

Is Leasing Right For You?

It may be your best option and save you money.

Leasing is becoming a more popular choice of local automobile shoppers when it comes to deciding how to handle the method of payment. With that in mind you should understand what the difference is between a lease and a financed vehicle.

Ownership:

When you lease a vehicle you do not own the vehicle, however you have the option to purchase the vehicle at the end of the lease term for the residual value. When you finance a vehicle you do not own the vehicle until you pay off the loan. Statistics show less than 15% of people actually keep a vehicle long enough to have a free and clear title, so in most cases the lender actually owns the vehicle that most people claim they own.

Monthly Payments:

Monthly lease payments are usually lower than monthly loan payments because you are paying only for the vehicle's depreciation (the portion you are going to use) during the lease term, plus rent charges (interest), taxes and fees.

Early Termination:

With a lease you are responsible for the remaining amount due of the entire loan, just as if you financed the vehicle. Prior to

lease end, just like with a retail loan, it is possible to trade the vehicle in and get into a newer vehicle.

Mileage:

A lease is structured allowing a set number of miles that you agree you will drive by lease end. Mileage requirements are set to assist in determining what the residual value (purchase option) of the vehicle will be able at lease end.

At the end of the leasing term:

1.) You may return the vehicle and "walk away." If the vehicle is worth less than the residual value (purchase option) then you would want to walk away with no further obligation as long as you are within the agreed upon mileage limitations.

2.) You may buy it. If the vehicle is worth more than the residual value then you might want to buy it and keep it or sell it outright and capitalize on the equity.

3.) Trade it into a dealership and capitalize on the equity.

Should you lease CHECKLIST

Answer YES to at least 5 of these and a lease just may be your best option.

- Would you like to drive a NEW vehicle every 2 to 3 years?
- Would you like to avoid worrying about having an unexpected vehicle repair bill arise?
- Do you like to be able to plan and budget your expenses?
- Do you like to invest in something you know won't result in a loss?
- Do you like to have the latest vehicle safety options available?
- Do you like to have the latest vehicle technology available?
- Do you like to avoid necessary maintenance costs associated with higher mileage vehicles?
- Do you know how many miles you drive per year on average?