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AutoAdvisorAI Commercial Fleet Lease Audit: Copper State Plumbing & Drain, LLC [Score: 1/10]

AutoAdvisorAI <administrator@autoadvisorai.com> Wed, Nov 11, 2026 at 12:25 PM
To: "jamesd" <jamesd@cooperstatepd.com>

Your AutoAdvisorAI Commercial Fleet Forensic Audit is Ready

Prepared For: James Douglas | **Profile:** Copper State Plumbing & Drain, LLC | Incumbent: Apex Commercial Fleet Funding, LLC | 6 Reported Units (7 Invoiced)

Audit Score: 1 / 10.0 | **Recommendation:** RESTRUCTURE MLA & LAUNCH COMPETITIVE RFP | **Confidence:** HIGH

Headline: Forensic audit identifies 497 bps in implicit APR bloat, $38,640.00 in artificial TRAC residual exposure from zero-residual upfit clauses, $19,960.00 in forfeitable maintenance reserves, and $1,843.35/mo in ghost-unit and unamended Schedule A billing variances.

Executive CFO Verdict: Apex Commercial Fleet Funding embeds an 11.97% weighted implicit APR (497 bps above benchmark), assigns $0.00 residual value to $67,000.00 of capitalized upfits to manufacture a $38,640.00 TRAC shortfall, retains $19,960.00 in unspent maintenance reserves, and continues billing surrendered Unit #100. Restructuring and invoice remediation unlock +$40,202.40/yr in run-rate savings plus +$1,843.35 in immediate statement recovery.

First-Year Value Impact: +$42,045.75 Total Saved | Annualized Savings: +$40,202.40/yr Saved

Current Monthly Spend: $11,209.91/mo | **Target Spend:** $7,859.71/mo | **Monthly Savings:** +$3,350.20/mo

3-Bucket Monthly Breakdown: Funding: +$981.85/mo | Mgmt & Maint: +$525.00/mo | Invoice Variances: +$1,843.35/mo

Implicit APR: 11.97% (Benchmark: 7.00% | Bloat: 497 bps) | **Credit Memo Claim:** +$1,843.35 Recoverable

7-Point Forensic Audit Highlights:

- **Unit Headcount Reconciliation:** 6 Reported | 6 Scheduled | 7 Invoiced [1 Terminated Ghost Unit Flagged]
- **1. Implicit APR & Funding Spread [HIGH Risk]:** Across the 6 active units (#101-#106), level monthly lease rate factors of 2.0712% and 2.0899% produce a weighted implicit APR of 11.97% (11.90% on the five 2024 Ford Transit-250 vans and 12.24% on the 2024 Ford F-250 XL)—497 bps above the 7.00% small-fleet all-in fixed benchmark and 412 bps above the 7.85% Tier-1 Bank Benchmark printed on Schedule A. Compressing the funding spread to 7.00% saves +$981.85/mo ($11,782.20/yr), though early buyout is currently restricted by MLA Section 7 Rule-of-78s penalties.

