

Leasing a Car

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Pre-reading

Questions: What do you know about leasing a car? What more would you like to know about it?

Definitions: Minnesota Attorney General's Office – the state's chief legal office
Warranty – a written statement from the seller of a product to the buyer

Reading

Manufacturers and dealers are **promoting** leasing more than ever before; and, it's working.

13 Today about 30 percent of the people who drive new cars are leasing instead of buying. That's a jump
32 from 2.5 percent a little more than a decade ago. Before deciding whether to buy or lease a new car,
52 the Minnesota Attorney General's Office urges Minnesota consumers to review the following
64 information about leasing.

67 Leasing is basically long-term car rental, usually lasting two to four years. You agree to pay a
84 leasing company a fixed amount each month to drive a car that the leasing company owns. You also
102 pay for insurance and routine maintenance such as oil changes. You receive a warranty, as you would
119 for a car you buy. As with a car you own, if you damage a leased vehicle, you and your insurance must
141 cover repairs.

143 It's important to note that, unlike buying a car, leasing may mean that you will always have
160 monthly payments. When you buy a car, the car loan is typically paid off long before the car is worn
180 out. In contrast, leasing usually means endless payments.

188 Although you may be able to buy the car at the end of the lease, most people who lease turn in
209 the car at the end of the term and lease another; so, the payments continue. In the long run, leasing may
230 be more costly than buying despite the lower monthly payments.

240 There are several reasons why leasing is popular. With the prices of cars climbing, it has
256 become harder and harder to afford monthly payments that will pay off a car in three years or less.
275 With new cars averaging about \$20,000, loans are being stretched over four to six years. By the time
293 you truly own a car, it may not be worth a whole lot in the marketplace. It still may be worth a lot to
317 you, however, if it gets you where you're going and allows you to drive a car without making
335 payments.

336 Leasing is also popular with people who don't like driving older vehicles. They can always
351 drive a new car needing relatively little maintenance and fewer repairs than most older cars. If you
368 lease a new car every couple of years you can always drive a fairly new car. You will never escape
388 monthly payments, but the payments will be lower than they would be if you were buying a new car
407 every two years. This is leasing's main attraction.

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Level 6.5

Understanding

1. Define leasing. _____

2. Which is more costly – leasing or buying? Why? _____

3. Who is the owner of a leased car? _____

4. Why is leasing so popular? (List at least three reasons.) _____

5. How has the trend in leasing changed over the past ten years? _____

6. What does the word **promote** mean? _____

7. Compare and contrast leasing a car with buying a car. _____

Writing

Choice A: Summarize the reading in your own words.

Choice B: Have you or someone you know leased a car? If yes, write about it.
