Car Leasing Payments by Freddie Wade

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Getting a car is not cheap although it may be cheaper than getting a house. There are many cost considerations with a car lease. This is the better financial option for the consumer who needs a car but do not have the cash to foot out upfront to purchase the car as it can cost thousands or hundreds of thousands of dollars for a car.

Cost considerations are important to ensure that the consumer has sufficient finances to make ends meet in their daily living.

Initial Payment

The first cost consideration in getting a car is to have the finances to put a down payment or initial payment on the preferred car for leasing. This initial payment would indicate the consumerâ€™s seriousness in procuring a leased car for use. The initial payment could be a few hundred dollars or a certain percentage of the total cost of the car.

Monthly payments

With the initial payment computed, there are the monthly payments which must be agreed upon by the consumer. These monthly payments would depend on the balance cost of the car with insurance and maintenance costs if the consumer wants to include these additional benefits. The monthly payments also depend on the consumerâ€™s financial condition; the monthly amount must be conducive to the consumerâ€™s monthly revenue to ensure diligent monthly payments.

Residual value

There may be a certain mileage figure imposed on the consumerâ€™s leased vehicle to ascertain the future value of the vehicle. This means that the consumer is not to exceed the agreed mileage when using the leased car until the end of the contract. If the stipulated mileage is exceeded, the consumer would be imposed a penalty as an increased mileage would bring down the carâ€™s re-sale value.

Hence, the consumer would need to be sure of how the leased car would be used as the residual value of the car would be identified through the estimated annual mileage. If the consumer is unable to confirm the usage of the leased car, it is better to take on a flexible car leasing plan that allows one to change the estimated annual mileage so that no additional charges would be imposed on the excess mileage. This means that the consumer opts to pay a slightly higher premium to cover a highly likely increased annual mileage or that the consumer would pay a surcharge on the changing of estimated annual mileage when that happens.

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