



April 2007

Newsletter

Our Mission

At Women's Automotive Solutions, we make car buying easy! We are a team of automotive consultants who work with dealers and wholesalers to enable our clients to get the best possible deal. We believe the car buying experience should be an exciting and pleasant process, and we are committed to creating a positive experience one client at a time.

What We Do

Women's Automotive Solutions will help guide you through the entire car selection and buying process.

1. Tell us what type of car you want (new or pre-owned), and we'll find it!
2. We will negotiate price and financing to enable you to get the best deal.
3. We arrange delivery of your new or pre-owned vehicle.

You simply sign the contract and take the keys!

We make car buying easy!

Leasing Myths

Myth #1: You have to pay sticker price when you lease. Unless the dealer is offering a special advertised deal in which the price and other factors of the lease are already set to attract your business, the selling price of the vehicle is negotiable. Since the selling price is the most important factor in determining what your monthly payment will be, you should negotiate the price of the vehicle with the dealer before discussing the financing. Remember that the dealer is not the leasing company, but simply a broker acting on their behalf. The leasing company may be the financing company owned by the manufacturer (such as Ford Motor Credit) or a traditional bank or other lending institution.

To Lease or Not to Lease?

By LeeAnn Shattuck

That is the question many of my clients ask. To answer it, we first must explain what leasing really is and dispel some of the myths surrounding it. Despite all the special terminology and complicated formulas, leasing is just a different method of automobile financing. A traditional loan finances the purchase of a vehicle. A lease finances the USE of the vehicle. Each has its own benefits and drawbacks. Leasing has become increasingly popular over the last several years due to the rising costs of new automobiles. Leasing can also have some tax advantages for business owners (don't ask me - talk to your accountant!). Approximately a fifth of all new vehicles are leased today. So, what is leasing?

Simply put, a lease a method of financing where you only finance (and pay sales tax on*) the portion of the vehicle you intend to use over a certain period of time. Instead of financing the entire cost of the vehicle, you only finance the *depreciated* amount. That depreciated amount is the difference between the selling price and the estimated residual value, which depends on time and mileage. For example, let's say the car you want costs \$40,000 (you have good taste). If you purchase it, then you will finance \$40,000 over a certain number of years (assuming you make no down payment). Now, let's say that if you put a total of 36,000 miles on the car over 3 years, it will have a residual market value of \$25,000. If you lease that car for 3 years with a 12,000 mile per year limit, you will only be financing \$15,000 - the depreciated amount. The higher the residual value of the vehicle (and the lower the selling price), the better the lease deal will be. This is why you can often get good lease deals on BMWs, Lexus, and Hondas - they tend to hold their value well over time.

Low monthly payments are a BIG attraction, but there are many important factors to consider before deciding to lease. Most leases these days have a term of anywhere from 22 to 39 months. At the end of the lease, you must either turn the car in or buy it out. If you have exceeded the mileage limits of the lease, then you will have to pay for those extra miles (typically 15 - 30 cents a mile), or you will have to roll over that "negative equity" into the lease or loan on a new vehicle. You will also have to pay for any excessive damage to the car, above and beyond the small scratches and chips in the paint that are expected on daily driver. The leasing company may also charge a "disposition" and/or other fees that must be paid at the end of the lease.

So, should you lease or not? Most experts will tell you that leasing is not a good option for most people, because most people cannot accurately predict how many miles they drive per year. Even if you do know how many miles you drive, is your living and working situation stable enough that your annual mileage is likely to stay the same for the next few years? If it is (or if you have another vehicle you can drive), then leasing could be a good option. Otherwise, it's not. Sounds pretty clear cut, huh? Well... may not.

Traditional loan terms have gotten longer and loan terms of 60, 72 and even 84 months are becoming common place. Furthermore, interest rates are at historic lows. This allows people to get lower monthly payments with traditional financing, closer or even equal to those of a lease. Most people today are financing their vehicles for 60 months or more in order to get those low monthly payments, yet relatively few of these people actually keep their cars until that loan is paid off. That means that when they go to trade in the vehicle for a new one, the trade in value is less than what they still owe. They either have to pay the difference in cash or roll the negative equity into the new loan, just as if they had exceeded the mileage on a lease. The advantage of traditional financing is that you have the OPTION of keeping the car and paying off more of the loan, until you no longer have negative equity in the vehicle.

