



Finance

FINANCING 101

Vehicle financing can be complicated, but it doesn't have to be. To help you weigh your options, we've simplified key information about buying, leasing, and the basics of financing.



FINANCING BASICS

Check out these tips to make your vehicle financing experience a success.



BEFORE YOU SHOP FOR A NEW VEHICLE, THERE ARE A FEW THINGS YOU'LL WANT TO CONSIDER:

- ▶ Determine how much vehicle you can comfortably afford. Try using an auto budget calculator (like the one on kmfusa.com), and don't forget to factor in the cost of auto insurance. Remember, a down payment or trade-in can reduce the amount you will need to finance.
- ▶ 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 annualcreditreport.com.
- ▶ Consider having a co-signer if you have no credit score and are new to financing. A co-signer with good credit can help get you approved for a vehicle loan and begin to build your own positive credit history.

- ▶ Familiarize yourself with the difference between buying and leasing a vehicle, which is explained more throughout this booklet.

AT THE DEALERSHIP:

- ▶ Bring your valid driver's license. You will need to provide the dealer with your date of birth, and information about your income and employment to complete your credit application.
- ▶ Remember you will need auto insurance before you drive off the lot.
- ▶ Be prepared to thoroughly read the retail contract/lease agreement carefully before signing.
- ▶ Bring your co-signer if needed.
- ▶ Remember to be patient. This is a serious financial decision so expect the process to take a bit of time.

BUYING VS. LEASING

WHEN IT COMES TO FINANCING A VEHICLE, ONE SIZE DOES NOT FIT ALL.

Buying or leasing a new vehicle is exciting. It's also a big financial commitment, and most people will need to secure financing to get into a new vehicle. The ability to borrow money is based upon several factors including your personal credit history. The better your history, the easier it is for you to borrow.

Ultimately, you have to decide which financing option is the best for you.

BUYING

Retail financing is considered installment 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 the term of a lease contract is typically shorter than a standard retail contract. Payment terms are agreed upon in a lease agreement.

THE PERKS OF CHOOSING KIA FINANCE:

- ▶ A variety of loan and lease terms to fit your needs
- ▶ Offers developed in collaboration with Kia, including incentives
- ▶ 24/7 account access via your smartphone, tablet, or desktop with live call center support
- ▶ Customer communications throughout the life of your lease to keep you informed
- ▶ Complimentary FICO® score for the primary account holder when you log into your account
- ▶ GAP waiver benefits are included in all Kia Finance leases at no additional cost (others may charge you)
- ▶ Vehicle turn-in process designed to be hassle-free. Useful tools like our online Lease-End Self-Assessment help make the process easy so you can evaluate wear and use ahead of time.

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 financing option that's right for you.

BUYING

WHAT ARE THE BENEFITS OF EACH?

- 1 Full control and independence over your car's condition
- 2 No limit on mileage
- 3 Full ownership of your vehicle after loan payoff
- 4 Factory warranty to cover major repairs
- 5 Ability to customize your vehicle
- 6 Variable length of contract terms to fit your needs

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.

LEASING

- 1 Typically lower payments
- 2 Opportunity to drive a new car every two to three years
- 3 Factory warranty to cover major repairs
- 4 Shorter contract terms compared to standard purchase contract

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

BUYING

HOW LONG DOES MY FINANCE CONTRACT LAST?

Usually 24 to 72 months.

HOW MANY MILES CAN I DRIVE MY VEHICLE?

There are no restrictions. However, more miles driven tends to lower resale or trade-in value.

CAN I CUSTOMIZE MY VEHICLE?

Add accessories to your vehicle at any time.

WHAT HAPPENS AT THE END OF MY FINANCE CONTRACT?

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

LEASING

Usually 24 to 48 months.

You pre-select the amount of miles you plan to drive during the lease term before you sign the contract. Between 12,000 and 15,000 miles per year is typical. Carefully consider your realistic driving habits before choosing a mileage amount. At lease end, you will be responsible for excess mileage charges (typically at \$0.20/mile) for each mile driven over the mileage option you chose.

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

Assuming all payments are made, at lease end, you may purchase your leased vehicle or return it to your Kia dealership, at which point you may choose to purchase or lease a new Kia, 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:**

Fee that the creditor (also called the lending company or lessor) charges at the beginning of the lease term to cover administrative costs.

▶ **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, insurance, 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.

▶ **DISPOSITION FEE:**

A disposition (turn-in) fee, specified in the lease contract, payable at lease-end if the lessee does not purchase the vehicle.

▶ **DOWN PAYMENT:**

An initial amount paid to reduce the amount financed.

▶ **EXCESS WEAR AND USE:**

Everyday driving can result in wear and tear on a vehicle, like tire usage, exterior dents and dings, or interior upholstery stains. At the end of a lease term, damage will be evaluated and there may be charges if it's considered excessive. Useful tools like our online Lease-End Self-Assessment help make the turn-in process easy so you can evaluate wear and use ahead of time.

▶ **FINANCE CHARGE:**

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

▶ **GAP (GUARANTEED AUTO PROTECTION) COVERAGE:**

If a leased vehicle is totaled or stolen, there may be a gap between the amount of the insurance settlement and the remaining lease obligations. Kia Finance GAP coverage waives the difference between what the car is worth and what you still owe. You pay only your deductible and are not liable for the remainder of your lease payments. Restrictions and limitations may apply.

▶ **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.

▶ **LEASE-END:**

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

▶ **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.

▶ **MONEY FACTOR:**

A finance rate for a vehicle lease. It determines how much you'll pay in finance charges each month during your lease. The higher the money factor, the higher your monthly payments and the more you'll pay in total finance charges.

▶ **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 which is predetermined at lease inception.

▶ **RETAIL CONTRACT:**

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

▶ **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, 60, and 72 months.

▶ **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 lower total finance charges than with a traditional term lease.

▶ **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.



Finance

The smartest way to finance.

NOW THE QUESTION IS

BUY OR LEASE?

Hopefully, you now have a better understanding of the basics of financing. Of course, everyone's situation is different and, ultimately, you have to decide which financing option is the smartest move for you and your budget. Ready to start shopping? Visit kia.com to check out the full lineup and to build your perfect Kia.



WANT MORE DETAILS ABOUT
BUYING OR LEASING A NEW KIA?

Contact your dealer or visit kmfusa.com

