Early Payoff & Purchase Option Price

Explanation & Procedures

In some circumstances there is a need for a lessee to request a payoff on a lease agreement earlier than the original maturity date on the payment schedule. These situations are handled individually by Community Leasing Partners to ensure the most beneficial outcome to all parties.

The following will provide information on how an early payoff or redemption is handled by Community Leasing Partners:

» As part of the standard Municipal Lease With Option to Purchase Agreement, the **Purchase Option Price** (early payoff) amounts are listed on the payment schedule alongside each payment due date. By having it included with the contract, the early payoff figures are known at contract signing. The Purchase Option Price is provided so that the lease can be terminated early to **save on future interest costs**.

» Unlike issuing a bond or a home mortgage, Community Leasing Partners's lease purchase agreement has **no up front costs or fees**. All of the Lessor's expenses of issuing the lease are recaptured through the lease payments over the term of the lease, **not as an additional up front charge**. Since these expenses have already been incurred once a lease has commenced, if the Lessee exercises the Purchase Option Price to terminate the lease early, then the expenses that would have been recouped through the future lease payments must be accelerated and covered in the Purchase Option Price amount. The **savings of future interest costs** of paying off the lease early is still realized by the Lessee, and the Lessor's costs of issuance are covered.

» When the Lessee decides to exercise their right to buy out the lease, the current payment, plus the **Purchase Option Price** (listed directly to the right of the then current payment due) shall be paid to satisfy the lease agreement.

For any payoff requests in between payment dates, please contact Community Leasing Partners for an exact payoff figure.

COMMUNITY LEASING PARTNERS

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