

LEASE LINGO

Leasing is a popular alternative to buying a vehicle. Making an informed decision begins with understanding common lease terminology. Get started by brushing up on the lease lingo below.

LEASE

An arrangement that allows a lessee to use a vehicle for a fixed period of time (eg. 24, 36 or 48 months) in exchange for paying for its depreciation in value, plus interest and other associated charges.

DEPRECIATION

The amount by which a vehicle decreases in value over time due to normal use.



DISPOSITION FEE

A flat fee due at the end of a lease to offset the costs of reconditioning and remarketing a vehicle. This fee is waived under certain conditions.¹

EARLY TERMINATION

Ending the lease contract more than 30 days prior to the maturity date² which may result in a substantial charge. The earlier you end the lease, the greater the charge is likely to be.



PAYOFF AMOUNT

The cost to purchase a leased vehicle (available on your TFS online account).

MATURITY DATE

The date when your lease agreement ends and you return your vehicle to the dealer (unless you choose to purchase your leased vehicle).



NORMAL WEAR AND TEAR

Expected decline in the condition of a vehicle due to normal everyday use.

ACQUISITION FEE

An administrative fee charged at the beginning of your lease.



ALLOWED MILEAGE

Number of miles you can drive your leased vehicle without paying an extra charge — typically 10,000 to 15,000 miles per year.

SECURITY DEPOSIT

A fee assessed at the beginning of your lease that may be refunded at lease-end, provided there are no excess mileage excessive wear or use charges, or other unpaid amounts.³



INSPECTION

Performed by a third-party to assess condition of returned vehicle. Charges for excessive wear may be added to your lease-end invoice. A complimentary pre-inspection is available through AutoVIN.

PROPERTY TAX

An annual or semi-annual tax assessed on the value of a vehicle in certain states. In many cases TFS pays the bill directly and charges it to the lessee's account. Also known as Ad Valorem, Excise Tax, or Lessor Tax.



LEARN MORE ABOUT YOUR LEASE-END OPTIONS

[Learn more](#)

FOOTNOTES:

1. Waived if you replace with a New or Certified Toyota or Lexus financed or leased through a participating Toyota or Lexus dealer and TFS or LFS within 30 days before or after return or have had three or more Toyota Financial Services or Lexus Financial Services accounts.

2. Exclusions for qualified payment waiver programs apply.

3. In some cases, your security deposit may be applied to the amount you own to purchase the vehicle or other amounts owed on your lease. For all vehicle imagery, Options shown.