

Before You Pick: Lease vs Loan Checklist

Walk the loan quote and the lease quote through the same checks before you commit

Run this alongside the Equipment Lease vs. Loan Decision Worksheet and the free guide at clearlegaltips.com/equipment-lease-vs-loan/.

UNDERSTAND THE DOORS

- ☐ You can name which of the three deals you are looking at: a loan, a true lease, or a \$1-buyout lease
- ☐ You know a loan and a \$1-buyout end in ownership, while a true lease ends in a return or a fair-market-value buyout
- ☐ You priced the real end-to-end total in the calculator, not only the monthly payment

READ THE LOAN QUOTE

- ☐ The rate, term, and down payment are stated in writing
- ☐ The collateral is listed, and you know whether anything beyond the machine is pledged
- ☐ Any personal guarantee is flagged, and you understand it can reach your personal assets
- ☐ You checked whether an SBA 7(a) loan fits, since machinery and equipment are eligible uses

READ THE LEASE QUOTE

- ☐ The end-of-term structure is in writing (return, fair-market-value buyout, or \$1 buyout)
- ☐ The residual or buyout amount is stated as a number, not described out loud
- ☐ If the buyout is a nominal \$1, you know the deal may be recharacterized as a purchase by the UCC and the IRS

TAXES AND SIGNING

- ☐ You asked a CPA how your specific deal is taxed before assuming Section 179 applies
- ☐ You saved your own copy of the e-signed agreement
- ☐ The quote and the signed agreement are filed together for next year

INSTRUCTIONS FOR USE

This checklist is general information, not tax or legal advice. Laws and tax limits change and vary by situation. The line between a true lease (payments deducted as rent) and a conditional sale (treated as a purchase, potentially eligible for Section 179) turns on the substance of the deal, especially whether you can buy the machine for a nominal price like one dollar. Confirm your tax treatment with a CPA before you file. Price the numbers at clearlegaltips.com/equipment-lease-calculator/. Full guide and official sources: clearlegaltips.com/equipment-lease-vs-loan/