

Dealer Secrets

This guide will provide you with valuable insights into the inner workings of dealerships, enabling you to save money, negotiate more effectively, and even broker your own deal.

LEASEMAX

Table of Contents

Welcome to LeaseMax	2
Welcome!	2
The Desking Sheet	3
About the Industry	4
What is a Lease	4
Lease versus Finance	5
Common Lease Terminology	6
Structure of Lease Payments	7
Factors that Affect the Lease Payment	7
Calculate Your Lease Payment	8
Best Lease Term	8
Dealerships Hiding Profits	9
Dealerships Cost on New Cars	9
Dealerships Hiding Bank Fees	11
Saving Money	12
Rebates, Incentives, and More	12
Negotiate The Deal	13
Tips	13
Prepare	14
Bring in Backup	15

Welcome to LeaseMax

Welcome!

First and foremost, we would like to thank you for entrusting LeaseMax to help you navigate through this unnecessarily complex car-buying process.

LeaseMax was founded with the mission to empower car buyers and lessees by providing transparent, reliable, and affordable car leasing and financing options. As a company, LeaseMax is committed to helping clients get the best possible deal on their car purchase or lease, while also providing exceptional customer service and support throughout the entire process.

By utilizing our extensive knowledge of the car industry, including factory pricing and incentives, LeaseMax is able to offer clients a VIN-specific deskling sheet that shows all the rock-bottom rates available for their desired vehicle. This information gives clients the power to negotiate confidently and ensure they are getting the best possible deal on their new car. In addition, LeaseMax also provides valuable insights into lease terminology, rebates and incentives, and other important factors to consider when leasing or financing a car.

Overall, LeaseMax is committed to providing a hassle-free and transparent car buying experience. Our goal is to make car ownership accessible and affordable for everyone, and to help our clients drive away in the car of their dreams without breaking the bank.

The Desking Sheet

The heart of any LeaseMax transaction is our Desking Sheet. We believe in transparency and empowering our clients to make informed decisions. One of the ways we achieve this is by providing you with a VIN-specific desking sheet that shows you all the rock-bottom rates available for the car you're interested in. This is important because dealerships have a specific margin they can discount the car by, but they will often try to discount it as little as possible to increase their profits. By providing you with this information, we give you the power to negotiate confidently and get the best possible deal on your new car.

Our desking sheet is based on our extensive knowledge of the true and actual amount that factories sell these cars to dealerships for. This means that we know exactly how much margin is in each car and can calculate the rock-bottom rates accordingly. This information is not readily available to the general public, but we make it our business to stay up-to-date on the latest pricing and discount information. By working with us, you can rest assured that you're getting the most accurate and reliable information available, and that you're getting the best possible deal on your new car purchase or lease.

In conclusion, the desking sheet provided by LeaseMax is an invaluable tool for anyone looking to purchase or lease a new car. By showing you all the rock-bottom rates available for the car you're interested in, we give you the power to negotiate confidently and avoid being taken advantage of by dealerships. Our extensive knowledge of factory pricing and margins means that we can provide you with the most accurate and reliable information available, and help you get the best possible deal on your new car.

About the Industry

What is a Lease

Leasing is a type of vehicle financing where you essentially rent the car from a dealership or leasing company for a specific period of time, usually two to four years. During this time, you make monthly payments that cover the car's depreciation, along with interest and other fees.

Leasing typically requires a smaller down payment and lower monthly payments compared to financing a car. However, there are usually mileage limits and other restrictions, such as not being able to customize the car. At the end of the lease term, you can either return the car or buy it outright at a predetermined price.

Leasing can be a good option for those who want to drive a new car every few years without the hassle of selling or trading in their old vehicle. It's also a good option for those who want lower monthly payments and don't plan on driving a lot. However, it's important to carefully read and understand the terms of the lease agreement before signing.

Lease versus Finance

Deciding whether to lease or finance a car depends on your personal financial situation and preferences. Here are some factors to consider:

Leasing:

- Lower monthly payments
- Usually no down payment required
- You can drive a new car every few years
- Limited mileage allowed
- End up with no ownership at the end of the lease term
- You can always purchase car at the end of the term

Financing:

- Higher monthly payments
- Usually requires a down payment
- You own the car at the end of the loan term
- No limit on mileage
- Can customize and modify the car to your liking

If you prioritize lower monthly payments and enjoy driving a new car every few years, leasing may be the better option for you. You can always buy the car out at the end of the lease term, so it can be beneficial to “try” the car for a few years before you commit to buying it. It's important to carefully consider your financial situation and needs before making a decision.

