Article published on May 11th 2012 | Finance

A car is one of the most necessary commodities in todayâ€™s lifestyle; it is an important asset for any individual who is old enough by law to drive a car or any vehicle that plies the road. But getting a car is not easy as it is not cheap even for a second hand car. There are many costs incurred when possessing a car. This is where car leasing comes into play.

Definition

Not every car owner can afford to pay for a car in cash as the total cost of a car may cost a few thousand dollars; some are in the hundreds of thousands if they are the higher categories of cars which only the rich, affluent or famous individuals can afford.

Hence, most average consumers who want to consider purchasing a car would consider car leasing facilities. These refer to a deposit on the car depending on the total purchase cost of the car which is also known as an initial payment or down payment on the car to be purchased which would be minus off from the total purchase cost of the car.

Then there is the agreed number of payments which are paid by the month; some may prefer to have other options on payment periods such as fortnightly or weekly.

Ownership

Once the car leasing contract is signed, the car owner would need to service the leasing contract until the total agreed payment is settled. Before then, the car is not considered the consumerâ€™s property but the leasing companyâ€™s. The consumer may take full possession of the car only when the total car leasing payments are settled. This may take a year; two years; three years and so on. Different car leasing companies will offer different car leasing plans. A consumer may consider the maximum number of years to pay off the car leasing contract amount depending on the country and leasing company. Some car leasing companies offer a 9-year repayment plan.

The longer the lease on a car, the longer it would be before the consumer gets possession of the car. This may be necessary for some consumers who are financially tight with their funds. A longer period of lease would allow the consumers a smaller monthly payment which eases the financial constraints of the consumer but over the long run, the total amount of interest paid would be much higher than if a shorter lease is taken.

Article Source:
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Article Keywords:
van leasing,car leases

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