

# Lease Leadership – Online Training Syllabus - Expanded

## Course 1 – Introduction to Leasing

### **Chapter 1 – A Typical Sales Transaction**

- The Out the Door Figure
- Simple Interest and how it works
- A 10 Day Payoff
- Loan Amortization
- Vehicle Depreciation over time

### **Chapter 2 – Negative Equity**

- Drivers of Short Term Trade Cycle
- Rolling Negative Equity and Extending the Term
- Advance – Defined and Illustrated

### **Chapter 3 – Impact of Negative Equity**

- Exploring the Many Impacts of Negative Equity

### **Chapter 4 – Causes of Negative Equity**

- Variables that affect Payoff
- No Money Down and it's Impact
- Variables that affect Value

### **Chapter 5 – Leasing - How It works**

- Solutions to Negative Equity
- Leasing – Defined and Illustrated
- Residual – Projected Future Value
- Understanding the Role of Condition and Miles in a Lease
- Two Parts to a Lease Payment

### **Chapter 6 – Leasing the Solution – Position, NOT Payment**

- Lease End Options
- Negative Equity in a Lease – Financial Market Protection
- Equity in a Lease – Financial Market Benefit
- Black Jack Analogy – Win, Lose, or Push Vs. Win or Push
- Lease for Position, NOT Payment

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## **Chapter 7 – The Problem with Low Payment**

- The Problem with Selling Leasing as a Low Payment Option
- The True Value of Leasing

## **Chapter 8 – Leasing as a Product Incentive**

- Captive Lender – Defined and Illustrated
- Subvention – Defined and Illustrated
- Customer Rebates / Dealer Cash
- 0% Interest Vs. Incentivized Short Term Lease
- Why Manufacturers incentivize their products?
- Allocation – Defined and Illustrated
- Production Vs. Demand

## Course 2 – Leasing Fundamentals

### **Chapter 1 – Key Leasing Terminology Comparisons**

- Financing and Leasing Terminology Explanations and Comparisons

### **Chapter 2 – Anatomy of a Lease – A Simplified Leasing Calculation**

- Sample Figures and Terms
- Total Depreciation Vs. Remaining Depreciation
- Calculating the Monthly Depreciation Portion of a Lease Payment

### **Chapter 3 – Leasing & Taxes**

- What, How, and When Taxes are Paid on a Lease in Most States
- State Variations

### **Chapter 4 – Open End Lease vs. Closed End Lease**

- Open End Lease – Defined and Illustrated
- Closed End Lease – Defined and Illustrated
- Businesses, Leasing, and Taxes

### **Chapter 5 – When and How to Introduce Leasing**

- Biggest Mistakes when Introducing Leasing
- When to Introduce Leasing
- How to Introduce Leasing – Model and Steps

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## **Chapter 6 – A Final Word on Captives**

- Comparing and Contrasting a Captive Provider with a Non-Captive Provider
- Primary Role and Purpose of Each
- To Whom Does the Customer Belong?
- Do They Care what Vehicle the Customer Buys or Leases Next?

## **Chapter 7 – Leasing Vocabulary**

- Leasing Terminology – Defined and Illustrated

## Course 3 – History of Leasing

### **Chapter 1 – Closed End Leasing & Pricing Inflation**

- 3 Reasons People Don't Lease
- MSRP – 94 Toyota Camry LE
- 80's Automotive Pricing Inflation

### **Chapter 2 – The Tax Reform Act of 1986**

- The Elimination of Vehicle Installment Loan Interest as a Tax Deduction

### **Chapter 3 – The Leasing Explosion of the Early to Mid 90's**

- Best Selling Car in America – Ford Taurus Vs. Honda Accord
- Ford's Red Carpet Taurus Lease Vs. Honda's Accord Lease
- Short Term Leasing Vs. Long Term Leasing
- Inflated Residuals in Pursuit of Lower Payments

### **Chapter 4 – The Leasing Implosion of the Mid to Late 90's**

- A Tsunami of Off-Lease Vehicles and Billions in Residual Losses
- Plummeting Residual Values and Skyrocketing Lease Payments

### **Chapter 5 – Regulation M – The Consumer Leasing Act**

- A Comparison Between Regulation M and Regulation Z
- Lease Disclosures prior to and after the Passage of Regulation M
- The Consequences of Lack of Disclosure

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## Course 4 – Overcoming Lease Objections

### **Chapter 1 – I drive too many miles**

- Mileage Limit Vs. Mileage Parameter
- Mileage Penalty Vs. Depreciation Caused by Miles
- Impact of Mileage on Value
- Illustration – Two Identical Vehicles – 7 miles Vs. 10,007 miles
- Rate of Depreciation Per Mile – Inside and Outside of a Lease

### **Chapter 2 – Adjusting a Lease for Miles**

- Sample Scenario
- How to Calculate and Adjust a Lease for Miles
- An Adjustment in Value Vs. a Mileage Penalty
- What if Fewer Miles are Actually Driven?
- The Higher the Dollar Value of the Vehicle... The Higher the Rate of Depreciation Per Mile...
- Leasing – A Solution to High Miles

