

NORTHSIDE
Honda



LEASING VS. BUYING



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You've spent time diligently researching all kinds of vehicles to find the perfect model for you and your family. From sedans and SUVs to trucks and minivans, you've explored them all. Now, after hours spent on the internet and a thorough test drive, your efforts are about to pay off: you found a vehicle that you and your family all love.

However, there is one final decision you need to make in this exciting venture: do you want to buy or lease your vehicle? Choosing a financing option that seamlessly fits into your life is equally as important as settling on a new vehicle. To make sure you choose the right option for your unique needs, our guide is here to help.

In our comprehensive eBook, you'll learn more about each finance option and what they entail, so you can make an educated decision for yourself. What will you end up deciding on in the time-honored debate of buying vs. leasing? Let's dive in and find out.



BUYING: THE BASICS

Buying a new vehicle may seem like a straightforward process at first. You have money, you purchase a car with that money, and now that car is yours. However, it's a little more complex, especially when you learn about the multiple ways that you can purchase a vehicle.

While you can simply hand over cash and buy the model outright, most drivers will typically finance their vehicles with the help of the dealership.

Understanding Loans

For drivers who wish to finance their next set of wheels, working with the dealership you're buying the car from is a great choice. Why? Well, it allows you to work one on one with a finance expert who will always keep your needs in mind. Also, these knowledgeable professionals have worked hard to build strong relationships with local and national lenders and banks. They'll use these tight-knit relationships to secure you a personalized plan.

With dealer-arranged secured loans, the finance expert will collect your information and financial background through your credit report. Next, they'll speak with lenders on your behalf and relay this information to see if the lender chooses to finance your loan.

The lender will then review your information and determine a maximum loan amount. This decision is based on several factors, such as your credit score, debt-to-income ratio, terms of the transaction, and more.

Then, you can choose to sign on the dotted line or try different lenders to see if the results vary. Best of all, the finance professional does all of the leg work for you! However, there are more aspects to consider as well.



Down Payments

Along with deciding on your maximum loan amount, the lender will also dictate how much you'll need to pay up front. This is called a down payment. While it is possible to have to pay no down payment, most lenders will require this. However, a down payment also benefits you, the driver! How?

Well, you can choose to make a larger down payment. The bigger the down payment, the closer you'll be to paying off your vehicle. Most professionals suggest that paying at least 20 percent of the car's total price is a smart decision. Additionally, paying more up front may also make your monthly payments lower as well.

Other costs included in vehicle ownership may be:

- Taxes
- Interest rates
- Registration
- Insurance

Benefits of Buying

One of the major perks of buying a vehicle is that once your loan is paid off, you'll own the car outright. As the owner of the vehicle, you can do whatever you want to it. For instance, if you want to add personalized features or customize it with accessories, you're free to do so.

You also are free to explore for as many miles as you'd like. Without a mileage restriction, you can freely roam around your city, state, and country in a vehicle you love.

Also, you'll be able to sell or trade in the vehicle whenever you'd like—even with the loan still attached. This setup allows you to put the money you've made from the sale towards the cost of the loan. Plus, paying your loan on time will help elevate your credit while giving you the car you want and need.

Additionally, with a vast selection of vehicles to choose from and a team of professionals on your side, buying a new car at an authorized dealership is easier than ever.



LEASING: THE BASICS

Leasing a new vehicle is quite different than buying one. This finance plan has gained popularity because it omits the commitment that comes along with buying, but is it right for you? Let's take a closer look at what leasing a vehicle involves.

Understanding Leases

When you opt to lease a vehicle, you won't be paying to own a vehicle but to drive it. Think of it as a long-term rental. You will still work one on one with a finance professional at the dealership; however, the lender is cut out and everything is done completely in house.

They'll begin by looking at your credit history and crafting a personalized contract. Then, they'll cover everything you need to know about leasing, which includes:

- Leasing terms
- Duration of contract
- Monthly payment
- Mileage restrictions

Leasing contracts tend to last anywhere from two to three years or more and can be closed or open. With an open lease, you'll be required to purchase the car after the contract is up. With a closed lease, you'll give the car back at the end of the lease.

