

## How to spot a good car lease

Leasing has been lauded as your cheapest ticket to keep up with the industry's hottest vehicles and trends. The jury, however, is still out on leasing: with the industry long on hype and short on detail, it is difficult to distinguish between a genuinely good deal and a downright up-selling exercise.

### So how do you spot a good deal?

First, you need to find out if there are any down payments on the lease. A down payment refers to the lump sum amount that you pay upfront, either in cash, non-cash credit or trading allowance, to reduce your monthly payment. You should think twice before putting money down on a lease: not only are you getting a rough deal, as you're essentially forfeiting the general rule of leasing: not putting any cash upfront, but the money is not recoupable at the end of your lease. There is another big disadvantage: in the event of your car getting damaged or stolen, your insurance and the gap cost will not cover the loss.

### Mileage Limit

Most leasing companies allow you a limit of 45,000 free miles over the length of a 3-year lease. This may seem like a good deal at first sight, but when you consider it only comes to 15,000 miles over a 12 month period it's not difficult to foresee why it might be difficult to stay within this limit. Even people working from home have little trouble putting 15,000 miles on their cars.

If you exceed the mileage limit, the penalty for each excess mile can be as high as 20 cents. This can add up quickly over the length of your lease: an additional 4,000 miles a year over the length of a 3-years lease contract, will end up costing you an extra \$2,400 in excess mileage charges!

Be realistic about your mileage needs, especially if you have to regularly commute over long-distances, before you sign the contract. Consider padding the miles that you expect to use since it is less expensive to contract for the extra before you sign than it is to pay the extra charges at end of your lease.

### Sales Tax

Sales tax is usually capitalized and added to the monthly payments. However, some dealers choose not to include it in their calculations to drive the advertised lease payments even lower. What they do instead is

state in the small print that the monthly payment excludes "sales tax". Make sure you carefully read the fine print for any extra, hidden costs not included in the advertised monthly payment. Unscrupulous fees that typically slip through the cracks include sales tax, registration and title fees.

(Word count: 440)

PPPPPP