THE ESSENTIAL GUIDE TO COPIER LEASING

Frequently asked questions about leasing terms and the leasing process

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LEASING AN OFFICE COPIER CAN BE COMPLEX. HERE'S ALL THE INFORMATION YOU NEED TO GET IT RIGHT.

If you've never leased office equipment before, chances are you've got lots of questions. Even if you have done it before, it's probably been 3 to 5 years and you may not remember the details. Not to worry! There's no reason this process has to be difficult or stressful when you have the information to help you make the right decisions. That's why we have created this guide that contains everything you need to know.

LEASE, BUY OR RENT? HOW TO DECIDE.

BUYING A COPIER

For most businesses, it doesn't make sense to buy a copier. It's a capital expenditure and you'll need to lay out a lot of cash all at once.
Also, when you buy you'll tend to want to keep it until it dies. That means, for some period of time as the machine becomes obsolete and gets old and worn out, you'll be dealing with a lot of service issues that can impact your business. Your service costs also go up as your machine gets older.

LEASING A COPIER

When you lease a copier, you make monthly or sometimes quarterly payments, which is much easier on your budget. Another thing many don't realise is that you can get tax breaks from leasing that are equivalent to the deductions you get when you purchase.

Here's another benefit of leasing that you may not have considered. We find that organisations want to get as much efficiency as possible out of their office equipment because that makes employees more productive. By the end of a typical lease term (3 to 5 years) your machine is nearing the end of its useful life and may be less productive than a newer machine offering technology improvements. At the end of your lease term, you can take advantage of that by upgrading to newer equipment that can save time, improve business processes, and reduce service costs. If you own it, you're stuck with a machine that's not performing well and paying more for service to boot.

However, it's important to know that leasing a copier is NOT like leasing a car. With a car you're not paying for the full value over the course of the lease term. There's value left at the end. That's why you're often able to trade it in and upgrade during the lease term. That's not the case with copier leases; you are essentially financing most of the value of the copier over the 3 to 5 year term, and there is little value left at the end. That's why you usually can't trade it in for a different model during the lease term. That said, in some situations you can do so with a lease buyout (more on that to come, see "Can you get out of a lease?").

RENTING A COPIER

Rentals are typically offered on refurbished copiers on a month-to-month basis for a term of 6 to 60 months, because leasing is very costly for short terms of 24 months or less. There are two situations when renting may be your best option.

SHORT DURATION. Renting is a good option when you only need the machine for a short period of time (less than the minimum length of a lease). For example, we often rent copiers for use on construction sites, where it will be needed for less than a year.

LACK OF CREDIT. Credit approval for leasing can be an issue for new businesses less than 2 years old without established credit. If you don't want to rely on personal credit you can choose to rent. Just like with leasing or buying a copier, you'll also need a service contract when you rent.

LEASE TERMS YOU MUST UNDERSTAND.

Here's one way leasing a copier IS like leasing a car: after you've chosen the make and model that meets your needs, you need to review the terms to make sure you're getting a good deal. Lease agreements are not all the same! To compare copier dealers and the contracts they offer you, you'll need to understand the following lease terms.

LESSOR. Even though you're working with a copier dealer like N&G Rentals, you're actually financing your lease through a bank or other lending organisation. It is important to understand who the lessor is when it's time for renewing or ending your agreement (we'll discuss more about this to come). Your dealer will choose a lending organisation (the lessor) based on who is offering the best interest rate and who is likely to approve your credit.

LEASE TERM. The term is the period of time you commit to using and paying for the copier. Lease terms can be anywhere from 24 to 60 months but most are 3 or 5 years.

Choosing the right term for your needs depends upon your expected usage volume as well as your budget. Since you are essentially paying for the value of the copier over the term of the lease, a longer lease means lower payments. However, if you expect high volume usage, you may not want to commit to the machine for 5 years when it may not last that long. This is another way a copier is like a car: the more you use it, the faster it deteriorates and becomes unreliable.

Your copier dealer can advise you on the lease length you should choose based on your expected volume and the brand & model machine you are considering. That being said, today's technology is better and more reliable than even 10 years ago. With better reliability you often can choose a 5 year lease (which lowers your payments) and can expect the machine to last that long.

With a 5 year term you do give up the ability to upgrade to new technology and feature improvements (such as better scanning capabilities and reduced cost per print) for a longer period of time. So consider your future needs when you make that decision.

PAYMENTS. Your lease payment is calculated based on value of the machine divided by the number of payments over the lease term, plus interest. It doesn't take a math wizard to figure out if you're being overcharged.

Some disreputable vendors may do this to you over the course of renewing several leases. Every time you upgrade, they add to your bill until you're paying far more than the value of the equipment. If you think you might be in this situation, N&G Rentals may be able to buy out your lease and lower your payments (more about this to come: "Can you get out of a lease?").

Here's another tip about payments: we recommend keeping your lease payments separate from your service contract payment. If service is built into your lease payment, then you are stuck with that service provider for the length of the lease. If your service contract is separate, you can always change service providers if you are unhappy.

REBATES. Sometimes equipment manufacturers offer incentives to customers who switch to their copier brand over a specific competitor. If that's the case, your supplier may be able to get you a rebate on your lease.

FAIR MARKET VALUE LEASE. This type of lease includes an option to buy at the end of the lease at an amount determined by the bank. After a 3 year lease term, it's possible that machine may still have some life. The purchase amount will typically be about 25 to 30 percent of the full cost of the machine. After the 3 to 5 year term, most businesses won't want to pay that much for an older machine that costs more to service and becomes increasingly unreliable.