So, what's the best option? Well, the financially prudent thing to do when buying a car is to make a significant (10-20%) down payment, finance the vehicle for no more than 48 months, and keep it until it dies. But what fun is that? If you are like me and are seduced by the beauty of new cars every few years, then you might consider leasing. Leasing may also be a good

Myth #2: You cannot get out of a lease. Most people think that you are stuck in a lease for the full term. This is not true. You can get out of a lease the same way you "get out of" any car loan – you must sell the car for the amount of the lease payoff, cover the difference with cash or rollover the negative equity into a new lease or loan. If you feel like you are stuck in a lease, contact a Women's Automotive Solutions consultant to discuss your options.

Contact Us

Each Women's Automotive Solutions consultant is an independent franchise owner.

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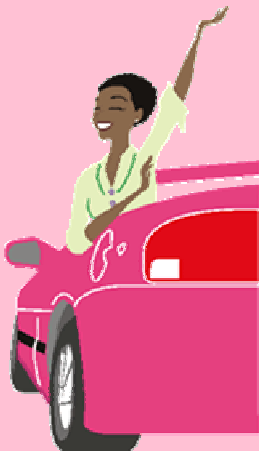
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option if the vehicle is new in the marketplace, and you don't know how well it will hold its value over time. Leasing puts much of the depreciation risk on the leasing company, not you.

The bottom line is that the decision to lease is not an easy one, and it depends on your unique financial and living situation, driving behavior and priorities, and prevailing interest rates. Feel free to contact a Women's Automotive Solutions consultant to help you decide if leasing is right for you, or try Edmunds.com "Decision Calculator" and see how much leasing or buying will cost for the same car. If you do decide to lease, try to take at least some of the money you are saving on the monthly payments and put it into a savings or other short-term investment account. Let that money earn a little interest! At the end of the lease, you'll have some extra cash if you need to pay for excess mileage, make a down payment on a new vehicle, take a vacation, or whatever else you are saving up for!

*In many states, including North Carolina, you only pay sales tax on the monthly payment amount when you lease. In other states, the leasing laws are different. Be sure to check the laws in your state before considering a lease.

Vehicle Spotlight – 2007 Kia Spectra

By LeeAnn Shattuck

Each month, I pick a quality vehicle out of a hat and write about it. The article contains industry information about the vehicle and, occasionally, my humble opinion. Neither the car manufacturers nor the dealers pay me to do this, I just like cars. If you have a suggestion for a vehicle spotlight, please email me at leeann@womensautomotivesolutions.com!



High end makes, such as BMW, Mercedes, Lexus, etc., are usually the first to debut exciting new features and technologies in vehicles. They have brought us luxurious, must-haves like navigation, rain-sensing wipers, rear parking assist cameras, and (my personal favorite) massaging driver seats! (I kid you not – see the BMW 760i.) But, it took a little econobox from Korea to bring the option so desperately desired by many of my clients – a pocketbook holder!

The Kia Spectra, redesigned in mid-2004, is an entry-level, compact sedan that is very nicely appointed for its mere \$13,495 base price tag. (It also comes in a hatchback version.) The pocketbook holder is not a fancy storage compartment, like some of you might have hoped, but a hook attached to the side of the dash console, near the passenger's knees. You can hook the straps of a small to medium-sized purse to it from sliding around and spilling its contents all over the floor. It's a simple, but somewhat thoughtful, feature that can also hold a plastic grocery bag to use for garbage. I realize this isn't rocket science, but it's more than most manufacturers have done to address the common problem of pocketbook spillage. Hey, it's a start.

The Spectra's other standard features include a 6-way adjustable driver's seat, 60/40 split-folding rear seats, and even an auxiliary audio input jack for your iPod. It's also equipped with an AM/FM/CD audio system with six speakers, plenty of cup holders, and a rather roomy cabin for a subcompact car. Gas mileage is pretty good at 25 mpg city / 34 mpg highway for the automatic transmission. And don't forget about Kia's 10 year/100,000 mile warranty and 5 years of 24-hour roadside assistance.

The compact car market is highly competitive, and vehicles like the Honda Civic and Mazda 3 remain industry sales leaders because of a significant difference in styling, refinement and performance. However, if you're a budget shopper just looking for a well-rounded economy car, the 2007 Kia Spectra should definitely be on your list of test drives.