

# END-OF-LEASE: WHAT YOU NEED TO DO

A customer guide

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# INTRODUCTION

## Getting ready

You have equipment approaching the end of a lease agreement.

This document is designed to help you.

It explains your lease extension or renewal options, and outlines what you need to do should you choose to return or renew the assets.

If you are returning equipment, please ensure your staff both read and understand the preparation, packaging and transportation instructions. Planning now will save you time and, potentially, costs arising from returning incorrect, incomplete or damaged items.

## Extend, renew or return?

One of the major advantages of leasing with Lombard Technology Services (Lombard) is our ability to evolve agreements as your business needs change.

If you decide you wish to retain some or all of the equipment currently on a schedule at the end of the lease, you can.

We can either extend the lease, offering a cost-effective period of extended use, or we can renew the lease, perhaps bringing in existing equipment to join newly procured assets.

In other instances you will be returning assets to be replaced as part of a refreshment programme. In this case you should begin the process of locating, recalling and preparing equipment for return as early as possible.

This will also ensure you are able to identify any system or component damage or missing items. By rectifying any issues prior to return you will avoid any missing or damage charges.

Please be aware that if end-of-lease equipment is not delivered and received by the time and date specified on the lease, rentals will continue.

If you use the optional Lombard Asset Collection Service, all you have to do is ensure that all your assets have been checked and prepared and are ready on the arranged day for collection.

We will palletise (if appropriate), wrap and pack the equipment in a manner suitable for transporting to our processing centre giving you peace of mind. All we ask is that the equipment is stored in an area with easy access to your goods out area, but we will check all these details closer to the time of collection.

By planning procurement with you strategically, your Relationship Manager can help you exploit our diverse technology leasing opportunities to maximum advantage. For professional guidance and entirely vendor-independent insight, please contact us for more information.

## Standards you can rely on

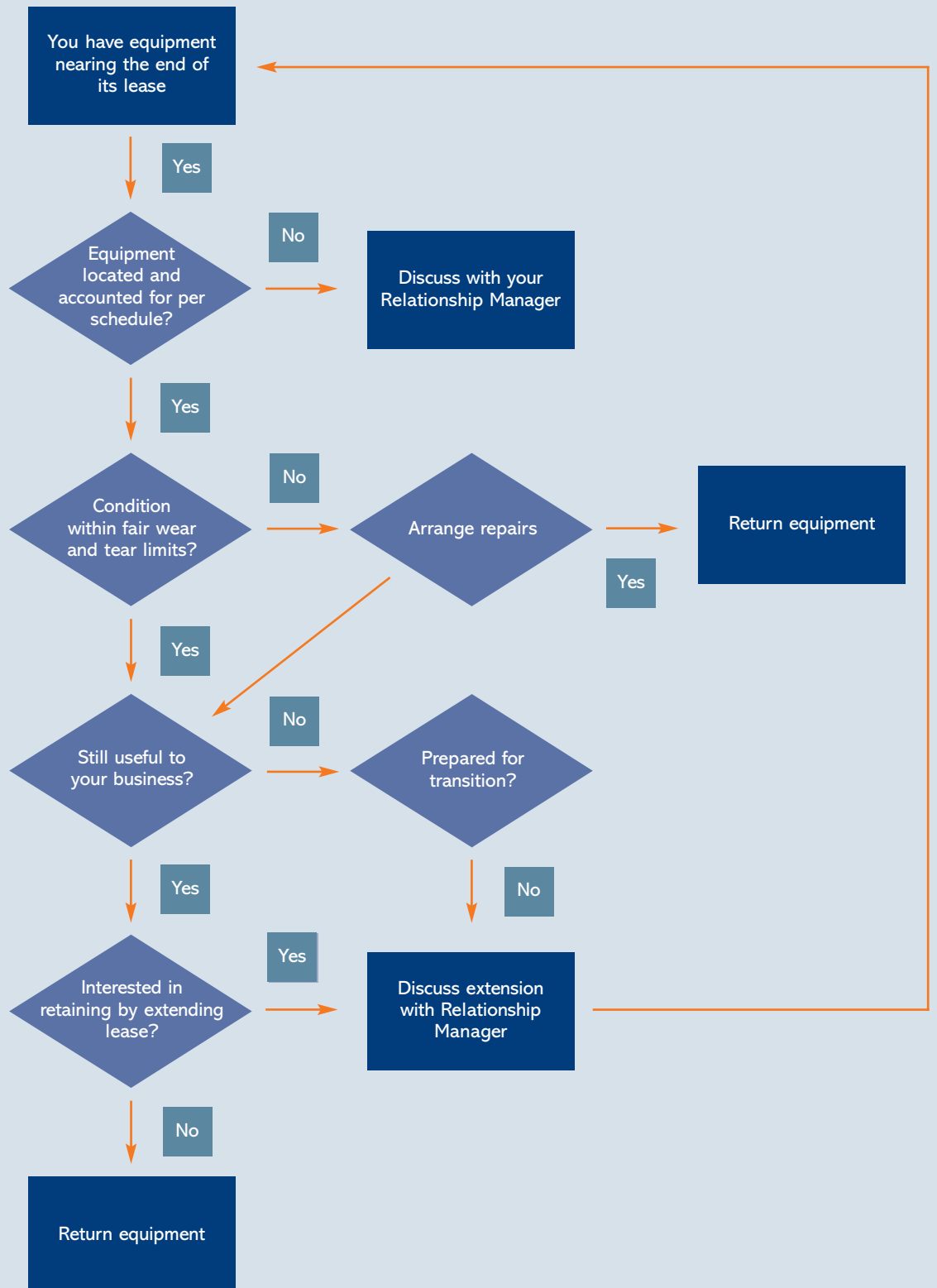
Lombard look to provide a professional service our customers can trust. It's no coincidence we're one of the leaders in technology leasing and asset management.