Common Lease Terminology

If you're considering leasing a car, it's important to familiarize yourself with common lease terminology to help you make informed decisions and negotiate better lease terms. Understanding terms such as capitalized cost, residual value, money factor, acquisition fee, mileage allowance, disposition fee, and excess wear and tear can help you navigate the leasing process with confidence. In this way, you'll be better prepared to make the best decision for your personal financial situation and preferences.

- **Capitalized Cost:** This is the negotiated price of the car, including any additional fees or add-ons, which serves as the basis for calculating your lease payments.
- **Residual Value:** This is the estimated value of the car at the end of the lease term, which is used to calculate your monthly payments. The higher the residual value, the lower your monthly payments.
- **Money Factor:** This is similar to an interest rate on a loan and represents the cost of borrowing the money for the lease. It's usually expressed as a decimal or a percentage.
- **Acquisition Fee:** This is a fee charged by the leasing company for initiating the lease. It's usually around a few hundred dollars.
- **Mileage Allowance:** This is the maximum number of miles you're allowed to drive during the lease term without incurring additional fees. It's usually around 12,000 to 15,000 miles per year.
- **Disposition Fee:** This is a fee charged at the end of the lease if you decide not to purchase the car. It covers the cost of inspecting and preparing the car for resale.
- **Excess Wear and Tear:** This refers to any damage beyond normal wear and tear that occurs during the lease term, such as dents, scratches, or

excessive wear on the tires. You may be charged for any repairs necessary to bring the car back to its original condition.

Structure of Lease Payments

As we've discussed, leasing a vehicle can be an attractive option for many people who want to drive a new car without committing to a long-term purchase. However, understanding how vehicle lease payments are structured can be a bit confusing. Let's dive deeper into the different factors that affect car lease payments and the steps involved in calculating your own lease payment.

Factors that Affect the Lease Payment

First and foremost, a car lease payment is based on several factors, including the MSRP (Manufacturer's Suggested Retail Price) of the car, the residual value of the car, the negotiated selling price, down payment, lease term, and the amount of mileage you will be driving. Let's take a closer look at each of these factors:

MSRP: The MSRP is the retail price suggested by the manufacturer. This is the price that dealerships will typically use as a starting point for negotiations.

Residual Value: The residual value is the estimated value of the vehicle at the end of the lease term. This is typically expressed as a percentage of the MSRP. For example, if the residual value is 50% and the MSRP is \$30,000, the residual value would be \$15,000.

Negotiated Selling Price: The negotiated selling price is the price that you and the dealership agree on for the vehicle. This price can vary based on a variety of factors, including incentives, demand, and the overall market.

Down Payment: The down payment is the amount of money you pay upfront to lower your monthly lease payment. The more you put down, the lower your monthly payment will be.

Lease Term: The lease term is the length of the lease, typically expressed in months. Most leases are between 24-48 months, although some can be shorter or longer.

Mileage Allowance: The mileage allowance is the maximum number of miles you can drive during the lease term without incurring additional fees. This is typically expressed as a yearly allowance, such as 12,000 miles per year.

Calculate Your Lease Payment

While you could calculate your lease payment yourself, there's no need to! Now that you've signed up with LeaseMax, our team and our software will do the hard work for you.

Best Lease Term

Bank rates and residuals can significantly impact the terms of your lease. In fact, there are often sweet spots in lease terms that can save you money, such as choosing a 33-month lease instead of a 36-month one. Unfortunately, some dealerships may not disclose this information to clients and instead push for a longer lease term to increase their profits. At our company, we understand the importance of finding the best lease terms for our clients, which is why we provide multiple options and advise on which lease term is the most financially advantageous. This way, you can avoid being taken advantage of and make the best decision for your budget and needs.

Dealerships Hiding Profits

One common tactic that dealerships use is known as “packing the rate.” This is where they will show you a price that you agree on, but then on the back end, they have deals with the banks that allow them to get a few percent off the loan of the car. This can result in you paying more in interest on your lease or loan than you were initially led to believe.

