



UNIVERSITY OF MASSACHUSETTS DARTMOUTH PROCUREMENT MANUAL

Section 4.6 - Equipment Rental, Lease, Lease to Own

1. **When Should Equipment be Rented or Leased?** Rental or lease of equipment is generally advantageous when there is a short term, non-recurring need for a particular piece of equipment or when a recurring need is for such a short period of time that the cost of renting or leasing the required equipment is significantly less than the cost to purchase, as estimated over the expected life of an owned asset including acquisition, maintenance and disposal costs. Prior to the rental or lease of equipment a cost comparison should be completed by the respective department to ensure that renting or leasing is in the best interest of the department and the University.
2. **Disadvantages of Renting or Leasing:** A premium in the form of interest is paid to rent or lease equipment and therefore in most instances it is more cost effective to purchase the equipment rather than to rent or lease it for an extended period of time.
3. **Other Financing Options:** If the driving factor to rent or lease equipment is to amortize the cost of the equipment over multiple fiscal years, it may be more advantageous to purchase the equipment through the UMass POOL Loan Program. This will achieve the same result, generally at a significantly lower interest rate and will result in an owned asset at the end of the loan. Information on this program can be found at the link below and approval for its use is obtained by contacting the Controller's Office.
<http://www.massachusetts.edu/treasurer/poolloan.html>
4. **Short Term vs Long Term:** Short term is defined herein for the purpose of this section as a period not exceeding 12 months and long term as a period exceeding 12 months. Generally, rental agreements are short term and lease agreements are long term.
5. **Excluded Commodities:** This section does not pertain to Cellular Phones, Vehicles or IT Equipment which each have their own unique requirements refer to *Section 8.7*, *Section 4.4* or *Section 7* respectively for requirements relating to these commodities.
6. **General Requirements for Rentals and Leases:**
 - a. All rental/lease/lease-purchase agreements are subject to the review and approval of the Procurement Department regardless of dollar value, and all the necessary procedures shall be followed, and approvals and signatures obtained, prior to making any commitment to the vendor.
 - b. All payments against such agreements shall be made in arrears, at the end of the respective billing period.
 - c. All rentals/leases/lease-purchases of equipment must be covered by an agreement/contract which must be signed by the vendor and a duly authorized representative of the University. All rental agreements must be reviewed by Procurement prior to being agreed to. Procurement will review the agreement and obtain the required signatures. Agreements that exceed \$100,000 are subject to legal review by the University's Legal Counsel.



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- d. Agreements for the rental/lease/lease-purchase of equipment must be covered by a purchase order to facilitate payment to the vendor. A single purchase order should be created for the term of each agreement.
7. **Dollar Limits:** Requirements for the rental or lease of equipment follow the same dollar limits as equipment purchases described in *Section 5.2* with the added requirement that all leases and rentals must be covered by an agreement regardless of dollar value.
8. **Process & Requirements:** In order to rent or lease equipment not covered by an existing contract a department should:
 - a. Determine the approximate dollar value of the rental or lease.
 - b. Review *Section 5.2* and determine the competitive requirements pertaining to the rental or lease.
 - c. If under the bid threshold, obtain the necessary quotes and the rental or lease agreement for the vendor providing the best value option. Email the quotes and agreement along with any other pertinent information to Procurement for review and approval.
or
If over the bid threshold, contact procurement to request a bid and provide detailed specifications to Procurement upon request. Once bid responses have been received, work with Procurement to evaluate the technical section of the bid responses.
 - d. Once approved by Procurement and following execution of a signed agreement, enter a requisition into BuyWays that meets all applicable requirements.
 - e. Verify that invoices are accurate per the terms of the agreement and are forwarded to Accounts Payable in an appropriate timeframe to ensure on time payments to the vendor.
 - f. At the end of the agreement, ensure the equipment is returned to the vendor and any outstanding issues i.e. damage to equipment are handled in accordance with the terms of the agreement.
 - g. Verify that all invoices are paid and the purchase order is closed.