- **2. TRAC Residuals & Resale Surplus [HIGH Risk]:** Applying the 32.00% TRAC residual factor to $67,000.00 of upfits that carry a contractually fixed $0.00 residual value manufactures an artificial back-end balloon trap. Schedule A Section 2 explicitly projects a 48-month wholesale trade value of $76,400.00 ($12,200.00/unit for #101-#105 and $15,400.00 for #106) against the $115,040.00 Lessee-Guaranteed TRAC Residual, locking in a projected $38,640.00 Terminal Rental Adjustment Shortfall payable via ACH within 15 days of invoice. MLA Section 3 omits any lessee resale surplus credit provision (0% disclosed gain share to Lessee) while imposing a Mandatory Vehicle Disposition Fee of $895.00/unit ($495.00 above the $400.00/unit commercial benchmark cap) plus uncapped reconditioning, decal de-identification, transport, and auction marshaling charges deducted from gross hammer proceeds.
- **3. Maintenance & Program Fees [HIGH Risk]:** At the contracted 18,000 miles/yr (1,500 miles/mo) utilization for under-warranty 2024 Class 2b/3 vans and trucks, the benchmark fixed preventative maintenance ceiling is $82.50/unit/mo ($0.055/mile, or $495.00/mo across 6 active units), yielding +$525.00/mo in baseline maintenance savings. Unbundle the non-refundable Maintenance Reserve Account immediately, convert to pass-through fleet card maintenance at $0.00 monthly reserve, and demand elimination of the unilateral $35.00/unit/mo telematics/compliance administrative fee.
- **4. Evergreen Holdover & Cycling [HIGH Risk]:** *Holdover Billing:* None Detected on active fleet (Units #101-#106 are in Month 25 of 48); however, surrendered Unit #100 (2021 Ford Transit-250) remains in active billing 3 months after physical turn-in. *Cycling Directive:* Enforce the September 1, 2026 billing cutoff confirmed in Schedule A Section 3 for Unit #100, calendar certified-mail non-renewal notices for Units #101-#106 exactly 75 days prior to October 31, 2028 (August 17, 2028), and amend MLA Section 8 so lease billing terminates strictly on the physical grounding receipt date.
- **5 & 6. Escalators & Termination Clauses [HIGH / HIGH Risk]:** Execute a bilateral Master Lease Addendum striking Sections 4(a), 4(b), and 6(a) in their entirety, freezing Base Capital Rent and Maintenance Reserve charges at initial Schedule A rates for the full 48-month term, and requiring dual-signature written amendments for any fee modification. Because unilateral mid-term payoff triggers Rule of 78s unearned interest and 100% remaining maintenance/admin fee acceleration, pursue rate/fee relief via formal billing dispute and bilateral MLA amendment first, and require standard Open-End TRAC payoff terms (simple straight-line Unamortized Book Value plus current-month accrued interest with $0.00 early termination penalty) in all future schedules.
- **7. Disputed Invoice Items [HIGH Risk]:** Unit #100 (VIN: 1FTBR1C84MKA10942) - Post-grounding ghost billing ($985.00 Base Capital Rent + $160.00 Maintenance Reserve) billed in breach of Schedule A Section 3 Zero Balance Due addendum (Grounded 08/31/2026 per GR-88412-PHX): $1,145.00/mo pre-tax (plus $98.47 associated 8.60% TPT, and full historical ledger lookback credit for Sept & Oct 2026). | Units #101-#106 - Unamended Section 4(a) 4.0% Annual Escalation Surcharge billed above Schedule A contracted Base Capital Rent ($48.05/mo x 5 Transit-250 units + $58.10/mo x 1 F-250 unit): $298.35/mo. | Units #101-#106 - Unilateral Section 4(b) Fleet Compliance & Telematics Administrative Fee billed without written Schedule A amendment ($35.00/unit/mo x 6 active units): $210.00/mo. | Units #101-#106 - Unamended Section 6(a) Maintenance Reserve rate hike billed above Schedule A contracted $1,020.00/mo rate ($30.00/mo x 5 Transit-250 units + $40.00/mo x 1 F-250 unit, exceeding the 20% MLA cap on Unit #106): $190.00/mo.

Required Lessor Disclosures & Ledger Demands:

- Omitted OEM Factory Invoice sheets and commercial fleet incentive credits on Units #101-#106 ($289,500.00 Base Chassis + $67,000.00 Upfits + $3,000.00 Acquisition Fees capitalized without factory invoice verification).

- Structural TRAC deficit engineering under MLA Section 5: assigning a $0.00 residual value to $67,000.00 of capitalized vocational upfits while applying a 32.00% TRAC residual guarantee to total Gross Capitalized Cost creates an immediate $38,640.00 projected terminal shortfall against Schedule A wholesale estimates.
- Non-refundable Maintenance Reserve surplus forfeiture under MLA Section 6(b): Lessor currently holds $19,960.00 in unspent maintenance payments ($26,380.00 collected vs. $6,420.00 actual vendor disbursements over 24 months) designated as permanent administrative margin.
- Post-surrender quarterly batch billing delay under MLA Section 8: Lessor continued billing Unit #100 in September, October, and November 2026 despite issuing signed Grounding Receipt GR-88412-PHX on August 31, 2026.

STEP 1: Send This Remediation & Credit Demand Notice to Your Fleet Lessor

Subject: Formal Commercial Fleet Lease Audit Findings, Ghost-Unit Credit Demand & Schedule A Rate Remediation - Copper State Plumbing & Drain, LLC (Account No: MFLA-2024-8849-AZ)

Dear Commercial Fleet Account Team at Apex Commercial Fleet Funding, LLC,

Copper State Plumbing & Drain, LLC has completed a forensic financial and contractual audit of Master Fleet Lease Agreement No. MFLA-2024-8849-AZ, Schedule A (effective November 1, 2024), and Monthly Fleet Billing Statement No. INV-2026-11042 (dated November 1, 2026). Our audit identified immediate billing discrepancies between our contracted Schedule A payment ($8,478.85/mo pre-tax) and the November 2026 ACH draft ($10,322.20/mo pre-tax plus $887.71 Transaction Privilege Tax), alongside structural funding, maintenance reserve, and TRAC residual imbalances requiring formal remediation.

