



Evergreen Clauses (Automatic renewal)

We at Chase Industries pride ourselves on our ethical approach to lease financing. You may have seen some of our marketing materials or spoken to us about the tricks many financing companies employ to milk extra payments out of their customers long after the lease begins. One of these is called an Evergreen Clause....The green season for an evergreen tree never ends, and if you're not careful, your lease may never end either.

How does it work?

Buried in the language of the lease documents there will be a clause requiring 30, 60, or sometimes even 90 days notice that the customer intends to end the lease at the end of the term.

"I'm really good at remembering that kind of thing." the customer says
"No Problem!"

The lease starts in the middle of July. When does the lease end? Does it end in July of the termination year? First and last payments are made at the beginning of the lease...Does that mean you have to give notice 30 days before the end of June? The end of July?...**Are you really going to remember to ask these questions three, four or five years from now???**

The worst-case scenario

If you think that's bad, you should talk to some of the business owners that we talk to every day who have been "evergreened". Many businesses set up automatic payments or have a person do the billing who is not familiar with the terms of each lease. If Accounts Payable pays every invoice that is sent for the lease payment-- and the invoices keep coming until notice is given.....**months or even years of extra payments will be made!** It happens. When the angry business owner tries to get his money back, he'll be told, "read your lease agreement...those payments are non-refundable" and by the way "you still need to give us notice that your lease is ending."

The above problems are confusing, and at Chase Industries we think the whole idea that notice needs to be given to end a lease with a previously agreed upon term is just dishonest. If you signed lease documents for 60 months, then you should make 60 payments and be done. **How hard is that?**

The bottom line is you should be able to trust the people you do business with. Call Us 800.968.500 Chase Industries, Equipment Lease Experts