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Incentive Program Types

Program Type	Description
Acquisition Fee	Sometimes called a bank fee or administrative fee, this is a fee that leasing companies charge to arrange the lease. This fee is typically between \$395 - \$895, depending on the vehicle and leasing company. Note that acquisition fees can be bundled into the monthly lease payment, or paid up-front.
Bonus Cash	A cash incentive offered by manufacturers that may be combined with all other programs.
Cap Cost Reduction	The term, capitalized cost reduction, or "cap cost reduction," refers to any cash down payment, trade-in credit, or rebate amount that decreases, or reduces, the amount being financed (capitalized cost). It's the same as a down payment when buying with a loan, just a different name. Cap cost reduction is not a security deposit that you get back at the end of a lease. It's simply a form of prepayment of the amount owed on the lease, which serves to reduce the amount of the monthly payment. A cap cost reduction (down payment) is sometimes required to get a specific promotional lease deal. It is also sometimes required if a customer has poor credit.
Capitalized Cost	The capitalized cost, or "cap cost", related to car leasing, refers to the amount that is being financed with a lease. The lower the capitalized cost, the lower the monthly lease payment. Cap cost includes the negotiated price of the vehicle plus any add-on fees or taxes that will be financed (not paid in cash). It might also include the balance of a previous loan on a trade-in vehicle.
Captive Finance Bonus Cash	A cash incentive offered by manufacturers that may be used on vehicles that are financed or leased through its captive finance company. This cash may be combined with normal consumer cash if the vehicle is financed using the captive finance company's standard interest rates.
Cash + APR %	Special financing rates that may be combined with consumer cash. Frequently the cash that these rates are compatible with is lower than the stand alone consumer cash that is being offered.

Consumer Cash	A public-facing cash incentive that is provided on retail sales of a vehicle by the manufacturer that is not compatible with the special financing or lease offers.
Consumer Lease Cash	Consumer cash that may be used to reduce the capitalized cost of vehicles that are leased through captive finance companies.
Consumer Rebate + APR	Consumer cash that may be combined with the Cash + APR% rates.
Conquest Promotion	A cash incentive that is available to current owners of competitive models. Some conquest cash programs are available to owners of any other manufacturers' products, while other programs only are available to current owners of a select list of models.
Dealer Cash	A cash incentive that is provided by a vehicle's manufacturer to dealers to use as they please. This type of incentive is rarely advertised. Dealer cash is compatible with all other special financing and consumer cash promotions unless otherwise noted.
Dealer Lease Cash	Dealer cash that is available on vehicles that are leased through the manufacturers' captive finance companies.
Dealer Volume Bonus	Also commonly referred to as a dealer stairstep program. Dealer volume bonus programs provide dealer cash to dealers based upon the percentage of a predetermined sales objective that they achieve or based upon the number of units that they sell during a specific period of time. Volume bonuses are compatible with all other promotions unless otherwise noted.
Gross Cap Cost	In car lease contracts, the sum of everything included in the capitalized cost is called "gross capitalized cost." This includes the cost of vehicle plus any other costs to be financed in the lease. After "cap cost reductions" (see below) have been subtracted, it becomes "net capitalized cost."
Lease Loyalty	A cash incentive that is available to current owners of the brand or manufacturer's products who lease a new vehicle through its captive finance company. Some lease loyalty programs require that the consumer is actually leasing their current vehicle through the captive finance company.

Lease Money Factor	A number, published by banks that is used to calculate the interest portion of vehicles' monthly lease payments. It is usually displayed in the form of a five digit decimal, i.e., .00275. A money factor can be converted into an approximate interest rate equivalent by multiplying it by 2400.
Lease Purchase Option	End-of-term purchase price aka residual value for the vehicle used in the manufacturer's official advertised lease payment.
Lease Rate	Some banks publish lease rates instead of money factors for the vehicles that they lease. These rates are expressed in the form of a percentage, i.e., 3.50%. The two most prominent lending institutions that use lease rates instead of lease money factors are General Motors Acceptance Corp. and Ford Credit. Lease rates can be converted into approximate money factor equivalents by dividing them by 2400.
Lease Residual Value	Residual values are numbers that are published by banks that are used to calculate the depreciation portion of vehicles' lease payments. They are usually expressed as a percentage of vehicles' full MSRPs, including destination charges, plus the MSRPs of any options that may be residualized.
Net Capitalized Cost	The net cap cost refers to the price of a vehicle, subtracting any manufacturer's discounts and customer down payments from the manufacturer's suggested retail price. What this really means is that the net cap amount is the amount that is actually being financed with the lease. This amount usually, though not always, includes the sales tax on the vehicle and may include other fees, as well.
Purchase Loyalty	A cash incentive that is provided to the current owners of the brand or manufacturer's products if they purchase a new one.
Sales Manager Cash	A cash incentive that is provided to dealership sales managers for the sale of a particular vehicle. Sales manager cash often comes in the form of an "override" percentage to a salesperson cash program. In these instances sales managers would receive a percentage of the total salesperson cash that was provided to their dealership.
Sales Rep Cash	A cash incentive that is provided to dealership salespeople for the sale of a particular vehicle.

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Stand Alone APR %	A subsidized finance rate that cannot be combined with any stand alone consumer rebates that are being offered, but may be combined with bonus cash and captive finance company bonus cash.
Stand Alone Consumer Rebate	A cash incentive that is provided to consumers who pay cash for their vehicles or finance / lease them through an independent bank. Stand alone consumer cash cannot be combined with any special financing or lease rates that are being offered through captive finance companies.
Supported Residual Value	Some banks artificially inflate their vehicles' normal residual values to provide consumers with low monthly payments. These higher than normal residual values are known as supported residual values.
Termination Fee	Lease termination fee, aka disposition fee that is being charged on the manufacturer's official advertised lease price point.