

**For More Information,
Call the Legal Aid In Your Community.**

Legal Hotline open Monday to Friday
9:00am to 11:30am
1:00pm to 3:30pm

Oahu 536-4302
Maui 242-0724
Molokai 553-3251
Lanai 565-6089
Hilo 934-0678
Kona 329-8331
Kauai 245-7580



**Legal Aid
Society
Of Hawai'i**

R e m e m b e r :

This brochure is meant to give you general information about the differences between buying and leasing a car, and is not meant to give you specific advice about your case.

The law often changes. Each case is different.

For more information, call Legal Aid's hotline.

**SHOULD YOU
BUY OR LEASE
YOUR AUTOMOBILE?**

This guide is to help you understand the different types of leases, the difference between leasing and buying a car, and some important tips to remember if you decide to lease a car.

LEASING

You DO NOT own the vehicle at the end of your contract.

At the end of the lease, you pay any end of lease costs and walk away.

Up-front costs may include your first month's payment, a refundable security deposit, acquisition fee, capitalized cost reduction (like a down payment), taxes, registration, and other fees.

Usually lower monthly payments than buying.

Hefty fees for ending your lease before the contract is up.

Usually a limit on the number of miles you drive (12,000-15,000) per year, and a fee for excess miles.

Limit on the amount of wear and tear on the car, usually a fee for excess wear and tear.

Generally 2-4 year term.

BUYING

You own the car and get to keep it at the end of your loan.

At the end of your loan, you can keep, sell or trade in your car for a new one.

Up-front costs may include the cash price, down payment, taxes, registration, other fees and charges.

Higher monthly payments than leasing.

No fees for paying off your loan early.

No limit on the number of miles you drive.

No limit or charges for wear and tear.

Generally 4-6 year loan.

DIFFERENT TYPES OF LEASES:

Closed End Lease- At the end of the lease term, you pay for any end-of-lease costs, return the car to the dealer and simply walk away.

Open End Lease- At the end of the lease term, you have to pay the difference between the value stated in your contract and the dealer's appraised value of the car.

IF YOU DECIDE TO LEASE:

- Negotiate all terms.
- Ask if there are mileage limitations and wear and tear limitations. If there are, find out what the charges are.
- Find out what the penalty is to end your lease agreement early.
- Make sure the manufacturer's warranty covers the entire lease term and the number of miles you are most likely to drive.
- If you're trading in a car, make sure the dealer applies the trade-in value to your lease.
- Consider "gap insurance"—does your lease include this. This will cover you for the difference between what you owe on the lease and the value of the car if the car is stolen or totaled in an accident.
- Remember that the law requires that the dealer provide you with lease cost information before you sign the lease.