

# How to Break a Car Lease

The lower monthly payments and up-front costs of a car lease may have attracted you initially, but your situation may have changed since you signed that lease. Maybe you can no longer afford the payments, the car was damaged or stolen, or...

Method 1 of 3:

## Transferring the Car Lease

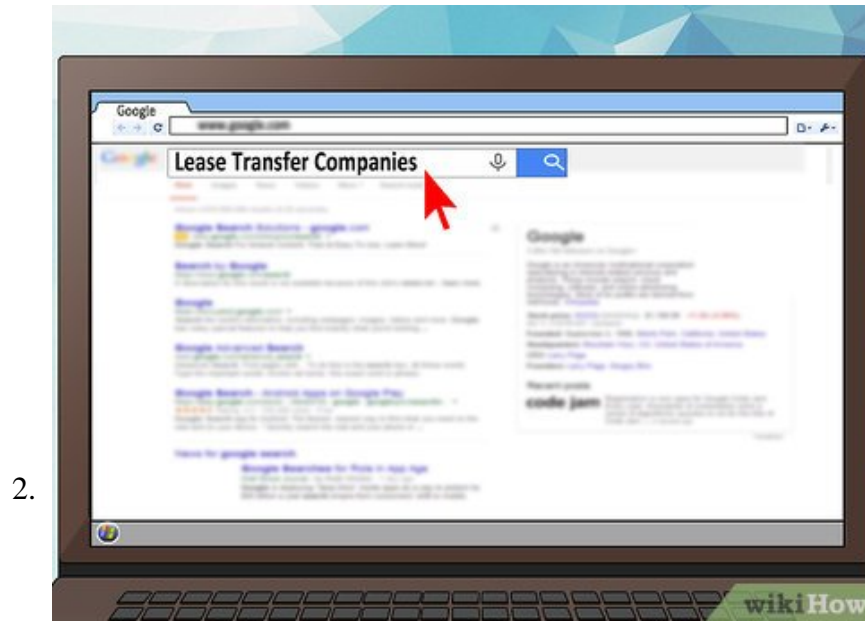
1.



**Review your lease agreement's provisions on transfer.** A lease transfer allows you to find someone else who wants the car and is willing and able to make the monthly lease payments.

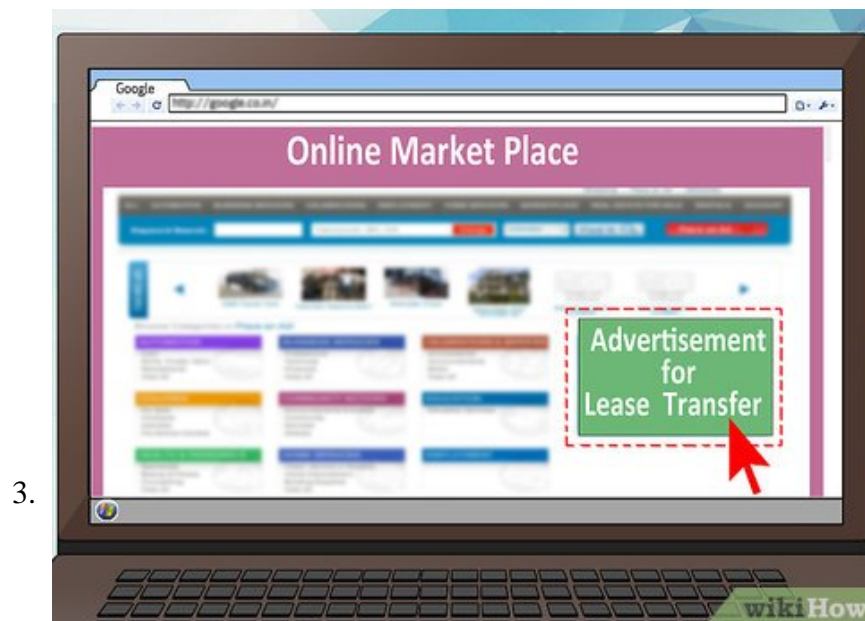
1. If you're able to transfer your lease, you can get out of the monthly payments without paying early termination costs. You'll still pay a few hundred dollars to transfer the lease.
2. About 80 percent of leases have no post-transfer obligations, but the other 20 percent require that you assume responsibility for the successful payment and maintenance of the vehicle. Although the general trend in leasing favors open transfer policies, some lease agents and car companies such as BMW and Infiniti retain post-transfer obligations.
3. If your lease includes post-transfer obligations, you're still on the hook for payments even after the transfer. This means if the person who took over your lease doesn't make the payments, the lease company will come after you.<sup>[1]</sup>
4. Some car companies also limit the time frame when you can transfer your lease. For example, Nissan won't allow you to transfer your lease if you have fewer than seven payments remaining.<sup>[2]</sup>

5. Your lease company may require you to pay a fee for the transfer and processing of the application, although you could pass these fees on to your buyer. For example, Ford Motor Credit Company charges a \$75 credit application fee.<sup>[3]</sup>
6. Never transfer a lease without the lease company's approval. Doing so will result in significant fines.



