

## Leasing used cars explained

Leasing a used vehicle can be an attractive deal in many ways, no least getting you into that luxury model or SUV, for lower monthly payments than a brand new one. Be prepared, however, to do some more homework to dissect a good deal.

As with new car-leasing, your price research should focus on the key figures that are the initial market value and the estimated residual value of the used car. This is harder to predict since there is no factory-set sticker price on used cars, and the residual percentage is very much pegged to a subjective current retail value. Use different sources to get a rough idea of the value of the used car: your local dealerships, internet car-evaluating tools, such as Edmunds.com and Cars.com, to name but a few. Another way to pin down a good estimate is to compare the lease on your given car to a lease on a new-car with the same make and model. This should give you a better picture of the difference between leasing new and going for used. Just like leasing a new car, used vehicle leasing is more attractive when residual values depreciate the least. You stand a better chance of finding a bargain in the high-end, luxury vehicles that keep their values better as used cars.

Next, you need to check the initial mileage and the overall vehicle condition. The maximum mileage on a used car should be no more than 12,000 miles a year. A 3-years old car with 50,000 miles on the clock is very unlikely to make a good used-vehicle lease. Check for signs of excessive use, like worn seat fabric, worn pedal pads and dirty engine, which might indicate that the odometer has been rolled back. If the car is not certified, you need to get it thoroughly inspected. Ask your dealer for a manufacturer-sponsored certification program or have your car certified by a qualified mechanic or inspection service.

Most used-car deals don't come with gap coverage. This is a special type of coverage, normally offered on a new auto-lease, to cover the consumer if the leased vehicle is lost, stolen or damaged. Typically, auto-insurance policies cover only what your car is worth at the time of loss, not what you still owe on the lease. The difference could run into thousands of dollars. For peace of mind, do not enter into any used-car lease without gap-coverage. Arrange it separately with either the lease dealer or your auto-insurance company.

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