

## Lease to Own Offers Big Profits

By Jeffrey Bellant

LAS VEGAS - Joe Zawatski tried selling collector cars, started a rental car agency and even sold Chinese motorcycles, but nothing worked.

Now he's running a lease-to-own business at his North Coast Auto Sales in Compton, Ohio, and business is booming.

"Last year, we took in \$930,000," he said. "This year so far (as of June), we've taken in a half a million dollars."

Those revenues are based on approximately \$800,000 over that time worth of inventory, Zawatski said, and he's only been in business a few years. Zawatski said he has more than \$2.1 million in receivables.

Zawatski said the program starts with a car that gets a complete safety inspection.

Each car comes with a two-year 30,000-mile warranty on the engine and transmission.

Customers must carry a full-coverage insurance policy on the car. Zawatski places a \$1 million liability policy on it to protect the dealership in the case of an accident, which is required under the law.

The dealership also adds a GPS unit to the car to locate the car and a starter-interrupt device.

Zawatski is supported by Northland Auto Enterprises, a Burnsville, Minn., company founded by Al Lentsch. Lentsch is also executive director of the Northland Independent Automobile Dealers Association. Lentsch founded a Rent 'T' Own/Lease 'T' Own program 20



Photo by Jeffrey Bellant

**LEASE IT:** Joe Zawatski, owner of North Coast Auto Sales in Cleveland, uses a lease-to-own model at his dealership and business is thriving.

years ago and sells it to dealers in 47 states. The program is not offered in New York, Massachusetts and Wisconsin because of insurance issues, Lentsch said.

The company charges a \$779 one-time fee to start the program, with insurance being the only regular cost at \$20 per car per month for the life of a contract. As part of the program, the company tracks customers to make sure they have insurance.

Lentsch said the program eliminates many of the problems that come with bankruptcies and repossessions, since the dealer owns the car. It benefits the customers because they can turn in the car without having a repossession on their credit if they cannot pay. It eliminates the bad feelings that come with a repossession.

"The program works," Zawatski said. "I have never, ever lost a car."

Another dealer benefit is the customer always has to return to the dealer when the contract ends. It gives the customers a chance to lease or buy a different car.