**Find lease transfer companies online.** Companies such as CarLeaseDepot.com, Swapalease.com, and LeaseTrader.com specialize in lease transfers and handle the transfer process by working directly with your lease company.<sup>[4]</sup>

1. Compare the fees and services of several lease transfer companies, and read customer reviews. Make sure you've read and understand the detail for all fees and procedures before you pick one to use.
2. While each company does the same thing, fees for various aspects of the process may differ, or you may find you prefer one company's handling methods to another.



**Advertise your lease transfer.** Once you pay the advertising fees, the lease transfer company will post your advertisement on its online marketplace.

1. Research reasons people take over car leases. Taking over a lease has many benefits, including the ability to commit for a shorter period of time and avoid hefty down payments. If you find reasons that seem to fit your car, you can target your advertisement toward those people for better responses.
2. For example, some people like to swap cars frequently and try new things, so if your leased car is a particularly trendy or sporty car, you might want to tailor your ad to attract that kind of buyer.
3. Interested parties will respond to you via email or through your account on the lease transfer company's website.

4.

Details of Vehicle	
Reg. No	FS12500
Chassis No	864684
Engine No.	B326138
Make Name	SUZUKI - MEHRAN
Registration Date	2006-12-16 00:00:00.0
Vehicle Price	345000
Year of Manufacture	2006
Color	WHITE
Owner Name	CHARLIE JONES
Owner Father Name	JACK JONES
Owner City	AMERICA
Owner Name	KYLIE WILLIAM
Owner Father Name	W/O JOHN WILLIAM
Owner City	AMERICA

**Respond to inquiries from interested parties and negotiate transfer terms.** Provide details and documentation relating to the vehicle's condition, maintenance, and accident history as soon as possible.

1. Usually, the new lessee pays for any necessary vehicle inspections and transportation, as well as any transfer fees charged by the lease company.
2. Depending on your situation, you might want to add an incentive for the person who will take over your lease. A typical incentive is a stipend that reduces the monthly payments for the lease buyer, and can range from \$500 to \$5,000.
3. When transferring a lease to someone who lives in another state, the lease transfer company can help arrange vehicle inspections or transportation of the vehicle.

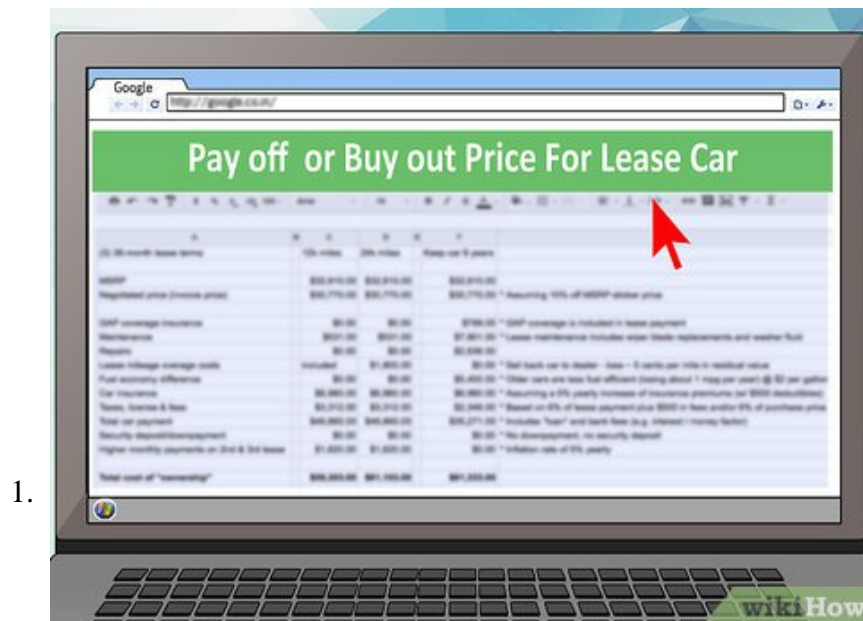


**Transfer your lease.** Either the lease transfer company or your original leasing company will do a credit check to see if the interested party is eligible to assume the lease. There may be a fee for this.<sup>[5]</sup>

1. Once the buyer is approved, you'll pay a processing fee to the lease transfer company and provide the lease information to the transfer company.
2. The lease transfer process usually takes several weeks to complete. Once the transfer is in order, you'll sign the documents from the original lease company and the transfer company and turn over the car.

