-per-page is never the same as the *contracted* price per page because of minimum charges, difference between the base and excess charges per page, the cost of toner (that some service providers exclude), maintenance kits and sometimes the lease itself (which may not be included with the service charges).

**Buy-out** – Leasing companies typically do not allow you to exit a lease early but it is possible to buy out of a lease by paying the cost of the residual payments (excluding any service costs).

**Dollar-Buyout Lease** – At the natural end of a lease, the client may have the option to buy the device for \$1.

**Fair-Market-Value (FMV) or True Lease** – At the natural end of the lease, the client may have the option to buy out a lease at the then-current fair-market value of the device. True leases have tax advantages.