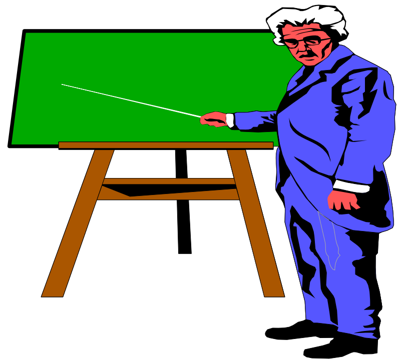

Learn the auto leasing lingo.

- **Residual Value, Lease- End Value, Guaranteed Future Value.**

All three of these terms are used to identify the projected market value of a vehicle when the lease term has been completed. This value is established at the start of the lease and varies according to lease term, mileage allowance and make/model.

- **Capitalized Cost Reduction.**

An initial payment (down payment) on a lease which can further reduce your monthly payments. Lessors make take a trade-in in lieu of, or in addition to, a cash payment.

- **Refundable Security Deposit or Reconditioning Reserve.**

A security deposit is a cash deposit made at the beginning of the lease to be held until the lease end as a security for performance of all lease obligations. A reconditioning reserve is also a cash deposit made at the beginning of the lease. It is held until the leaseend and is generally refunded unless there is excess wear and tear on the vehicle or mileage is in excess of the contracted limit. Allowable charges would be deducted before a final distribution of the security deposit/reconditioning reserve is made.

- **Excess Mileage.**

The standard 15,000 mile-per-year allowance covers most drivers. However,if you feel you will be driving over the 15,000 mile limit, you can add the mileage to your lease to be paid as part of your monthly payments at 8 cents per mile. This “mileage up-front” system will also lower the lease-end value of the vehicle by the same amount. It’s important that you determine-as close as possible-the mileage you will drive. If you prepay for additional mileage and do not use it all, you will be refunded unearned, but prepaid miles at a rate of 8 cents per mile- if the total is greater than $1 and you do not elect to exercise the Purchase Option. If you exceed 15,000 miles

per year and do not prepay to include extra mileage up front, you will be charged for all mileage in excess of 15,000 miles per year at the rate of 11 cents per mile. If you decide to purchase your vehicle at lease end, you will not incur any extra mileage charges.

- **Purchase Option.**

An option written into a lease at it's start that gives the lessee the opportunity to buy the lease vehicle at lease end for a predetermined price.

- **Lessee.**

The customer who leases the car or truck from a dealer or leasing company.

- **Lessor.**

The dealer or leasing company that leases a car or truck to the customer.

- **Closed-End vs. Open-End Lease.**

Closed-end and open-end refer to who bears the risk of the vehicle's worth at the end of the lease. In a close-end lease, the lessor bears the market valuation risk. In other words, the market risk is "closed" to the lessee. In an open-end lease, the lessee shares in the responsibility for the vehicle's worth at lease end. If the car is worth more than anticipated at the end of the lease, the lessee shares in the profit. If the car is worth less, the lessee generally must pay the difference.