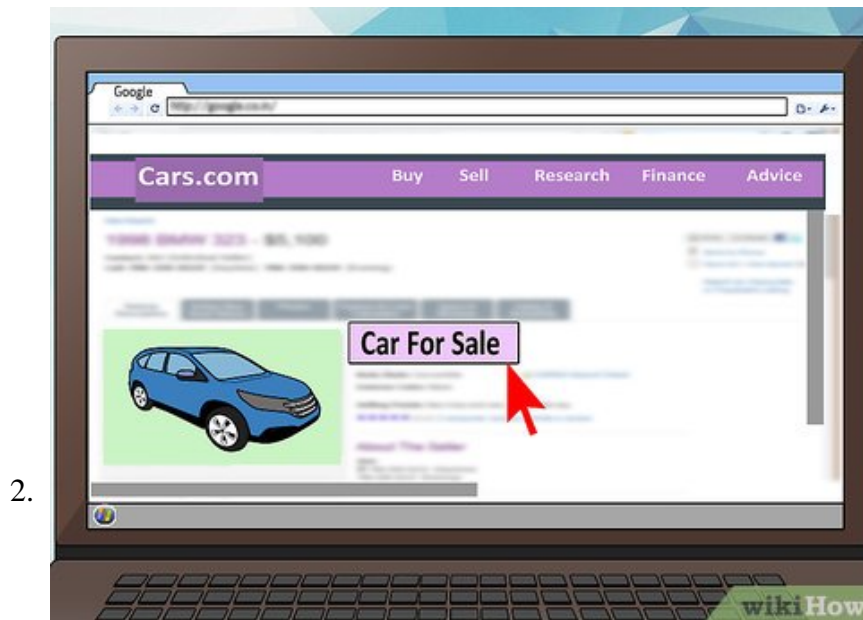
Method 2 of 3:

## Buying your Leased Car



**Find out if you can buy your leased vehicle.** Most leases include a 'payoff' or 'buyout' price. Paying this amount will release you from your lease and pass ownership of the car to you.<sup>[6]</sup>

1. The price of the buyout is normally more than the car is actually worth, and the difference can range from hundreds to thousands of dollars. Consult the Kelley Blue Book to find out your car's value before choosing the buyout option.



**Find a buyer for your leased car.** If you can cut a deal with a buyer who has the cash on hand, you can reduce your overall loss by selling the car immediately after you buy out the lease.<sup>[7]</sup>

1. Post your car for sale online at sites such as cars.com or autotrader.com. Alternatively, you can sell your car the old-fashioned way. Put a sign in the window and leave it parked in a place with a lot of traffic.
2. Look for an individual buyer rather than a dealership. Car dealers will offer the wholesale price because they need to make money on the car too – that typically won't be enough to get you out of your lease. A private individual wants to drive the car himself and may be willing to pay more.
3. Be honest with potential buyers. Tell them as soon as possible why you are selling the car — especially if you require payment up front.
4. If you need to get the money from the buyer before completing the lease buyout, the buyer may feel more comfortable paying the money directly to your lease company rather than paying you first and having you finish the transaction.



**Consider taxes and fees.** Depending on the sales tax laws in your state, you may have to pay taxes when you sell your car. There may be other fees to take into account, such as title transfer fees or registration fees.<sup>[8]</sup>

Method 3 of 3:

## Turning Your Car In



**Read the fine print.** Become familiar with the terms of the early termination clause of your lease agreement before you contact the leasing company. Keep in mind these clauses are usually designed to protect the finance company, not benefit you.<sup>[9]</sup>

2.



**Contact the lease company.** Find out exactly how much early termination will cost you, and what additional fees are involved. Many companies charge a substantial early-termination fee that is roughly equivalent to making all remaining lease payments at once. In addition, they'll tack on predetermined penalty fees or other fees for 'restocking' or 'processing.'

3.



**Work with your leasing agent.** If your only reason for needing out of the lease is a financial one, your lease company may have relief programs for people with verifiable financial strain.

1. If you've lost a job or experienced a death in the family, it might be possible to get a forbearance on your payments. You'll be expected to make up the difference at a later date, but it might help you in the meantime.
2. Some companies will let you 'trade-in' your lease. For example, if you were leasing a more expensive car and want to save money, you could trade in your luxury sedan on a cheaper economy car.<sup>[10]</sup>

- Trade-ins often come with additional fees, and a trade-in typically is still considered an early termination of the lease for credit reporting purposes.



**Pay the necessary fees and return the car to the dealer clean and in good condition.** Some leasing companies will assess additional fees for body damage or general disrepair.<sup>[11]</sup>

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