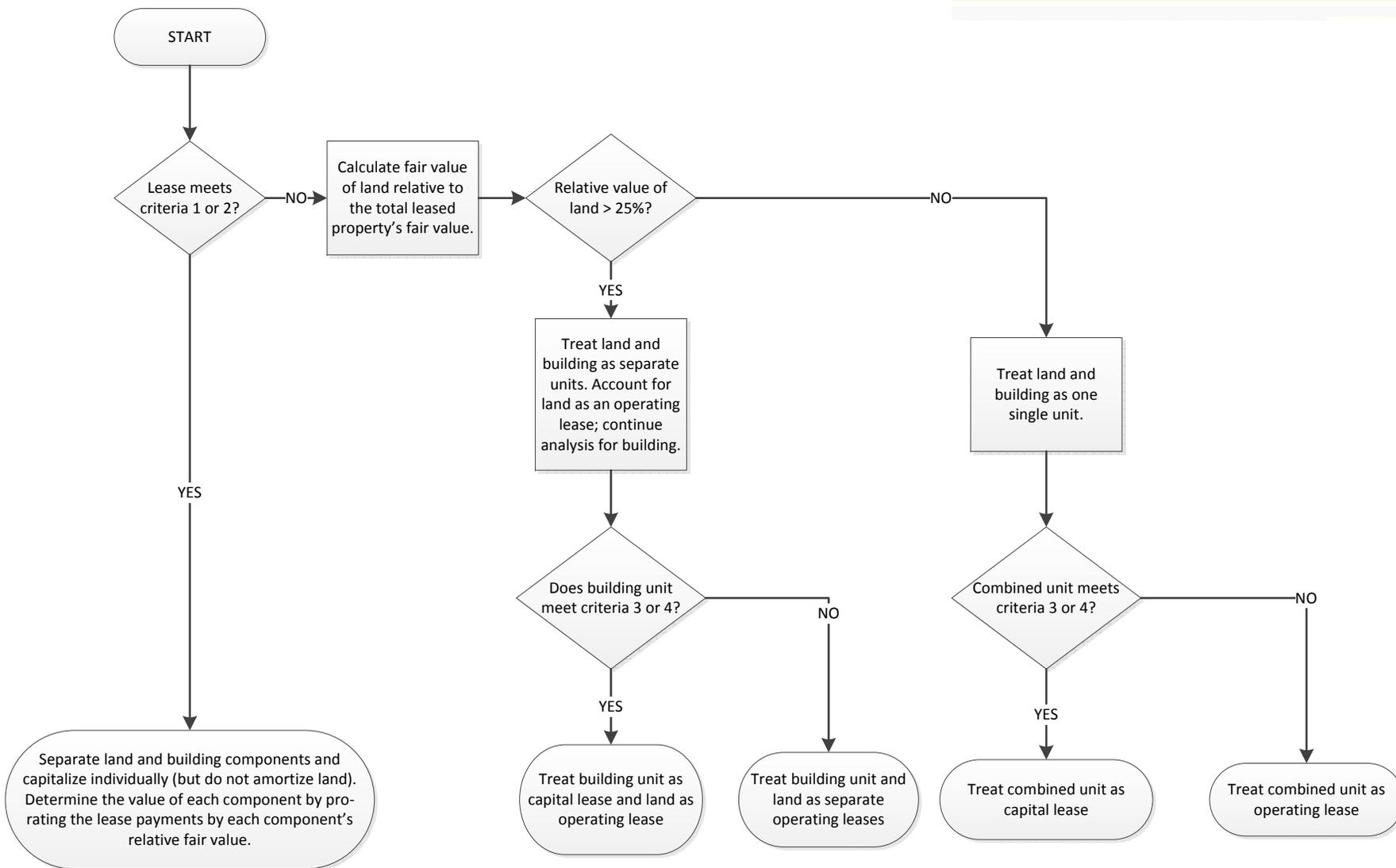


Lease Accounting – Appendix B, Leases Involving Land and Buildings



Criteria Key

- **Criterion 1:** Ownership of the asset transfers to the lessee by the end of the lease term.
- **Criterion 2:** The lease contains a bargain purchase option (BPO). A bargain purchase option is a lease clause that allows the lessee to obtain title to the leased facilities and/or equipment for less than its fair market value, for example, a nominal amount such as \$1.
- **Criterion 3:** The lease term is equal to 75% or more of the estimated economic life of the leased asset at the beginning of the lease term.
- **Criterion 4:** The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the fair value of the leased asset. This amount excludes the portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon.