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Raymond Leasing Corporation v. Callico Distributors, Inc.

820 N.E.2d 267 (Mass. App. Ct. 2005)

Raymond is a somewhat scary damages case where the lessor is unable to obtain the residual value for his equipment as measure of damages despite the fact that the underlying lease provided for a fair market value purchase option and the fact the equipment is sold during enforcement.

Summary judgment as to the issue of default was granted in favor of the lessor when the lessee stopped making payments two years into a five year lease. A different judge then heard the issue of damages and awarded the lessor damages in the amount of \$36,659.54. The formula to arrive at that figure consisted of the following: Total payments due under the lease (\$110,209.80) minus the payments made by the lessee (\$46,839.17) minus the amount recovered when the lessor sold the equipment (\$28,000) plus repossession costs (\$1,288.81) for a total of \$36,659.54. Attorney's fees were also awarded.

The lessor appealed the calculation of damages, arguing that the judge erred by not including the residual value of the equipment in the calculation. The appeals court disagreed with the lessor and affirmed judgment. The court commented that "residual value" was not used at all in the contract and the lessor failed to demonstrate why a figure used at the end of the lease to determine the option price should be included in the remedy for default.



The only amendment the appeals court made to the judgment was to include sales and use taxes in the damages award. Other issues such as attorney's fees and interest were appealed, but the court affirmed the original award which included these amounts.

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