### **Chapter 3 – I want to own my vehicle**

- Owning an Appreciating Vs. a Depreciating Asset
- To Buy or Rent a Home – Illustration
- TIC-TAC-TOE – Illustration
- Finance Vs. Lease – Side by Side Comparison
- Extending a Lease

### **Chapter 4 – I don't understand how leasing works**

- Bottle of Soda – Illustration
- Pizza by the Slice – Illustration

### **Chapter 5 – Bad Experience / Bad Reputation**

- 4 Possible Causes of a Negative Experience
- Failure to Recognize Leasing Benefits
- Tendency to Blame Leasing for Unrelated Items
- Poor Leasing Structure

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## **Chapter 6 – I don't build any equity / I always have a payment**

- Leasing Doesn't Build Equity... It's Protects You from Negative Equity...
- An Expense Vs. Bill
- 86 Honda Accord LXi with 110,000 Miles – Maintenance & Repairs – Illustration
- Payments on a Newer Vehicle or Maintenance and Repair Work on an Older Vehicle – Avoid Paying for Both

## **Chapter 7 – I don't want to be responsible for condition / fees**

- Responsibility Comparison – Lease Vs. Purchase
- Fee Explanation and Disclosure

## **Chapter 8 – I don't want to be locked in – Early Termination**

- The Adjusted Lease Balance and How it's Calculated
- Lease Vs. Finance – Position Comparison

## **Chapter 9 – Keep it forever – Cheaper?**

- Forever is a LONG Time
- Purchase Vs. Lease then Purchase – Side by Side Comparison
- 2 Questions to Determine Lease End Action

## **Chapter 10 – Insurance is more expensive on a lease**

- More Expensive Insurance Vs. More Insurance
- Vicarious Liability – Defined and Illustrated
- The Transportation Equity Act (HR3) – The Elimination of Vicarious Liability

## **Chapter 11 – My “Advisor” says I shouldn't**

- The Advisor Likely has the Customer's Best Interests in Mind
- 4 Steps to Handling “My Advisor says I shouldn't...”

## Course 5 – Advanced Leasing Calculations

### **Chapter 1 – The Rent Charge Calculation**

- The 4 Variables needed to Calculate a Lease
- Calculating the Monthly Rent Charge Portion of a Lease Payment
- Knowledge = Confidence and Confidence Sells

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## Chapter 2 – The Money Factor – Part 1

- Why do we add the Adjusted Cap Cost to the Residual?
- Simple Interest and how it's earned
- Formula – Average Outstanding Balance
- Dividing through Multiplication

## Chapter 3 – Money Factor vs. Interest Rate – Part 2

- Money Factor Formula –  $(1/2 \times i\%/12)$  – Explained and Illustrated
- Dividing and Multiplying Like Terms
- Converting a Money Factor to a Rate – (2,400) Explained and Illustrated
- Rent Charges Vs. Interest – Side by Side Comparison
- Converting a Rate to a Money Factor – Explained and Illustrated
- Why Rent Charge is not Considered Interest
- Why the Money Factor is not a Required Disclosure of Regulation M
- How to Properly (and Compliantly) Respond to the inevitable Interest Rate Question on a Lease – Model
- Why the Conversion of a Money Factor to a Rate is considered Approximate even though the Math is Exact
- Money Factors and Basis Points
- Marking up a Money Factor

## Chapter 4 – Lease Variations: One Pay / Single Pay Lease

- One Pay / Single Pay Lease – Defined and Explained
- Benefits of One Pay / Single Pay Lease
- One Pay / Single Pay Vs. Traditional Lease – Rent Charge Comparison
- One Pay / Single Pay Candidates
- Cash Vs. One Pay / Single Pay Lease – Side by Side Comparison
- Cash Vs. One Pay / Single Pay Lease – Market Protection Illustration
- One Pay / Single Pay Lease as a Half Time Bet - Illustration

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## **Chapter 5 – Lease Variations: Multiple Security Deposit (MSD)**

- Multiple Security Deposit (MSD) Lease – Defined and Explained
- Benefits of a Multiple Security Deposit (MSD) Lease
- 3 Necessary Variables to Calculating a Multiple Security Deposit (MSD) Lease
- Multiple Security Deposit (MSD) Lease Vs. Traditional Lease – Rent Charge Comparison
- How to Calculate the Return On (MSD) Investment
- Multiple Security Deposit (MSD) Lease Vs. Traditional Lease – Payment Comparison
- Multiple Security Deposit (MSD) Lease Vs. 1 Pay Lease – Side by Side Comparison
- Benefits of using Trade Equity as an MSD Vs. Cap Cost Reduction

## **Chapter 6 – Creating a Lease Culture**

- Business Cards / Name Tags?
- Phones?
- Point of Sale Materials?
- Sample Lease Payments Displayed on Vehicles?
- Write Up / Guest Sheet?
- Print / Radio / Television?
- Website / Internet / Social Media?
- When and how is Leasing Introduced?
- Is there a Lease Presentation at or just prior to the first pencil?
- Is a Lease Penciled on every deal?
- Is there a Lease Manager?
- Desk Tool and DMS Calculating and Printing Leases Correctly?
- Leasing Penetration / Objectives / Progress Updated and Reported?
- Individual and Team Accountability?
- Lease Training?
- All Stake Holders pulling in the same direction?
- Leasing Compensation?