### We provide:

- Clear, straightforward correspondence
- Timely reminders of your lease expiry date
- Step by step instructions for the packing and return process
- Clear guidelines detailing fair wear and tear
- Transparent charges for damaged or missing equipment
- Access to optional support services to minimise disruption



# END-OF-LEASE: YOUR CHOICES



## Renewing or extending the lease

You have a number of flexible choices at the end of your primary lease agreement:

- i) to renew part or all of the assets
- ii) to extend part or all of the assets

If equipment is still serving its purpose, and you can see a business case for retaining rather than renewing it, we can extend your lease agreement accordingly.

Extending your lease month by month provides a totally flexible, shorter term, ad hoc arrangement. You simply continue paying the existing monthly payments, and serve us the appropriate notice when you wish to return.

If you know you will wish to keep the equipment for a longer period, you can benefit from lower payments by renewing the lease for a fixed term. This lowers the cost of leasing the equipment for an extended period.

## Lease termination

### Surrendering the equipment

In many instances, technology will have served its useful life and you will wish to replace it. Alternatively, it may have become surplus to requirements.

You have a choice of either using the Lombard collection service or returning the equipment yourself at your own cost.

You must notify us at least 90 days before the lease expires of your intention to return any equipment. We will then send you:

- Returns and shipping details
- A schedule of items for return
- Sample packing label

If you have any queries regarding the equipment schedule for return, please contact your Relationship Manager as soon as possible.



# PREPARING EQUIPMENT FOR RETURN

## Notice period

You are required to give us written notice at least 90 days before the end of the lease and provide us with details at a schedule level of items you wish to return.

## Assembling your items

Three simple checks will ensure you locate all the right equipment ready for packing. Ask yourself:

Is it the correct system. Is it complete?

You'll need to return all peripherals, components and items that were delivered with your systems under the lease. That includes:

- Keyboards and mice
- Peripherals
- Cables
- Carry cases
- Any other external components

Please check any serial numbers on the schedule match the specific items you're returning. Charges may apply if items are substituted from another lease schedule or replaced.

Have I included anything that wasn't originally supplied?

Please make sure that each item that you are returning matches the equipment that you originally leased.

We receive and recycle or remarket in excess of 2,000 returned items per week. If you later realise you have returned items in error, unfortunately it will almost certainly be impossible to return them.

## Erasing your data

It is your responsibility to ensure that all data has been erased from any equipment you return.

Please note, you have a legal obligation under data protection legislation to do this.

Failure to do so jeopardises your organisation's and personal data.

Although an overwrite of all hard drives is typically performed during our returns process, there is no guarantee that data cannot be recovered.

## What we check:

For your guidance – all equipment at the end of the lease is inspected and checked.

- The items are correct and complete
- They are fully functional
- They are electrically safe
- Any cosmetic damage

## Cursory cosmetic damage


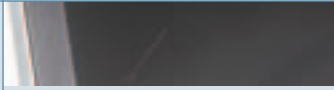

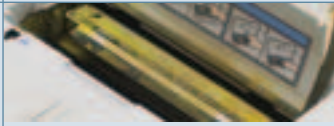
Minor scuffs and scrapes through use – is considered 'fair wear and tear'.

For more serious damage or loss, however, we must make an appropriate allowance – a charge.

The table overleaf shows some common areas of cosmetic damage across a variety of equipment. The list is not exhaustive, but will help you appreciate what damage we look for when checking returned items.



