

## Lease Purchase Agreement

*The information below is provided by the Pennsylvania Department of the Auditor General as a resource to support Volunteer Firefighter Relief Associations across the Commonwealth.*

When the Volunteer Fire Relief Association (VFRA) is leasing or purchasing the vehicle/equipment/gear for use by the affiliated fire company, the lease should be in the name of the VFRA, not the affiliated fire company since the VFRA will be making lease payments.

These lease agreement(s) is/are generally those made with an outside vendor who is supplying the vehicle/equipment/gear to lease. The VFRA bylaws must permit lease purchase agreements, and the meeting minutes documenting approval of such lease or lease purchase must be maintained.

At a minimum, the agreement should include:

- Date, entities' legal names and the VFRA's full address including the County
- Description of the vehicle/equipment/gear being leased/financed
- Location(s) where the vehicle/equipment/gear will be housed
- Principal cost of the vehicle/equipment/gear
- Total payments over the life of the lease
- Interest rate, if any, being charged
- Payment schedule for life of the lease (amortization schedule)
- Penalties for late payment(s), if any
- Provision to address the prepayment of the lease and any associated penalties for prepayment, if any
- Provisions to address the early termination of lease
- Signatures of at least two officers, one of which shall be the disbursing agent of the VFRA in compliance with their bylaws, is necessary to form an enforceable contract