

## Part III

Carrie Cartland had big expectations and a small bank account. She wanted the looks, comfort and most of all, the reliability of a new car. And with two kids and a job requiring her to maintain a successful image, Cartland wouldn't settle for an econobox. But the 37-year-old Los Angeles merchandise manager says, "No matter how I tried to work it out, I just didn't have the money to buy the kind of car I wanted." That was before the salesman asked her if she'd consider leasing a used car.

Over 30 million American motorists will drive off in a previously-owned vehicle this year—two used cars for every new one. The problem is, what looks like a "cream puff" on the dealer's lot might prove pretty rancid once you've driven it home. But times are changing—as Cartland found out. The new Taurus she wanted would have cost

\$400 a month to buy and \$300 to lease.

But the dealer offered to lease a two-year-old Taurus, loaded with even more options, for just \$203 a month. Better yet, it had just gone through an extensive factory certification program, so everything was brought up to original specifications, from the engine to the tires—backed up with a like-new warranty and a Roadside Service program.

"I don't know why I'd ever buy a new car again," Cartland squeals with delight. And she's not the only one re-thinking the new-versus-used equation. The auto industry itself is behind the big change.

Almost every automaker now offers "certified" used cars—vehicles that are put through extensive check-ups and repairs before they're resold. They're backed by extended factory warranties, and may include such niceties as emergency roadside assistance. BMW's program adds trip interruption protection. If you break down over 100 miles from home, BMW will pop for a hotel, rental car, even airline tickets, if that's what it takes to reach your destination.

You might also qualify for a reduced-rate, "like-new" lease. Indeed, most programs deal in "off-lease

vehicles," cars that have come back from the industry's increasingly popular two or three-year leases. And since they've been leased, they usually have low mileage and have been better cared-for than vehicles that were purchased outright.

The Lexus Certified Pre-Owned Program is one good example. You start with a vehicle with less than 85,000 miles on it—usually far less. Virtually every component is checked by factory-certified technicians to make sure it's in good working condition. Then Lexus adds a good-as-new extended warranty. There's even six months of free basic service, including the first oil change, just as you'd get with a new Lexus.

With Lexus, you can purchase or lease your vehicle. But a number of carmakers, such as Jaguar, Mazda and Toyota, are offering certified vehicles in lease-only packages.

Be aware that not all the used cars available for lease

have gone through the factory certification process. And these programs are available only through authorized dealers (though some used-car superstores, such as CarMax, offer their own extended warranties). Your alternative is to purchase an aftermarket warranty, essentially a repair insurance plan, that can run from \$400 to more than \$1,700.

With or without the extended warranty, many motorists like the idea of re-leasing a clean, previously-owned vehicle, especially women, who usually operate on smaller budgets than men. Women comprise only 22 percent of the customers for a new Lexus LS400, but 34 percent have tried the Certified Pre-Owned program.

Leases allow you to move up-market. You can get a Taurus on a Contour budget. And they eliminate the uncertainty of the trade-in. It's called a residual in a lease agreement, and it's worked into the contract right from the start. If it's less than what the finance company estimated, they take the loss.

Some new car buyers are now switching to used-car leasing, because of the added certification process and extended warranty.

When Leasing  
Makes Sense

THE  
"CERTIFIED"  
CAR

By Paul Eisenstein