

Buyout / Purchase Options

Fair Market Value (FMV) Purchase Option

At the end of term, you usually have the following options:

1. Purchase the equipment for its then Fair Market Value,
2. Extend the lease for a pre-determined length of time (this will be specified in your lease contract), or
3. Return the equipment at the end of term (please check your lease documents to see if this is one of the options). Please note that some leasing companies require you to enter into a new lease agreement of equal or greater value if you choose this option.

Fair Market Value (FMV) Purchase

At the end of term you are obligated to purchase the equipment for its then Fair Market Value.

10% Option

At the end of term, you usually have the following options:

1. Purchase the equipment for 10% of its original purchase price,
2. Extend the lease for a pre-determined length of time (this will be specified in your lease contract), or
3. Return the equipment at end of term (please check your lease documents to see if this is one of the options). Please note that some leasing companies require you to enter into a new lease agreement of equal or greater value if you choose this option.

You are often required to give written notice of the option you wish to select prior to the end of term. Please review your lease agreement to understand the timing of this written notice

10% Put

At the end of the lease term you are obligated to purchase the equipment for 10% of its original purchase price.

\$1 Buyout

The customer purchases the equipment for \$1 at the end of a [capital lease](#) and title to the equipment is transferred from the leasing company to the customer.

	Advantages	Disadvantages	Commentary
Fair Market Value	End of term option is open ended. Lower monthly payments. Maximized tax benefit. Great for rapidly depreciating equipment.	Fair Market Value can be ambiguous and result in a disagreeably high valuation.	Fair Market Value allows you and your leasing company to negotiate what the value of the equipment is at the end of the lease. There are normally 3 options at the end of the term: buy the equipment for a mutually agreeable price, continue leasing it, or return it. You should ask your leasing company what they normally expect to receive at the of the lease term and if they can cap the amount.
10% Purchase Option / Put	End of lease payment is predetermined at either a fixed percentage of the equipment cost or a specified dollar amount.	You must pay the Fixed Put. It is considered an additional payment.	The Fixed Put is beneficial if you would like a lower monthly payment and are not concerned about making an additional payment at the end of lease.
\$1 Buyout	End of lease payment is \$1.00.	Minimized tax benefit.	You can own the equipment for \$1.00 at the end of the lease.