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## Consumer Advisory Bulletin

**"Look Before You Lease!"****Be sure you know the stakes before you lease an auto.**

If you start shopping for a new car, you are likely to run into a crucial question at the auto dealers: Should you lease, or buy? Whatever you do, "Look before you lease." Auto leases may work well for some people -- but you must know what you are doing.

Auto leases may offer lower monthly payments and lower down-payments compared to buying -- but you do not own the vehicle and will not own it when the lease ends. Hidden costs and other factors may argue against leasing. A cardinal rule: Don't walk in expecting to buy and walk out with a lease. Don't feel pressured. Study all terms carefully at home before you sign. Once you sign a lease, you likely will be firmly bound by it!

**Here are some of the typical features you should know about leasing:**

- When you lease a car or truck, you do not own the vehicle (but you do have responsibilities of ownership such as maintenance, insurance, and so on.) In most cases you will not own the vehicle when the lease expires. You likely will have to pay a significant additional sum if you want to buy the vehicle at the end of the lease.
- Most leases include a penalty if your mileage exceeds the mileage limit agreed-to in the lease, or if the vehicle has more than normal wear and tear at lease's end.
- There almost always are significant penalties if you want to end the lease early, even if you offer to buy the car.
- If you plan to keep your vehicle for more than two or three years, the total cost of leasing likely will exceed the cost to buy.

Approach a car lease just as you would a car purchase. Shop around, and negotiate. (You might find a car or truck with similar features for a lower cost.) Insist on negotiating your best purchase price before even talking to the dealer about a lease. Get the best deal for your trade-in. Remember that add-ons such as service contracts or rust-proofing don't make sense for most people who sign up for a short-term lease. Take your time. Read and understand all documents before you sign them.

Those are just a few of the basics. Get more detailed information about auto leasing at this federal government web site: [www.federalreserve.gov/pubs/leasing](http://www.federalreserve.gov/pubs/leasing).

To report a consumer complaint about a car lease or purchase, contact the [Consumer Protection Division](#) at the Hoover Building, Des Moines, Iowa 50319. The telephone number is 515-281-5926.

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