**Vehicle Leasing F.A.Q’s**

**Q:** [**My department needs to replace a current fleet vehicle. Why should I consider a lease?**](https://www.leaseguide.com/faqs/im-new-to-car-leasing-what-do-i-need-to-know/)

A: Leasing will allow your department to update its vehicles without having to budget for the entire cost of the purchase in one fiscal year. Furthermore, your department won’t have to worry about any decisions or costs that come about when a vehicle is at the end of its life and needs to be replaced. The leasing option allows your department to pay the vehicle cost equally over multiple fiscal years and removes the necessity of making the purchase justification merely based on finances.

**Q: Explain the monthly lease rate?**

A: The lease rate for OFMS vehicles consists of capital, operational and fuel charges. The capital charge is a pass-through of the vehicle acquisition and any applicable finance charges broken-down over 84 months. Once the vehicle is fully depreciated, this charge will no longer be passed on to the agency. The operational charge is a standard $127.32 per month and covers all maintenance and administrative costs. All vehicle leases are open-ended and the balance of residual value of the vehicle is returned to the agency when vehicle is sold.

**Q: How can it be that all maintenance is included in my vehicle lease?**

A: All vehicles are leased through the Office of Fleet Management (OFMS). VCU has come into an agreement with OFMS allowing all leased vehicles to participate in the Vehicle Management Control Center. This service center is our “operational maintenance manager” and the cost of this center is inclusive in your monthly lease payment ($127.32). The VMCC is available 24-7 at 1-866-857-6866. Note: There is \***NO** additional charge for vehicle repairs, including engine and transmission failures, during the lease time period*. \*(Abuse to a state-owned vehicle that requires monetary costs to repair are subject to be charged back to the department responsible)*

**Q: Why is there a monthly service fee on my department’s vehicle that is owned and not leased?**

A: All VCU agency vehicles are charged a $10 per month and are now participants in the VMCC program. VMCC has pre-negotiated lower repair cost rates, and these costs are passed directly to the department’s owner. This fee covers the following services:

* 24/7/365 Vehicle Maintenance Control Center (live voice)
* Scheduling of maintenance services
* Automated service reminders
* 24-hour roadside assistance
* Towing services
* Same day maintenance assistance in the event of vehicle accidents

All Maintenance costs are billed to Parking and Transportation and *distributed* to the proper department for reimbursement.

**Q:** [**Is there a lease inception fee?**](https://www.leaseguide.com/faqs/what-is-a-lease-inception-fee/)

A: No fees or upfront costs are associated with leasing a vehicle.

**Q:** [**Can I use my current vehicle as a trade-in on leasing a new vehicle?**](https://www.leaseguide.com/faqs/what-is-a-lease-inception-fee/)

A: No. Please contact our Fleet Coordinator at 828-7490 for assistance disposing of your vehicle properly per Code of Virginia procedures.

**Q:**  [**How long in months is a standard lease?**](https://www.leaseguide.com/faqs/what-is-a-lease-inception-fee/)

A: All Leases are for a period of 84 months. The lease includes the cost of the vehicle (Actual Costs + Finance Charges/84 months) and the Operational Maintenance Costs ($127.32 per month). Fuel costs are assessed monthly.

[**Q: Can anyone in our Department drive a leased car?**](https://www.leaseguide.com/faqs/can-someone-else-drive-my-leased-car/)

A: Yes, as long as they have completed our VCU driver safety test. There is no difference between a leased vehicle and one that is purchased in respect to who can drive it.

**Q: Can I have additional equipment or VCU graphics on a leased vehicle?**

A: Yes, you may add proper VCU branding and necessary equipment to the leased vehicle. Any costs associated with adding such items are the responsibility of the lessee.

**Q: Why is there an annual minimum mileage listed with my lease?**

A: This is listed in the event that your vehicle does not reach the replacement mileage in 84 months. In this case, the “capital” for this vehicle would be paid off and the only monthly rental fee would be the $127.32 (maintenance/operational fee). VCU would keep this vehicle until it reaches 85K in mileage or 10 years in age (at which time we would replace it automatically). If the vehicle starts showing mechanical issues in year 8, we would replace it sooner.