Mileage Restrictions

Unlike buying, your lease agreement will state how many miles you can drive per year. Normally, mileage limits are anywhere from 10,000 miles to 15,000 miles annually but can be more with high-mileage leases.

Why are there mileage restrictions? Well, they are put into place to limit the depreciation of the vehicle. That way, the model can be resold after your lease is over.

You can negotiate the annual mileage limit with your finance expert, so it suits your personal driving needs. After all, if you've gone over your set mileage limit by the end of your lease, you may have to pay a fee.

Monthly Payments

If you're looking for a vehicle with the lowest monthly payments, leasing may be for you. Typically, leases have lower monthly payments than a loan. Why? When you buy a vehicle, you're paying off the whole value of the model. With a lease, though, the monthly payments are based on the vehicle's depreciation during the time you're driving it.

Down Payments

Leases also include down payments based on your credit history but are slightly different than traditional down payments. First of all, if you have excellent credit, you may not have to pay any money up front.

You can also put down money in the beginning to lower the cost of your monthly payments. If you do this, keep this in mind: the down payment will likely go towards a vehicle you *won't* end up owning. Therefore, many leasers will make sure the down payment is as low as possible.

Other fees that may be included with leasing are:

- Interest or acquisition fees
- Taxes
- Registration
- Early termination fee (if you choose to end your contract early)

Benefits of Leasing

Leasing truly opens the door to a wide array of benefits that are hard to find with other financing options. Along with generally lower down payments and monthly payments, there are several other major benefits with leasing.

For instance, you may have warranty coverage for the duration of your contract. All new vehicles are equipped with manufacturer warranties, which help save you even more when it's time for routine maintenance or repairs on your vehicle.

Leasing also lets you drive the newest models equipped with all the latest technology and upgrades available on the market. So, if you're a driver who likes to be behind the wheel of a technologically advanced vehicle, then leasing is right for you.

Plus, when your contract is over, the trade-in process is easy. All you have to do? Take your vehicle to the lot, discuss closing information with your finance expert, and they'll take care of the rest. Thanks to this simple process, you'll have more time to find your next vehicle to lease. There are also available buyout options if you wish to keep the model as well.



BUYING VS. LEASING: INSURANCE DIFFERENCES

Another key factor in the leasing vs. buying debate has to deal with insurance costs. It's crucial to understand what is required each option since it may end up swaying you one way or another. Here's a look at both.

Insurance with Buying

If you're financing your vehicle, most dealerships and lenders will also require you to have insurance before signing the final papers. Depending on the state you live in, your insurance coverage may need specific requirements too. However, you can also adjust your coverage to suit your needs after the loan is paid off.

If you don't have insurance when you're financing a vehicle, chances are, the finance professional you're working with will be able to help set that up for you.

You may also want to think about purchasing additional coverage when financing your new vehicle. New car replacement coverage, for example, will ensure that if anything happens to your vehicle, you'll be able to buy a similar make and model to replace it.

Insurance with Leasing

Even though you won't technically own the vehicle, you're still required to have your own insurance. Once again, your insurance coverage may have different requirements based on the state you live in.

Additionally, since the dealership will still own your vehicle, they'll likely need you to have comprehensive and collision coverage as part of your policy as well. This extended coverage helps protect the model if an accident occurs, if a part becomes damaged, or if it's stolen.

However, this additional coverage also may be included in your leasing contract. Therefore, make sure you speak with the finance team at the dealership about insurance with auto leases.



LEASING VS. BUYING: WHICH IS FOR YOU?

Today, you've learned all about buying, leasing, and the benefits of both finance options. Have you decided which plan is the best for you? Whether you'd like to learn more or are ready to finance or lease your next vehicle, it's time to head out to your local dealership!

The skilled and professional finance team at your local dealer is here to help. Using their knowledge and expertise, they can walk you through the entire financing process and help you make the right decision for your unique lifestyle. With a dedicated team on your side, you'll feel confident in your decision and drive away happy.

So, what are you waiting for? Meet with the finance team at your local dealership and begin this exciting process today!

