

How to avoid extra costs at the end of your lease

\$250 to dispose of your vehicle, \$1000 for extra miles you put on the clock and \$200 to replace the light bulb and the worn tyres—lease agents constantly nickel-and-dime consumers when their lease runs out. Here's a rundown of what can trigger those fees, and some steps to take in self-defense.

Disposition fee: leasing companies charge you if you choose not to buy the vehicle at the end of your lease. This fee is set as compensation for the expenses of selling, or otherwise disposing of the vehicle. It typically includes administrative charges; the dealer's cost to prepare the car for resale and any other penalties. Make sure this fee is stated clearly in the contract and is agreeable by you before signing on the dotted line. At lease-end, you are left in no position to negotiate as the dealer can apply your refundable security deposit towards this fee.

Excess mileage charges: Almost all leasing companies will charge a premium for each mile over the agreed upon mileage stated in your contract. This penalty can be as high as 25 cents per mile and can add up quickly. To avoid the risk of running thousands of dollars in excess mileage penalties at the end of your lease, always check the "per mile" charges in your contract and be realistic about your mileage before you sign any contract. If you think the limit is unrealistic given your commutation needs, then negotiate with the dealer to get a higher mileage or contract for additional miles.

Excess tear-and-wear charges: Another potential cost at the end of the lease is any incidental damage done to the car during the lease. This is deemed any excessive damage done to the normal tear and wear of the vehicle. Notice the use of the terms "deemed", "excessive" and "normal". There is no standard formula to define what's "excessive" and "normal" and it's up to the leasing company to assess - or deem - the damage and determine what they are going to charge. This leaves you at the mercy of unscrupulous leasing agents who set stringent tear-and-wear standards. Make sure you read the description of these standards, understand them and agree to them. If your leased vehicle is damaged prior to the end of the lease, you may find it cheaper to repair the damage yourself than pay the excessive charges of the leasing agent. In the event of a dispute over the charges at the end of your lease, get an independent third party to do a professional appraisal detailing the amount required to repair any damaged parts or the amount by which tear-and-wear reduces the value of the vehicle.

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