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Car Leasing Contract Issues

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Car leasing facilities are growing popular among consumers and businesses that require a car or vehicle to facilitate their daily activities or operations. However, there can be some concerns with car leases especially for the ordinary consumer as car leases can be quite an expensive affair with a heavy financial commitment of a couple of years.

Contract offering

Car leasing contracts allow consumers to possess a car of their choice according to their financial affordability without actually owning the car. The consumers are given complete control over the leased cars until the car lease is up. During the car leasing contract duration, the consumers are obligated to make diligent monthly payments on their car lease. The exact amount would have been computed at the offset of the car leasing negotiations before the contract is signed and put into effect.

Contract ends

When the car leasing contract ends, the consumer would need to consider one of several options available with regards to the leased car. Although the leased car has been in the consumerâ€™s possession for the past couple of years while the car lease was running, it was never officially the consumerâ€™s. The consumer did not own the car although it was possessed by the consumer throughout the car lease duration.

Under the car leasing contract, the leased vehicle should be returned to the leasing company; it is as if the consumer had the vehicle on loan or rental. However, the consumer may choose to own it for good by buying it off the leasing firm. There would be some residual value computed on the leased car that the consumer would need to settle to secure total ownership of the car.

The consumer could also choose to have the car leasing contract extended to keep the vehicle longer or employ a part exchange to enhance the leased vehicle. The consumer may also consider a new car lease for a new model in keeping with the latest models in the market.

Early Termination

Some leasing firms operate very flexibly with certain car leases to give their customers the best car leasing experience in the market. For example, the consumer may choose to end the car leasing contract earlier than the stipulated contract date if the consumerâ€™s financial standing improved.

However, there may be a small processing charge incurred with an early termination of the car lease which also depends on the outstanding duration of the contract. It is best to have this issue clarified at the start of the contract development.

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