Types of Leases

**Internal Lease Program**
The University implemented an internal lease (loan) program for departments to purchase equipment and to pay for the equipment in installments. This program was established to assist departments in purchasing equipment instead of entering into expensive external lease agreements.

- Managed by the University Treasurer’s Office
- Department purchases equipment outright from the supplier
- Debt payments are over the useful life of the asset (plant accounting office prepares journal entry on monthly basis)
- Loan is a variable rate loan (adjusted annually) based on the University’s cost of borrowing
- Competitive interest rates
- Note: A unit representative with *external transaction authority* for the dollar amount of the purchase is required to sign the lease agreement.
- If the loan is less than $100,000, the lease is approved immediately.

The loan application is available on-line at [https://www.dfa.cornell.edu/treasurer/debt/internal-debt/leaseloan-equipment](https://www.dfa.cornell.edu/treasurer/debt/internal-debt/leaseloan-equipment).

**External Lease Program**
Procurement Services implemented an external lease program for departments that do not intend to own the asset and will return it at the end of the lease. This program is only available for items which cost over $50,000.

- Managed by Procurement Services through University Lease, a preferred supplier.
- Operating lease with no asset transferred to Cornell University after end of lease
- Pre-approved lease program with negotiated rates and terms
- Ability to work with any preferred vendor or other equipment vendor not covered by a preferred supplier.
- Easy access to rates and payments through a secure, Cornell-restricted access Web site

**Procedure:**
- End User/Unit obtains a current, written price quote on the purchase price of the required equipment. The normal procurement process will apply in obtaining the price quote (e.g., bids, preferred supplier, sole source) End User/Unit notifies the supplier that the equipment will be leased through University Lease.
- End User/Unit contacts University Lease and provides them with a copy of the quote, the length of the lease and whether the payments will be monthly, quarterly or annually.
- University Lease prepares the lease documents, providing a copy to the department and the original to Procurement Services.
- End User/Unit initiates a standard requisition to University Lease covering the lease for the selected length and payment schedule.
- Procurement Services approves the requisition and sends the purchase order and signed lease documents to University Lease.