This happens in lease deals as well, where every bank has a set “money factor.” Dealerships can raise this money factor and charge you more interest on your lease while showing you a discount on the contract, leading you to believe that you are getting a better deal than you actually are.

Another way that dealerships can be sneaky is by holding back rebates or incentives that you may not know about. These rebates and incentives are often offered by banks and manufacturers to bring down the cost of the vehicle for consumers, but some dealerships will keep them to themselves in order to maximize their own profits.

Our LeaseMax desking sheet applies all of the rebates and incentives that are available to your deal, so you can rest assured that you are getting the best possible price.

Dealerships Cost on New Cars

One term that is commonly thrown around is “invoice pricing,” which refers to the price that dealerships supposedly pay for the cars on their lots. However, as it turns out, this is not actually the case.

In reality, dealerships are able to purchase cars for 3 to 5 percent below the invoice price, thanks to something called “hold backs.” This means that the true

cost of the car is actually lower than what the dealership leads you to believe. On top of that, dealerships also have access to a variety of incentives from both banks and manufacturers, which can further lower the cost of each vehicle.

In fact, manufacturers will often offer dealerships large bonuses at the end of each month if they hit certain sales goals. For example, if a BMW dealership sells 300 cars in a single month, they could receive a bonus of up to \$200,000. This would then lower the cost of each car on the lot by an additional \$700.

All of this goes to show that there are multiple ways that dealerships can lower the cost per vehicle on their lots, and that the sticker price that you see on the car is not necessarily reflective of the true cost. However, by understanding how these incentives and bonuses work, you can better prepare yourself for negotiations with dealerships and avoid getting taken advantage of.

We structure our desking sheets to ensure that there is a reasonable profit left in the deal for the dealership, while still providing a fair deal for our clients. This means that when you walk into a dealership armed with the knowledge of how these incentives work, you can avoid all of the hassle of back-and-forth negotiations and get a great deal on your next car.

Dealerships Hiding Bank Fees

One common tactic that dealerships use is known as “packing the rate.” This is where they will show you a price that you agree on, but then on the back end, they have deals with the banks that allow them to get a few percent off the loan of the car. This can result in you paying more in interest on your lease or loan than you were initially led to believe.

This happens in lease deals as well, where every bank has a set “money factor.” Dealerships can raise this money factor and charge you more interest on your lease while showing you a discount on the contract, leading you to believe that you are getting a better deal than you actually are.

Another way that dealerships can be sneaky is by holding back rebates or incentives that you may not know about. These rebates and incentives are often offered by banks and manufacturers to bring down the cost of the vehicle for consumers, but some dealerships will keep them to themselves in order to maximize their own profits.

Our LeaseMax desking sheet applies all of the rebates and incentives that are available to your deal, so you can rest assured that you are getting the best possible price.

Saving Money

Rebates, Incentives, and More

When it comes to buying or leasing a car, it can be overwhelming to navigate the complex world of rebates and incentives. There are a multitude of offers available, from factory or bank offered rebates to lease-only or finance-only offers.

Additionally, some rebates are based on a range of factors such as credit score, military service, or current ownership of a specific make or model of vehicle.

Competitive lease rebates can also be available, meaning you may be eligible for extra cash towards your down payment or selling price if you have other cars from the same manufacturer in your household.

Unfortunately, some dealerships may not fully disclose all of the available rebates and incentives, and may even hold some back to keep the extra cash for themselves. This is where our company comes in. We believe in full transparency and disclosure, and we work hard to ensure that our clients are informed of all eligible rebates and incentives. By researching all available offers based on the link to the vehicle provided by the client, we ensure that our clients are not leaving any money on the table. With our expert guidance and knowledge of the rebates and incentives available, you can rest assured that you're getting the best deal possible on your new car purchase or lease.

In conclusion, understanding the different rebates and incentives available is crucial when it comes to purchasing or leasing a car. With our help, you can navigate the complexities of the car buying process with confidence and ease, knowing that you're getting the best possible deal. By disclosing all eligible rebates and incentives, we help our clients save money and achieve their car ownership goals.