WARRANTY. Lease documents will typically say that no equipment warranty is included as part of the lease. That doesn't mean your equipment is not covered under a warranty! The warranty is provided as part of the service contract from your equipment dealer, not from the lending company. Interim rent. Financing companies typically have an established billing cycle (such as 1st of the month or 15th of the month). If for some reason your equipment is delivered prior to the first billing cycle, you may be charged a small interim rent payment to cover the few days before your contract technically begins.

CLAUSES TO WATCH OUT FOR.

Make sure you carefully review lease agreements; here are some clauses that can cost you if you fail to catch them.

PAYMENT ADJUSTMENTS OR LEASE ESCALATION CLAUSES. Some lenders may increase your payment by 15% each year. Or, you may see a clause allowing them to change your payment due to a "miscalculation." You should never agree to terms like these: once your payment is agreed upon, it should not change over the course of the lease term.

AUTOMATIC RENEWAL. When your lease is coming up on the expiration date, you are required to notify the financing company of your intention to return the

equipment (see “Letter of Intent” below). If you fail to do that within the required time frame, your contract may be automatically renewed for a year, locking you into a year’s worth of additional payments. It gets even worse when your service contract is bundled in with your lease payment.

When entering into a new lease, ask to change the automatic renewal to month-to-month. That way, if for some reason you forget to send in the letter, you’ll only be on the hook for an additional month’s payment.

INSURANCE SURCHARGE. Lease contracts will specify that you are responsible for damage to the machine that may occur, and the financing company may include an insurance surcharge to cover that. However, if you can show that your office insurance policy covers your copier equipment, you can get that surcharge removed.

WHAT YOU MUST KNOW ABOUT THE END OF YOUR LEASE.

LETTER OF INTENT (LOI) TO RETURN THE MACHINE. When you’re coming up on the end of your lease, the bank requires you to notify them, within a specified period of time, of your intent to return the machine. If you fail to do that, the lease may automatically renew for a year. That means you are stuck with the machine (or at least paying for it). For this reason, you must keep track of when your leases are due to expire and be sure to get the letter to the lender within the time frame specified on your lease agreement (usually 60 and 90 days, but sometimes up to 180 days in advance).

CAN YOU GET OUT OF A LEASE?

When you sign a 3 or 5 year lease, you are obligated to pay the entire financed amount. If you are unhappy with an existing lease due to unreliable equipment, machines that no longer meet your needs, or poor service and support, you might feel like you’re stuck.

The good news is, N&G Rentals may be able to help you with a lease buyout. How does that work? We pay off the amount you owe on your existing lease, then bundle that amount into a new lease. If you’ve been overcharged or if we can take advantage of manufacturer incentives, we might even be able to lower your payment while providing better equipment.
And of course, you’ll get our responsive, personalised service and support.

Feel free to reach out to us for a no-obligation consultation. We’ll review your contracts and let you know what we can do to help.

ABOUT N&G RENTALS

N&G Rentals is a one-stop destination for affordable and quality copiers, available for buying, renting, and leasing in South Africa. Our company offers an array of printers, copiers, and fax machines. The equipment is cutting-edge technology that is available to rent and our large selection of models with different capabilities and price ranges; we are sure to find the best copier that will fit your needs.

Since the beginning, our goal has been to provide and manage your office technology efficiently and cost-effectively so that you can more easily achieve your business goals. Our high quality, efficient office copiers, printers, and scanners are always thoroughly serviced before delivery to assure the best possible customer experience. We have technicians that are highly trained and focused on delivering the best office equipment solutions for your business. N&G Rentals is an organisation that continuously achieves economic value by optimising resources through operational excellence, powered by technology, driven by innovation, creating customer delight. Our company is known in the industry for it's perfect and durable range and maintaining the industrial quality standards.

We believed that a combination of excellent service and state-of-the-art equipment is what it would take to become successful. Our company grew by creating a reliable, dependable and honest reputat ion throughout the industry in South Africa. Having a large inventory of equipment, in addition to service hours, has helped N&G Rentals become one of the leading copier rental companies in South Africa. We provide both short and long term rentals to the entertainment, trade show, convention, financial, real estate, legal, construction, and government industries. We offer service and support for the latest technologies to help you increase productivity and workflow.

Our commitment to our customers has and will always set us apart from our competitors. We offer fast on-site service and a wide selection of copiers, fax, and printers at low prices. Our trained sales a nd technical support experts will make recommendations on appropriate equipment within your organisation, increasing your productivity and cutting costs significantly. N&G Rentals provides extra value, authenticity, and personality that no other company can match.

OUR FAQs

WHAT IS REQUIRED TO RENT A COPIER?
We require 3 months bank statements, a copy of your ID

HOW MUCH DOES IT COST TO RENT AN OFFICE PRINTER?
Our rentals range from R399 to R3000 depending on customers requirement.

IS IT BETTER TO RENT OR BUY A PHOTOCOPIER?
It is better to rent a photocopier, once copiers lifespan is up it carries very little value.

WHAT RENTAL TERMS DO YOU OFFER?
We offer month to month as well as 6, 12, 24, 36 and 60 month rentals

WHAT ARE THE PURCHASE PAYMENT OPTIONS
We require a one month deposit and first rental upfront.

DOES THE MONTHLY RENTAL AMOUNT INCLUDE MAINTENANCE/SERVICE?
Your rental is separate to your maintenance agreement. We charge a cost per copy that includes toner, services, parts and call outs.

DO YOU HAVE ANY QUESTIONS?

We invite you to contact us personally to find out more about how N&G RENTALS can help you maximize productivity with quality, reliable equipment, superior service and competitive prices.