

Lease Calculator

Fixed Rate **Fixed Pay**

Asset Value

Residual Value

Lease Term years
 months

Monthly Payment

Result

Interest/Return Rate **11.473%**

Total of 48 Monthly Payments \$5,981.28

Total Interest \$1,202.48



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 - [Auto Loan Calculator](#)

What is a Lease?

A lease is a contract made between a lessor (the legal owner of the asset) and a lessee (the person who wants to use the asset) for the use of an asset, bound by rules intended to protect both parties. In a typical contractual agreement, the lessee obtains the right to use an asset or multiple assets belonging to the lessor for a specific term in return for regular rental payments. Leasing is often associated with living spaces, working spaces, and cars, but mostly anything that can be owned can be leased. Other examples of leasable items include storage, conveyor belts, lighting, furnishings, software, server hardware, aircraft, cleaning equipment, and many more.

Rent vs. Lease

Although they are often used interchangeably "lease" and "rent" technically have different meanings. By definition, a lease refers to the contractual agreement or contract itself, while rent refers to the periodic payment for the use of an asset. In neither case is equity of the asset being rented or leased actually gained.

Residual Value

Residual value, sometimes called salvage value, is an estimate of how much an asset will be worth at the end of its lease. It is most commonly associated with car leases. As an example, a car worth \$10,000 with a residual value of \$2,000 means that at the end of the lease, the car is expected to be worth \$2,000.

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