Negotiate The Deal

Tips

When going to a dealership armed with a LeaseMax desking sheet, there are several negotiating tips that consumers should keep in mind to ensure that they get the best possible deal:

1. **Be confident:** You have valuable information on hand that the dealership may not be aware of. Use this to your advantage and negotiate with confidence.
2. **Do your research:** Before negotiating, research the car you're interested in and its current market value. This will give you a better understanding of what you should be paying for the car and help you negotiate more effectively.
3. **Know your budget:** Before negotiating, know exactly how much you can afford to spend on your monthly payments. If the desking sheet you have for the current car feels like too much, consider getting a quote on a different vehicle. The LeaseMax price is going to be the best case scenario, so don't expect a discount beyond that.
4. **Don't be afraid to walk away:** If the dealership is not willing to meet your demands, don't be afraid to walk away. There are plenty of other dealerships and cars available, and you should never feel pressured into making a decision that you're not comfortable with.

5. **Understand the desking sheet:** Make sure you fully understand the LeaseMax desking sheet and how it relates to the car you're interested in. This will help you negotiate more effectively and avoid being taken advantage of by the dealership.

By keeping these tips in mind, you can negotiate with confidence and ensure that you get the best possible deal on your new car lease or financing agreement.

Prepare

Dealing with a pushy salesman can be a frustrating and intimidating experience, but it's important to remember that the deal you have in your hands with LeaseMax is a real deal and can be done. The key is to find the right person to work with at the dealership who will be receptive to the deal you have.

One strategy that we recommend is to deal directly with the "internet department" at the dealership. These departments are used to dealing with customers who have done their research and are looking for a good deal. They are also usually more willing to move units quickly, which can work in your favor.

Another strategy is to call or email your local dealership and tell them the car you want and the price you want it for. Because LeaseMax provides real numbers that are based on factory pricing and incentives, you can be confident that the dealership will be willing to work with you to make the deal happen. Internet or fleet departments are often the easiest to deal with, as they are familiar with wholesale pricing and are used to working with customers who have done their research.

In conclusion, while it can be challenging to deal with a pushy salesman, it's important to remember that you have the power to negotiate and get the best

possible deal on your new car purchase or lease. By utilizing the strategies and tools provided by LeaseMax, you can find the right person to work with at the dealership and ensure that you get the car you want at a price you can afford.

Bring in Backup

If for any reason you are struggling with this process, or would rather avoid a dealership completely, you're more than welcome to contact one of our licensed auto brokers. We work with a specific set of auto brokers to help take over this process. They will credit you the amount spent on this LeaseMax transaction towards their fee.

Bringing in a car broker can help you:

- Save time
- Save money
- Get a VIP experience

Car brokers are experts in negotiating with dealerships and can even help you avoid dealerships completely, saving you from wasting time in the finance department and dealing with the dreaded sales people. If you want to consider this, visit our website leasemax.com/brokers.



PURCHASE CHECKLIST

Congratulations, you're almost there! Here are a few things to have ready and be prepared for. This will make your new car transaction move a lot smoother.

- ☐ Be sure to have your driver's license and insurance card with you.
- ☐ If you are going to the dealership with a trade-in be sure to have the title and any necessary documents to transfer ownership
- ☐ It's always better to call the dealership you plan on visiting and make an appointment with a "sales manager" or "fleet manager" not just a regular sales person.
- ☐ Have a back-up car in mind just in case the car you are interested in happens to sell before you arrive. As long as the MSRP (window sticker price) is similar to the vehicle you have the voucher for then the payments will also be similar.
- ☐ Check your credit score: Your credit score will affect the lease terms and interest rate you are offered, so check your credit score before going to the dealership.
- ☐ Take a test drive: Always take the car for a test drive to make sure it's the right fit for you and meets your needs.
- ☐ Read the lease agreement carefully: Make sure you read and understand the lease agreement before signing it. Ask questions if you don't understand something and make sure all terms are agreed upon in writing.
- ☐ Understand the end-of-lease options: Understand the end-of-lease options, such as whether you can buy the car at the end of the lease, return the car, or lease a new car.
- ☐ Be aware of any potential penalties, such as mileage overages or excessive wear and tear on the car, which can result in additional charges at the end of the lease term.
- ☐ Finally, make sure you feel comfortable with the dealership and the salesperson you are working with. If you don't feel comfortable or confident, don't be afraid to walk away and look for another dealership or salesperson who can better meet your needs. Your LeaseMax voucher can be used to negotiate at any dealership.