Mileage is checked for usage twice per year, targeting vehicles that are less than ½ of the annual minimum. We will give the ATO a heads-up about vehicles in this scenario, so that they can re-assign the vehicle or trade vehicles within their fleet. At the end of each fiscal year, we generate usage reports for the agencies, identifying the total amount of under-utilized vehicles. We also look at fuel purchases – are there long periods of no fueling?  If the vehicle is being fueled on a regular basis, that documents usage.

**Q:** [**What if I am over my annual lease mileage limit?**](https://www.leaseguide.com/faqs/what-if-i-am-over-my-lease-mileage-allowance/)

A: According to the University’s fleet annual mileage, there are no vehicles except Law Enforcement that are expected to exceed the average mileage minimums. If you are in need of a vehicle that will average over 8,000 miles per year, please contact the Fleet Manager at 828-6585.

**Q:** [**Can I lease a car with no mileage limit?**](https://www.leaseguide.com/faqs/can-lease-car-mileage-limit/)

A: Only Law Enforcement vehicles are eligible for no mileage limits.

**Q:** [**Can I swap vehicles during my lease?**](https://www.leaseguide.com/faqs/can-i-swap-cars-during-my-lease/)

A: Yes. All leases are open-ended. However, when the vehicle is sold at auction, if the sale amount does not cover the remaining residual value of the vehicle, the department will be billed the remaining difference to fully pay the capitalized cost.

**Q:** [**Can I get a car lease for less than 84 months?**](https://www.leaseguide.com/faqs/can-i-get-a-car-lease-for-less-than-24-months/)

A: Yes; however, when the vehicle is sold at auction, if the sale amount does not cover the remaining residual value of the vehicle, the department will be billed the remaining difference to fully pay the capitalized cost.

**Q:** [**What are my end-of-lease options?**](https://www.leaseguide.com/faqs/what-are-my-end-of-lease-options/)

A: After 84 months, the vehicle can be returned and there is no cost to the department, because the capitalized cost has been paid in full. Or, if the vehicle is in good maintenance order and the vehicle mileage is below the annual minimum mileage, you can keep the vehicle for up to 120 months. Beginning on the 85th month, the only monthly charge will be the continued maintenance fee ($127.32) and all fuel used. The capital cost will be satisfied at this point in time, and will no longer be charged to you.

**Q: What if I want to keep my vehicle longer than the lease period?**

**A:** If the vehicle is in good maintenance order and the vehicle mileage is below the annual minimum mileage, you can keep the vehicle for up to 120 months. Beginning on the 85th month, the only monthly charge will be the continued maintenance fee ($127.32) and all fuel used.

**Q:** [**In the lease formula, it looks like I’m paying interest on the sum of cap cost and residual?**](https://www.leaseguide.com/faqs/in-the-lease-formula-it-looks-like-im-paying-interest-on-the-sum-of-cap-cost-and-residual/)

A: There are no interest fees paid. The purchase cost is divided into 84 monthly payments called the capitalized cost. The only additional charge is the operational maintenance cost.

**Q:** [**Can I return or cancel a leased vehicle early?**](https://www.leaseguide.com/faqs/can-return-leased-vehicle/)

A: Yes; all leases are open-ended. However, when the vehicle is sold at auction, if the sale amount does not cover the remaining residual value of the vehicle, the department will be billed the remaining difference to fully pay the capitalized cost.

**Q:** [**What is the residual value?**](https://www.leaseguide.com/faqs/good-residual-value/)

A: The residual value is the estimated wholesale value the vehicle will retain at the end of the lease period and/or the amount of value owed if the capitalized cost is not retired in full (paid).

**Q:** [**Is it possible to lease a used car?**](https://www.leaseguide.com/faqs/possible-to-lease-a-used-car/)

A: Yes, but on a limited case-by-case basis and for a short term only. Please contact the Fleet Manager at 828-6585 to discuss.