

<b>University Of Massachusetts Lowell</b>	
<b>Date: July 01, 2001</b>	<b>Section:3.15</b>
<b>Subject: Equipment, Rental/Lease/Lease-Purchase of, and the Rental and Lease of Space</b>	

Following is the policy and the procedures for the short-term rental (up to 12 months), and for the longer-term, lease or lease-purchase (greater than 23 months), of equipment other than for the rental and lease of space.

1. **Equipment Rental/Lease/Lease-Purchase:** (Charge to Sub. LL, Object Codes 2121 through 2123.) Departments are reminded that a premium, in the form of interest, is paid to rent or lease equipment, and that, 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.
  - (a) Any agreement for the rental/lease/lease-purchase of equipment must be covered by a purchase requisition. Such requests against those accounts that are set up on a fiscal year basis may be encumbered through June 30 of the fiscal year in which issued. If the term of the agreement extends beyond the end of the fiscal year in which issued, the department shall submit to Purchasing, a renewal Purchase Requisition at the beginning of each subsequent fiscal year throughout the term of the lease, together with a copy of the original agreement, bearing all applicable signatures.
  - (b) All rentals/leases/lease-purchases of equipment must be covered by an agreement, which shall be signed by the vendor and the Director of Purchasing. The contracts are subject to legal review by the University's Staff Attorney, and the Chancellor's approval.
  - (c) If the total value of the rental/lease/lease-purchase is not greater than \$5,000 for the entire term of the agreement, or if the agreement is covered by the State, MHEC, Campus or University contract, the department may prepare a purchase requisition and submit it to Purchasing, together with the vendor's contractual agreement, for review. No Purchase Order covering the rental/lease/lease-purchase of equipment will be processed unless and until it has the appropriate, properly executed contract attached to it.
  - (d) If the total value of the rental/lease/lease-purchase is greater than \$5,000 for the entire term of the agreement, and the agreement is not covered by State, MHEC Campus, or

University contract, the department shall submit their requirements to Purchasing in requisition form. The Purchasing Department will send out requests for bids for the requirements and will issue a Purchase Order to cover the resulting agreement. The department renting/leasing the equipment will be responsible for issuing Purchase Requisitions to cover any subsequent years of the agreement, if applicable.

Departments are cautioned that non-contract lease procurements that require public bids may take an extended period of time to process. Because of the complexity of the procedures, it is strongly recommended that equipment with a purchase price of less than \$5,000 (before interest) be purchased rather than leased.

2. **Space Rental/Lease:** (Charge to Sub. 1601). All rentals/leases for space must have the prior approval of the University Treasurer, University Legal Counsel, and the Board of Trustees, and may require the further approval of DCAM. Because of the complexity of the procedures, space rentals/leases may only be done under extraordinary circumstances and should be discussed with the Director of Purchasing prior to making any such decision.
3. Equipment leases that have a total payment (cost plus interest) in excess of \$100,000 for the entire term require the approval of the Chancellor before processing to the Purchasing Department. Vice Chancellors must verify that sufficient funds will be made available to cover the payments throughout the term of the lease.
4. The Comptroller's Office will maintain a lease log of all leases and lease-purchases (both new and renewal) that are for one or more years' duration and exceed \$1,000.
5. All rental/lease/lease-purchase agreements are subject to the review and approval of the Purchasing Department, and all the necessary procedures shall be followed, and approvals and signatures obtained, prior to making any commitment to the vendor.
6. All payments against such agreements shall be made in arrears, at the end of the respective billing period.