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Can You Lease a Used Car A Comprehensive Guide



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Thursday, November 16, 2023

Leasing a used car can be an enticing option, offering the allure of a lower monthly payment compared to a brand-new model. This practice has become more prevalent, with dealerships increasingly providing lease options for Certified Pre-owned (CPO) vehicles.

However, navigating this avenue requires careful consideration of its benefits and drawbacks. In this article, we'll explore the ins and outs of leasing a used car, addressing the process, advantages, and potential pitfalls.



Certified Pre-owned Cars: A Brief Overview

Certified Pre-owned (CPO) cars represent a category of vehicles that have undergone meticulous inspection and refurbishment by dealerships or manufacturers. Typically, these cars are lightly used, often coming off a three-year initial lease.

The inspection process aims to bring the vehicle up to the automaker's standards, making CPO cars an attractive option for those seeking quality without the hefty price tag.

Where to Find a Used Car Lease

Securing a used car lease can be more challenging than opting for a new one. Franchised dealerships, which exclusively sell a specific car brand, are the primary providers of CPO vehicle leases. Due to the ongoing inventory shortage in the automotive market, finding a used car lease might require additional effort.

Another avenue is taking over an existing lease, facilitated by online matching services such as Swapalease or LeaseTrader. While this method can circumvent a substantial down payment, it still necessitates approval from the leasing company and may involve a transfer fee.

Pros of Leasing a Used Car

- 1. Lower Monthly Payment**
Leasing a used car often translates to a more budget-friendly monthly payment compared to leasing or purchasing a new vehicle.
- 2. Access to a Nicer, Newer Car**
Opting for a used car lease enables you to enjoy a higher trim level or a more luxurious model within a constrained budget.
- 3. Manufacturer's Warranty**
Many CPO cars come with a manufacturer's warranty, offering added peace of mind regarding potential repairs.

Cons of Leasing a Used Car

- 1. Wear and Tear**
Used cars, even when labeled as CPO, may exhibit some wear and tear. Additionally, older models might lack the latest technological features.

2. **Maintenance Costs**

Not all used car lease warranties cover maintenance expenses, potentially leading to unexpected out-of-pocket costs for routine repairs.

3. **Limited Inventory**

Finding dealerships that advertise used car leases can be challenging, limiting the available options for interested consumers.

4. **More Risks**

Leasing involves potential fees for exceeding mileage limits and returning the vehicle with excess wear and tear, making it a riskier option compared to outright purchase or financing.

Is Leasing a Used Car, Right for You?

Whether leasing a used car aligns with your preferences depends on various factors. If you prioritize a lower monthly payment, enjoy driving a newer model every few years, and appreciate the security of a manufacturer's warranty, a used car lease could be a suitable choice.

However, if long-term ownership is your goal, purchasing a vehicle outright might prove more cost-effective.

Steps to Finding a Used Car Lease

1. **Find a Dealer:**

Identify dealerships, particularly franchised ones, that offer used car leases. Given the current market conditions, this may require additional research and persistence.

2. **Negotiate the Best Deal:**

Negotiation is key when securing a used car lease. Begin with the car's price, then negotiate down payments, trade-in values, mileage limits, and other terms. Be aware of additional costs like taxes, title fees, and potential acquisition fees.

3. **Decide on a Warranty:**

Evaluate the included CPO warranty and consider whether an extended warranty is necessary for added coverage. Compare offers from various sources, including independent companies, auto insurance providers, credit unions, and car clubs.

4. **Consider Add-ons:**

Determine if the leasing company mandates guaranteed asset protection (GAP)

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insurance. Understand whether it is required, how it impacts monthly payments, and whether you can shop around for the best rates.

5. **Understand Your Obligations:**

Before finalizing the lease, familiarize yourself with early termination fees, wear-and-tear charges, and potential mileage fees. Explore options for purchasing additional miles up front, if needed. If you have intentions to buy the car at the end of the lease, ensure the purchase terms are clearly outlined in the agreement.

In conclusion, leasing a used car can be a viable option for those seeking financial flexibility and the allure of a newer vehicle. However, it requires careful consideration of individual preferences, potential costs, and the availability of suitable options in the current automotive market.

As with any major financial decision, thorough research and negotiation are crucial to ensuring a satisfactory and cost-effective leasing experience.