

Fees involved in leasing

Mention auto-leasing and most people will automatically assume a low-monthly payment. There is actually more than what meets the eye, and a number of fees are involved at various stages of the lease process.

At the beginning of the lease, you have to pay a refundable security deposit, typically equivalent to one monthly payment, to safeguard against non-payment and any incidental damage done to the car at the end of the lease. You are also required to pay an administrative charge, called acquisition fee. Other fees include licenses, registration, title and any state or local taxes.

During your lease, and you expected to honour your monthly payment obligations. Any failure to do so will result in late-payment charges. You have to pay any traffic tickets, emission and safety inspections and ongoing maintenance costs. Ending your lease early will result in substantial early termination charges.

At the end of the lease, expect to pay any excess mileage costs, charged at 10 to 20 p a mile. Any incidental damage done to the car, and deemed to be above normal, will result in excess tear-and-wear charges. Finally, if you choose not to purchase the vehicle, then you have to pay a disposition fee.

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