First, we formally dispute and demand an immediate credit memo of $1,843.35 pre-tax (plus associated 8.60% Arizona/Phoenix TPT) on Invoice No. INV-2026-11042, together with a complete historical ledger audit and retroactive credit for September and October 2026: (1) Unit #100 (VIN: 1FTBR1C84MKA10942) was physically surrendered and grounded at Manheim Phoenix on August 31, 2026 under signed Grounding Receipt No. GR-88412-PHX with a confirmed September 1, 2026 Billing Termination Effective Date and Zero Balance Due on Schedule A Section 3, yet continues to be billed $1,145.00/mo pre-tax ($985.00 Base Rent + $160.00 Maintenance Reserve) across September, October, and November 2026; and (2) Units #101 through #106 were billed $698.35/mo in unamended surcharges above Schedule A ($298.35/mo Sec. 4(a) escalator, $210.00/mo Sec. 4(b) administrative fees, and $190.00/mo Maintenance Reserve rate hikes, including a 20.51% hike on Unit #106 that exceeds the 20.0% ceiling in Section 6(a)).

Second, to avoid transitioning our commercial plumbing fleet to a competing fleet management provider, we request a formal Master Lease Addendum within fifteen (15) business days addressing the following terms: (a) immediate removal of Unit #100 from the ACH billing batch and full refund of all post-August 31, 2026 charges and taxes; (b) credit or application of our $19,960.00 unspent Maintenance Reserve surplus against active lease balances and conversion of Units #101-#106 to actual pass-through maintenance billing (or benchmarked $82.50/unit/mo fixed reserve without forfeiture); (c) elimination of Sections 4(a), 4(b), and 6(a) unilateral fee and rate escalators; (d) realignment of the 11.97% weighted implicit lease rate toward the 7.00% commercial benchmark; and (e) modification of Section 3 and Section 5 TRAC disposition terms to grant 100% lessee resale surplus credit, cap disposition fees at $400.00/unit, and credit actual wholesale value fetched by attached vocational upfits toward the Stated TRAC Residual Value. Please provide written confirmation of our credit memo and proposed addendum

> by November 25, 2026.
>
> Sincerely,
>
> James Douglas
> Copper State Plumbing & Drain, LLC

STEP 2: CFO 90-Day Execution Roadmap

- Days 1-15: Serve the formal billing dispute notice on Apex Commercial Fleet Funding demanding an immediate $1,843.35 pre-tax credit (plus 8.60% TPT) for November 2026 Invoice INV-2026-11042, a full historical ledger credit for September and October 2026 ghost billings on surrendered Unit #100 (per Grounding Receipt GR-88412-PHX), and OEM factory invoices for Units #101-#106.
- Days 16-45: Demand a bilateral Master Lease Addendum freezing Base Capital Rent at Schedule A rates ($7,458.85/mo), rescinding the unilateral $210.00/mo Sec. 4(b) admin fee and $190.00/mo maintenance hike, converting maintenance to pass-through billing, and crediting the $19,960.00 unspent Maintenance Reserve surplus against upcoming invoice drafts.
- Days 46-90: Calendar certified-mail non-renewal notices for Units #101-#106 (60 to 90 days prior to October 31, 2028) to neutralize the MLA Section 8 evergreen trap, and launch a competitive RFP with Enterprise Fleet Management, Merchants Fleet, and Holman to establish a replacement Open-End TRAC facility at a 7.00% benchmark rate with 100% resale surplus credit.

STEP 3: Competitive Dual-Source FMC Shortlist

- Enterprise Fleet Management: Dedicated local Phoenix commercial truck and plumbing van account support, transparent open-end TRAC structures with 100% lessee resale surplus credit, and pass-through maintenance cards without reserve forfeiture.
- Merchants Fleet: Flexible open-end TRAC commercial van and utility-body financing with zero-markup upfit pass-through, transparent SOFR-indexed or fixed funding spreads, and fair-market residual setting tailored to vocational trade fleets.
- Holman: Institutional commercial fleet funding and vocational upfit management with factory-invoice-less-incentive acquisition pricing, capped remarketing fees, and unbundled pay-as-you-go maintenance governance.

Your complete 7-Point Commercial Fleet Forensic Audit PDF is attached to this email.
It includes the 3-bucket monthly spend waterfall, Schedule A rate and TRAC analysis, line-item invoice reconciliation, and required lessor disclosures.

Independent Financial & Operational Analysis Notice: This audit is prepared by AutoAdvisorAI (Advisor Tools LLC) as an objective commercial financial and fleet billing analysis based on client-submitted documents and does not constitute formal legal or tax advice.