## What we check:

Component	Acceptable	Unacceptable
OEM serial number identification	ID clearly visible	ID removed or tampered with
Plastics	Minor scuffs	Cracked and/or chipped plastics
Metal frames		Bent metal frames
Hinges and latch catches		 Broken or missing
TFT monitors or LCD panels (e.g. laptops)	Scratch free	 Visible character burn-in/blotches or scratches
Panels, cover plates or media doors		 Missing or broken media doors
Batteries	Holding an electrical charge for at least 30 minutes	Holding an electrical charge for less than 30 minutes
Keyboard	Faded lettering	Missing Keys
Systems passwords	No system level passwords	Passwords prohibiting boot up or diagnostic level program execution or testing
Printers	Partial ink and toner consumption	 Toner spillage
Security marking	Non-invasive	Invasive, for example stamped, scored or burnt markings into the case
General appearance	Minor scuffs and scratches	Clearly noticeable damage

For our standard penalty charges, please refer to our Pricing Matrix. If applicable, any additional charges will be invoiced in accordance with your lease agreement. This process is usually completed within 30 days.

# COLLECTIONS SERVICE

## Procedure

Lombard offer an optional Asset Collection Service, which is charged at the prevailing rate at the time of arrangement. This means that once the equipment for returning has been agreed, your customer services representative will organise the collection on your behalf. To ensure that the collection runs efficiently and smoothly we have a few simple rules you need to be aware of and follow:

1. Assets should be disconnected and in one storage area with sufficient space to allow packaging or palletising and clear access to a vehicle loading area
2. Where a site survey is required the charge will be passed to the customer
3. Collections are only applicable to the UK mainland
4. Cancellation notice must be received no later than 48 hours prior to the collection date otherwise 100% of the charges will be passed on to the customer
5. Loose media, such as CDs, DVDs and tape cartridges, should not be returned. Any loose media received will be returned at the customers' cost. Lombard does not take responsibility for the security, removal or destruction of data stored on loose media.
6. The scheme only covers operating hours of 8am to 5pm, Monday to Friday, excluding Bank Holidays
7. Collections cancelled due to insufficient information conducive to a successful collection (requirements for specialist equipment, vehicle access, site operating hours, excessive quantities, etc) will be charged to the customer at 100%
8. A minimum of 5 working days notice must be given

# PACKAGING AND RETURN SHIPPING

## Procedure

If you decide to return any/all items to us using your own resources please ensure that equipment arrives at the allocated Lombard Handling Centre by 4pm on that day. You must give us written notice at least 90 days before the end of the lease and provide us with details at a schedule level of items you wish to return. Following your notification, we will issue a returns pack including:

- A schedule of items for return
- A sample packing label
- A contact number for you to book a date to deliver your returned equipment
- A returns number and address details for a Lombard Handling Centre

Please make sure you include the returns number in the packaging of each item/pallet. All equipment should reach the allocated Lombard Handling Centre by 4pm on the scheduled day that we have advised you. In particular, please remember to return all the items on the packing list in one shipment. If you don't, outstanding items will remain on lease.

## Shipping insurance

You are responsible for ensuring that the items arrive complete and undamaged. Please make sure all items are adequately insured in-transit.

## Packing guidelines

### General:

- Use strong, good quality boxes – ideally re-use originals or cartons from replacement equipment
- If necessary reinforce box bottoms, sides and tops with packing tape
- Allow sufficient space for the item(s) to be protected from impact and movement with packing material
- Wrap cables around monitor stands
- Include associated peripheral devices (i.e. AC Adapter with laptops etc.)
- Pack all power cables with the relevant item
- Ink and toners should be removed from all printers and packed separately with the printer
- Check drives to ensure that no media has been left inside
- Check carry case compartments to ensure that no media items such as USB, CD or DVD drives remain.

## Packing guidelines

For individual systems:

- Wrap each component in at least 10mm bubble wrap
- Cables, keyboards and mice can be packed loose with the wrapped CPU. Please ensure that they cannot rub against the CPU

For individual monitors:

- Line the box with layers of bubble wrap
- Wrap the monitor and insert screen side up
- Fully fill each box with impact resistant packing material, (e.g. bubble wrap or Styrofoam or void fill) to minimise movement during transit
- Use packing tape to seal the box securely at seams and edges

For returning multiple items together:

- Wrap each component in at least 10mm bubble wrap
- Place heavy items at the bottom of containers
- Make sure items are properly supported inside. If necessary use corrugated cardboard sheet
- Fill voids with Styrofoam or bubble wrap to create an even weight distribution across each level
- Screens should be free from direct weight or pressure

## Using pallets

Please note the following if using pallets:



Correct stacking – monitors



Correct stacking – desktop



Boxed items

## After return

On receipt, we will inspect and reconcile against your returns note. If there is any discrepancy, Lombard will notify you within 48 hours.

The equipment is then processed, including an audit and functionality check. A De-hire Report reconciling the lease schedules to the assets returned is produced. This is normally copied to you within 2 weeks of return.

The De-hire Report details any missing or damaged items along with any associated costs.

After 14 days, unless you have contacted us with a query, these charges will be invoiced.

# FREQUENTLY ASKED QUESTIONS

**What happens if we need more time to finalise plans before our lease expires?**

We recognise your end-of-lease decision is important. If you need more time, talk to us. We'll arrange a temporary month by month rental payment extension after your lease expires to let you make your plans.

**What happens if I cannot locate a system?**

Call your Relationship Manager to discuss the options available to you.

**Who is responsible for return shipping?**

You are. If you decide not to use our collection service we also recommend that you insure systems in-transit in case of accident, damage or theft. Many customers take advantage of our optional collections service – please contact your Relationship Manager for details.

**What boxes can I use for returns if I am returning equipment to you?**

Ideally re-use the original boxes. If these aren't available, use an equivalent container.

**What if items are missing?**

We'll assume you realise this when we check your returns and invoice you accordingly for discrepancies.

**Do I need to erase system data prior to return?**

Yes – this is a requirement for return. Legal issues surrounding data protection also necessitate this.

We will also undertake an over-write pass on receipt, but this alone does not guarantee data is non-recoverable.

**Do I need to return the Operating System License and Certificate of Authenticity with systems?**

Where originally supplied with the system – yes. Penalty fees will apply if missing.

**What situations do not fit 'Fair Wear and Tear'? What are the penalty charges?**

Please refer to our Pricing Matrix. For more details or to discuss specific situations please contact your Relationship Manager.

**Where do I return equipment?**

If you are making the return yourself, once you have notified us of your intention to return we'll provide full return paperwork – including address details for a Lombard Handling Centre.

**What if I return equipment that is not included on the lease?**

Any non-leased equipment returned to Lombard in error will be processed and customers charged an administration fee, unless previously agreed as a substitute item.

# EQUIPMENT DAMAGE OR LOSS

## Penalty fees and charges

The Pricing Matrix details our standard charges for damage that falls outside 'fair wear and tear', or penalties for equipment shown on the lease schedule that is found to be missing on return.

# GETTING IN TOUCH

Our aim is always to provide you with a smooth, trouble free leasing facility.

Should you have any queries about the returns process, or a De-hire Report, we're here to help.

In the first instance please contact your End-of-lease Co-ordinator. Alternatively, you can raise any issues with your Relationship Manager.

Call

020 8236 2608

or email

[endoflease@lombardts.com](mailto:endoflease@lombardts.com)

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# PRICING MATRIX

Damage/fault description	% of MV*				
	Base Unit Server Workstations	Notebook	TFT Monitor	Printer	Other
Casing - Cracking, scratching, etching, embossing. Yellowing or fading above 'wear & tear'	10-50%	10-50%	10-50%	10-50%	10-50%
Missing panels, flaps, covers, logos	0-20%	0-20%	0-20%	0-20%	0-20%
Casing - Broken or missing bezels or stands	-	-	100%	0-50%	0-50%
Broken or missing switches, keys, key caps, controls, catches, hinges, latches	10-50%	10-50%	10-50%	10-75%	10-50%
Missing or damaged, floppy drives, hard drives, CD, CD-RW, DVD, Drive caddy, Drive chassis	10-50%	10-50%	-	-	10-50%
Intermittant power or boot failures	100%	100%	100%	100%	100%
Password removal	30-100%	30-100%	-	-	30-100%
Password protection (un-removeable)	100%	100%	-	-	100%
Missing, damaged or faulty memory, CPU, batteries or other internal components not included above	50-100%	50-100%	-	50-100%	-
Missing, damaged or faulty external Power Supply	50%	25-50%	50-100%	50-100%	50-100%
Missing, damaged or disconnected cables	10-25%	10-25%	-	10-25%	10-25%
Missing, faulty or damaged mother boards, controller boards or PCB's/Interface connections	100%	100%	100%	100%	100%
Bent pins or connectors	50-100%	50-100%	50-100%	50-100%	50-100%
Display blotches, blemishes, scratches, cracks, missing pixels, screen burns, pressure marks	-	25-100%	25-100%	-	-
Video display distortion, white lines, out of focus, colour imbalance, dimming, flickering	-	50-100%	50-100%	-	-
Printer - damaged or missing cartridge, paper feed or handler, duplex units	-	-	-	50-100%	-
Printer - damaged faulty or missing fuser units, drums, paper trays, head alignment, network card	-	-	-	30-100%	-
Printer - leaked toner or ink	-	-	-	50-100%	-
Asset damage beyond economic repair	100%	100%	100%	100%	100%

\*How is Market Value (MV) defined - The estimated amount for which an asset should exchange on the date of the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.