

MARKS & WEINBERG, P.C.

Prime Lease v. Aetna Life 65 F.3d 170 (7th Cir. 8/22/95)

In a dispute over "fair market value", the court noted that, although the lease gave the lessor the right to determine fair market value, it must do so in good faith and in accordance with the lease definition of the term. The appraisers used a subjective "in place" valuation, the lessee wanted replacement cost for similar equipment. The appellate court vacated the district court's ruling in favor of the lessor and required it to examine whether the lessor's valuation could be justified. (Lessors need to be careful about relying too much on their rights under the lease and subjective determinations, such as fair market value, should always be fully documented to show good faith.)

Marks & Weinberg, PC is a law firm with significant experience in dealing with virtually every type of equipment and facility lease financing. The lawyers of the firm have participated in leasing financings for more than a billion dollars of equipment and are recognized throughout the industry. If you would like more cases or articles on leasing, or have any questions or comments about this Article or other leasing issues, please visit leaselawyer.com or contact Barry Marks at 205.251.8303 or Ken Weinberg at 205.251.8307.

