Equipment Lease to Own Agreement

A fillable rent-to-own contract for equipment, with a purchase option

Use this agreement to rent equipment with payments that build toward owning it. Fill in every bracket, decide the purchase-option price and how each payment credits toward it, and have both sides sign. The two numbers that matter most are the option price and the credit percentage. Full walkthrough, clause explanations, and official sources: clearlegaltips.com/equipment-lease-to-own-agreement-template/

EQUIPMENT LEASE TO OWN AGREEMENT

This Equipment Lease to Own Agreement ("Agreement") is made on the date below between the Owner and the Renter identified in Section 1. The Owner keeps title to the Equipment until the Renter exercises the purchase option and pays the Option Price in full.

1. Parties

Owner (full legal name): ____

Owner address: ____

Renter (full legal name): ____

Renter address: ____

Agreement date: ____

2. Equipment

Make and model: ____

Serial or unit number: ____

Condition at signing (note any existing damage): ____

3. Term and Payments

Start date: ____

Number of months in the term: ____

Monthly payment ($): ____

Payment due day each month: ____

Total of all payments over the full term ($): ____

4. Purchase Option

At the end of the term, after all payments are made, the Renter may buy the Equipment for the Option Price below. Note: setting the Option Price at a nominal amount or a $1 buyout can change the legal and tax character of this Agreement from a lease to a sale. See the guide before you choose it.

Option Price at end of term ($): ____

5. Payment Credits

The percentage below of each monthly payment credits toward the Option Price, if any. Credits are tracked in writing and applied when the Renter exercises the option.

Percent of each payment credited toward the Option Price (%): ______________________________

6. Title and Ownership

The Owner holds title to the Equipment until the Renter exercises the purchase option and pays the Option Price in full. Ownership transfers to the Renter only then.

7. Maintenance and Repairs

During the term, the Renter keeps the Equipment in good working order, performs routine maintenance, and pays for repairs arising from ordinary use, except as noted below.

Maintenance or repair exceptions, if any: ______________________________

8. Damage, Loss, and Insurance

The Renter is responsible for damage, loss, or theft of the Equipment beyond normal wear while it is in the Renter's possession, and keeps insurance on it for the full term.

Insurance type and amount the Renter will carry: ______________________________

Proof of coverage given to Owner (yes / no): ______________________________

9. Default and Missed Payments

If the Renter fails to pay as agreed, the Owner may pursue the remedy below. The parties choose here what happens to the payment credits built toward the Option Price on default.

Owner's remedy on default: ______________________________

Payment credits on default (forfeited / refunded): ______________________________

10. Early Purchase Option

The Renter may buy the Equipment before the end of the term by paying the remaining balance and the Option Price, less any credits earned, on the terms below.

Early purchase terms, if any: ______________________________

11. Return Option

If the Renter chooses not to buy at the end of the term, the Renter returns the Equipment in good condition, normal wear excepted, and the lease ends.

Where the Equipment is returned: ______________________________

12. Governing Law

State whose laws govern this Agreement: ______________________________

Signatures

Owner signature: ____

Owner printed name and date: ____

Renter signature: ____

Renter printed name and date: ____

INSTRUCTIONS FOR USE

This form is general information, not legal or tax advice. Whether a lease-to-own is a true lease or a disguised sale (a conditional sales contract) turns on its terms, above all the purchase-option price: under the Uniform Commercial Code, a nominal or $1 buyout can make the deal a sale that creates a security interest rather than a lease, and the IRS applies a similar test that changes whether your payments are deductible rent or a purchase you depreciate. Because the tax character affects real dollars, consult a CPA about your agreement, and an attorney for a high-value deal, before you sign. The full guide, clause explanations, and official sources are at clearlegaltips.com/equipment-lease-to-own-agreement-template/