

MARKS & WEINBERG, P.C.

All -Luminum Products v. Winthrop Resources

We have warned lessees about this in the past: interim rent can be unfair to the lessee particularly in a lease with a \$1 Purchase Option. An interim rent clause requires the lessee to pay a daily proration of monthly rent between the date of delivery and the first billing date. While these clauses may be perfectly reasonable in certain types of leases, the fact that the rent includes a "principal" reductions means that the daily proration will be unduly high if the lease rent is calculated to amortize the lessor's investment. Alternatives include requiring the lessee to pay only a daily interest factor or shortening the end of the term by a number of days equal to the interim rent. In this case, the court upheld the interim rent provision despite the lessee's protest that it paid excess "principal".

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.

