

**REPAIR CHARGES WHEN YOU RETURN
A LEASED TRAILER
(Do Not Let the Lessor Take Advantage of You)**

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It is common in the industry for commercial carriers to lease the trailers they use in their business from trailer leasing organizations throughout the country. These leases usually extend over several years, sometimes as many as six or eight years. Most "Equipment Lease Agreements" under which these trailers are leased will contain language requiring the lessee to return the equipment in "the same condition as when received, normal wear excepted." The leases will generally include a requirement that if the equipment is returned in a damaged condition, the lessee shall be liable to the lessor for the "cost of repairs."

Most carriers who enter into these "Equipment Lease Agreements" assume that they are responsible only for the actual money spent by the lessor in performing repairs to the trailer for damage caused during the term of the lease that is beyond what is considered "ordinary wear and tear" in the industry. However, trailer leasing companies generally do not interpret the aforementioned language so strictly. Most trailer lease companies believe that the language of their lease agreement allows them to charge you (the carrier) for any "damage" to the trailer, whether they "repair" it or not. As a result of this interpretation, the overall damage to the trailer that is invoiced to the carrier upon return of the trailer may include damage that could easily be

defined as "ordinary wear and tear" for the use of the trailer over an extended lease period (i.e., four to six years).

Trailer lease companies seem to be in the practice of using the terms "damage" and "repair" interchangeably. In fact, it is common for trailer lease companies to list all of the "damage" to the trailer on the "interchange" document when the trailer is returned. They will then send an invoice to the carrier (lessee) for those damages reflecting line item entries for "repairs." You should carefully review these invoices before paying them. Two things should be questioned:

1. Are the repairs actually being done by the trailer lease company as indicated in the invoice?
2. If the repairs are being done, do they include items that you would consider "ordinary wear and tear" on a four or six or eight year old trailer?

Commercial carriers lease these trailers and earn profits off the use of them. Upon return of the trailers, to receive a repair bill ranging from \$1,000 to \$5,000 is a "cost of doing business" that most carriers process through accounts payable and ignore. If you consider the number of trailers you lease and the number of post-lease repair invoices you receive, you may find that there is a substantial amount of excess money being paid to your trailer lease company which you are **not** obligated to pay under the terms of your "Equipment Lease Agreement."

It is advisable to review the language of your lease regarding your obligations as to the condition of the equipment upon return of that equipment to the lessor. If that language requires you to pay for "repairs," "necessary repairs," or "all costs of repairs," then you should only be charged for that money spent by the lessor on actual repairs performed on the trailer. If, however, the lease agreement requires that you be responsible for "damage" to the trailer, then the lessor is in a better position to charge you for those damages, whether those repairs are done

or not. However, if the invoice sent to you from the leasing company is in the form of a "Repair Invoice" with specific language citing "repair to _____" then the representation contained in that invoice is that they are actually doing those repairs. This is a misleading invoice if they are not doing those repairs and you should challenge any such charges.

Overall, for many carriers, the annual amount of money involved in the repair invoices for returned trailers may not be substantial. However, if you consider the extensive number of trailers leased in the industry throughout the country and the amount of money the leasing companies are making on repairs that are not actually performed, you may want to consider taking a closer look at your returned trailer repair invoices.

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