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Demystifying the Dreaded End-of-Lease Inspection

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By CheryL Jensen

SAM CASARELLA was in Queens, poking his nose under the hood and trunk floor of a white 2005 Infiniti G35x with a yellow deodorizer in the shape of a Christmas tree hanging from the rearview mirror.

As an inspector for Alliance Inspection Management, Mr. Casarella was giving the car a final checkup that many drivers of leased cars dread: the turn-in inspection. The Infiniti was near the end of its three-year lease, and the leasing company, the Nissan Motor Acceptance Corporation, had hired Alliance to make sure the car was in good shape.

The expectation is that when a lease expires the car will be returned in good condition, without excessive wear and tear. If the car has anything beyond minor damage, the lessee may have to pay for the repairs. That could be a few hundred dollars for a small dent or a few thousand for severe accident damage.

But who determines the cost and what would be considered "beyond normal" wear and tear? That's where lease inspections can become mystifying, because it's up to the inspector, the parameters of the lease agreement and the guidelines of the leasing company. And those rules can differ from company to company, although many try to make the process easy to understand.

For example, BMW Financial Services has its Inspection Wheel, a measuring tool device that helps consumers determine whether they will be charged for damage. Chrysler Financial tells consumers how to use a credit card as the measurement device to check damage. The Ford Motor Credit Company has a Wear and Use Evaluator card and the Honda Finance Corporation has its Self-Inspection Reference Card.

The inspection makes it clear to consumers about their responsibility for any end-of-lease charges before they actually turn in the vehicle, said Shaun Bugbee, vice president of sales operations for BMW Financial. This gives them time to decide whether they will get a better deal on repairs from the dealership or at an independent shop, or whether it's simpler just to pay up.

In the past, customers whose lease had ended would drop off the car, it would be inspected and then they would get a bill. "It was a real wake-up call," Mr. Bugbee said.

Chrysler Financial found that customers who leased vehicles didn't like surprises. "Everybody said, 'We don't want a bill 10, 15, 20 days after we turn in the car,'" said Eckart Klumpp, vice president for remarketing at Chrysler Financial. "We want to understand our obligations at the turn-in."

Inspectors use an appraisal process devised to be objective, following guidelines set by the lessor, said Jim Yates, chief executive of Alliance Inspection, which performs inspections for Nissan and other automakers. Otherwise, the appraiser could say the same car looks bad when he's having a bad day or it looks good when he's having a good day. "That's not the way it's supposed to work," Mr. Yates said.

Mr. Casarella, for example, starts his inspection at the same position on every car — in front of the hood on the driver's side — and performs the same inspection on every vehicle. He said he had heard stories of inspectors who have had a garden hose turned on them by irate lessees who didn't like the outcome of their inspections.

But, Mr. Yates said, it is an inspector's job to note any damage. "We then give that information to the consumer and the leasing company," he said. "If there are issues, a gray area, it's between those two. It's not our job to turn our head and ignore it."

Inspections can be done at the workplace, at the dealership, or at the lessee's home, like Mr. Casarella's inspection of the G35x in Astoria. They are often done by third parties like Alliance, AutoVIN and DataScan Field Services. Mr. Casarella's notebook computer has damage-repair-estimation software, which includes prices for parts. When he types in the vehicle identification number, up come inspection criteria specific to the manufacturer.

It's like a detective game, looking for telltale clues that perhaps the vehicle was in a crash that the owner isn't disclosing. Under the hood and the trunk floor, Mr. Casarella checked for welds that looked different from those done when the car was built; if there has been a repair, they won't look like the originals. And touch plays a part as he runs his fingers along surfaces, feeling for rough edges caused by repainting.



Inside, he looks for anything that might be broken, rips in the upholstery, cigarette burns, missing safety belts or lost head restraints.

“People take the headrests out, maybe to fold the seats down,” Mr. Casarella said. “Then they put them in their garage and forget about them.”

Most carpet stains are considered normal wear and tear and will come out with the reconditioning that will be done at a detailing shop. “They come out beautiful,” Mr. Casarella said.

“Now if the stain is really bad, if they took the pizza and went like this,” he said, making a grinding motion with his foot, “then we’ll have to charge them for an interior cleanup.”

Mr. Bugbee said BMW does not charge as often for interior wear as it used to. “We are talking about a three-year-old vehicle,” he said. “I don’t think there’s an expectation that it comes back like it left the lot.”

If that were the case, all BMW customers would incur charges for excess wear, whereas only 35 percent do, he said. Alliance said 51 percent of its inspections showed excess wear.

Mr. Casarella estimated that it would take about seven hours to fix a dented right rear door and quarter panel on the G35x. He fed that information into his computer, which contained Infiniti’s hourly rate for this work and up popped the cost, which was \$296.

Sometimes he finds more serious problems. At the next inspection, of a 2005 Nissan Murano, he found a dented engine cradle, which could compromise the vehicle’s structural integrity. The fix will cost almost \$600.

There was no charge for what he described as a scuff on the back bumper of the G35x. These are usually polished out when the car is reconditioned.

Because Mr. Casarella is dealing with New Yorkers, such a sophisticated crowd must have ingenious ways to disguise damage and avoid having to pay up. So what’s the secret of streetwise New Yorkers with something to hide?

“They stand in front of it,” he said.