

# FINANCING

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# FINANCING 101

With a typical Hyundai Finance lease, you're covered for normal wear and use without having to pay additional charges at the end of the term. And while it's expected that a vehicle will have some minor damages, you are responsible for excessive damages, which can be a financial burden at the time of turn-in. Deep dents, long scratches, overly worn tires — the charges can add up quickly.

## FIRST THINGS FIRST

Before you make any decisions, it's important to decide how much vehicle you can comfortably afford. Remember that a down payment or trade-in can reduce the amount you will need to finance. You may also want to consider having a co-signer (provided he or she has good credit) on your retail contract/lease agreement to compensate for any limitations posed by your credit report. Remember, a co-signer assumes equal responsibility for the financial obligations of the purchase/lease should you not be able to pay, so carefully consider who you ask to make this commitment. Any payment history will be reflected on your co-signer's credit history as well.

Before you shop for a new vehicle, there are a few things you'll want to consider:

- Figure out how much you can comfortably afford to spend on a payment each month.
  - Use a budget car calculator to help you with your buying decision
  - Remember you will also need auto insurance; ask a friend for a referral or shop around
- Familiarize yourself with the difference between buying and leasing a vehicle.
- Understand that your credit history will affect the financing charge you receive to purchase or lease a vehicle
  - If you don't know your credit history or credit score, you may obtain a free copy of your credit report from each of the three major credit bureaus. Equifax, Experian, and TransUnion — once every 12 months by going to <https://www.annualcreditreport.com/index.action>. You may also obtain your credit score from each credit bureau by paying a small fee.
- Consider a co-signer if you have no credit score and are new to financing
  - A co-signer with good credit such as a parent can help get you approved for a vehicle loan and begin to build your own positive credit history.

At the dealership:

- Bring your valid driver's license: you need to provide the dealer with your name, address, Social Security number and date of birth to complete your credit application.
- Know your auto insurance agent – you will need insurance before you drive off the dealer lot
- Be prepared to thoroughly read the retail contract/lease agreement carefully before signing
- Bring your co-signer if needed

## WHETHER TO LEASE OR BUY

When it comes to financing a vehicle, one size does not fit all. Ultimately, you have to decide which financing option is the best for you. Let us provide you with some key information to help you decide whether buying or leasing makes the most sense for you.\*

### Buying:

Retail financing is considered flexible-term financing, which means that the purchase price of the vehicle is paid over a period of months. The vehicle's title is in your name, and once the vehicle loan is paid in full, you own it free and clear. Payment terms are agreed upon in a retail contract.

### Leasing:

Leasing allows you to make monthly payments based on the portion of the vehicle's value that you intend to use, instead of financing the full purchase price. This allows you to trade into new vehicles more often because you do not own the vehicle. Payment terms are agreed upon in a lease agreement.

### A simple comparison

Whether you choose to buy or lease. This side-by-side comparison will help arm you with the knowledge you need to choose the best financing option for you.

## BUY vs. LEASE

### What are the benefits of each?

#### BUY

- Full control and independence over your car's condition
- No limit on mileage
- Full ownership of your vehicle after loan payoff
- Factory warranty to cover major repairs
- Ability to customize your vehicle

### How much do I pay?

When you finance your vehicle purchase, your monthly payments will be determined by the vehicle's sale price, amount of your down payment and trade-in value (if applicable), interest rate and length of term.

### How long does my finance contract last?

Usually 24 to 72 months.

### Can I customize my vehicle?

Add accessories to your vehicle at any time.

#### LEASE

- Typically lower payments, compared to a purchase
- Opportunity to drive a new car every two to three years
- Factory warranty to cover major repairs
- Shorter contract terms compared to a purchase
- **Multiple lease types to best fit your needs**

When you lease a vehicle, you're only paying for the portion of the vehicle you use over the course of the lease. A lower down amount due at signing, or none at all, may also be possible.

Usually 24 to 48 months.

Customize your vehicle only when your lease begins with accessories approved by your lender.

## What happens at the end of my finance contract?

### BUY

Assuming all payments are made, you will receive your title, lien release, or a letter from us indicating your lien has been released electronically after your final payment has been processed. Upon release of the lien, you own your vehicle free and clear.

### LEASE

Assuming all payments are made, at lease end, you may purchase your leased vehicle or return it to your Hyundai dealership, at which point you may choose to purchase or lease a new Hyundai, or visit your dealer again in the future when you're ready.

## KEY TERMS

There's a lot of jargon that gets thrown around when talking about financing a car. To help break it down for you, we've listed out some key terms you may want to become familiar with.

### **Acquisition Fee (Lease):**

Fee that the creditor (also called lending company or assignee) charges at the beginning of the lease term.

### **Annual Percentage Rate (APR):**

The cost of credit for one year expressed as a percentage.

### **Assignee:**

The bank, finance company or credit union to which the dealership sells or assigns your retail contract or lease agreement.

### **Base Payment (Lease):**

Monthly lease payment excluding taxes, maintenance fees and other fees.

### **Co-Signer:**

A person who legally agrees to pay off your purchase or lease contract in the event you default on your payment obligations.

### **Credit Application:**

The formal written application or request for credit. It usually includes your name, address, Social Security number, date of birth and information about your financial ability to repay the finance contract. By signing the application, you are giving the dealership authorization to pull a credit bureau report to check your history.

### **Credit Bureau:**

Agencies that provide credit reports. The three most frequently used credit bureaus are Equifax, Experian and TransUnion.

### **Credit Report:**

A report obtained from a credit bureau that contains information about your current and past credit obligations, account numbers, payment history and previous addresses.

### **Down Payment:**

An initial amount paid to reduce the amount financed in a retail finance contract. In a lease contract, this term is commonly referred to as the "amount due at signing."

**Finance Charge:**

The total dollar amount paid to a creditor for the use of credit.

**Retail Financing:**

Financing the purchase of a vehicle using flexible terms or lengths of time that are selected to repay your credit agreement. Generally, the longer the term of the loan, the smaller the monthly payment, but the greater the total finance charge paid. Common terms are 24, 36, 48 and 60 months.

**Lease Agreement:**

A contract outlining the use of a vehicle for a fixed period of time at an agreed amount of money, typically specifying allowed mileage and wear.

**Lessee:**

The customer who is leasing a vehicle.

**Lessor:**

The leasing company (also known as the lending company, assignee or creditor).

**Lien Release:**

Once an auto loan is paid in full, the lien on the property is removed and the vehicle is owned free and clear.

**Monthly Payment Amount:**

The dollar amount due each month to repay the credit agreement.

**Residual Value:**

Estimated value of the vehicle at the time the lease agreement expires.

**Retail Contract:**

The legal agreement governing the terms and conditions of your vehicle purchase.

**Security Deposit:**

A refundable amount that the lessee must pay to the leasing company at the beginning of a lease. This deposit will be returned if all of the terms and conditions of the lease are met.

**Single-Pay Lease:**

A lease where the lessee makes a single up-front payment instead of monthly installments. The residual value does not change, but the money factor (the interest charge you pay when leasing a vehicle) is discounted, resulting in a lower total finance charge than with a traditional term lease.

**Termination:**

When the terms and conditions of a lease agreement are fulfilled in full. Termination can usually be done early, but may include a penalty.

**Vehicle Financing:**

The use of credit to borrow money for the payment of a vehicle. Also commonly known as financing, retail financing, leasing or buying.

**Ask your dealer about Hyundai Finance's financing options.**

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