

Capital Lease Agreement

This Capital Lease Agreement (the "Agreement") is entered into as of _____, 20__ (the "Effective Date"), by and between:

Lessor: _____, having its principal place of business at _____

Lessee: _____, having its principal place of business at _____

1. LEASED ASSET

The Lessor hereby leases to the Lessee the following asset(s) ("Leased Asset"):

(Include description, make, model, serial number or other identifying features)

2. LEASE TERM

The initial term of this lease shall commence on _____, 20__ and continue for a period of _____ months/years, unless terminated earlier in accordance with this Agreement.

3. LEASE PAYMENTS

The Lessee shall pay to the Lessor monthly lease payments of \$_____, due on the ____ day of each month, beginning on _____, 20__ and continuing throughout the term of the lease.

4. OWNERSHIP AND TITLE

The leased asset shall remain the property of the Lessor until all lease payments and option to purchase amounts (if any) have been made, at which point ownership shall transfer to the Lessee as provided herein.

5. OPTION TO PURCHASE

At the expiration of the lease term, the Lessee shall have the option to purchase the Leased Asset for the sum of \$_____ (Purchase Price).

6. MAINTENANCE AND REPAIRS

The Lessee shall be responsible for all maintenance and repairs required to keep the Leased Asset in good working condition, except for reasonable wear and tear.

7. INSURANCE

The Lessee shall maintain adequate insurance coverage for the Leased Asset, naming the Lessor as an additional insured and loss payee.

8. DEFAULT

In the event of default by the Lessee, including but not limited to non-payment, the Lessor may terminate this Agreement and repossess the Leased Asset.

9. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this Capital Lease Agreement as of the Effective Date.

Lessor

Date: _____

Lessee

Date: _____

Important Notes about Capital Lease Agreements

- Capital leases transfer many risks and benefits of ownership to the lessee.
- The lessee typically records the leased asset as an asset and a liability on their balance sheet.
- Lease terms are often non-cancellable and may span most of the asset's useful life.
- Review all payment schedules, maintenance responsibilities, and end-of-lease options carefully before signing.
- Consult legal and accounting professionals to ensure compliance with relevant regulations.