

Your retail installment contract explained.

This information is provided solely as a guide to help illustrate some of the more frequently asked about components of a Retail Installment Sales Contract (RISC). Your form may vary. Make sure you read your entire agreement prior to signing. Just like with any contract, carefully review to ensure all lines are populated with the correct information, including the accurate spelling of your name, current address, and agreed upon terms and calculations. If you're unsure about anything, never be afraid to ask your dealer for clarification.

The overview.

The RISC documents the agreement between you, as the buyer, and the dealer, as a seller, where you agree to pay over time for the vehicle, along with any other items related to the vehicle sale you choose to finance, plus the interest. A dealer can sell and assign the agreement to a finance company, such as VW Credit, Inc.

If you finance through Volkswagen Credit, your RISC obligations are calculated using the **simple interest** method, where finance charges are calculated based on the unpaid principal balance of the contract and accrue on a daily basis. This means that you will always pay more in finance charges at the beginning when your principal balance is highest. As the principal balance decreases with each payment, the amount of finance charge you pay each month will decrease. As long as you make your agreed monthly payment on your scheduled due date every month, the total finance charges you pay will remain the same as in your contract. If you pay early, pay extra, or make additional advance payments, your total finance charge paid will be less or you may pay off your vehicle early. If you pay your monthly payments late or if you have payment extensions, you will end up paying more in finance charges over the term of your agreement.

1. The Truth-in-Lending Disclosure.

This disclosure statement includes the main components that make up the financing of your new VW, including the true cost of credit. This is required by finance companies to ensure complete transparency throughout the purchase process.

2. What is an APR?

This is your Annual Percentage Rate—the cost of obtaining credit expressed as an annual rate.

There are several factors that play into the APR:

- The cost of credit
- Your creditworthiness
- Dealer rate participation

3. What is my Finance Charge?

Your Finance Charge is the total cost to finance your vehicle purchase. This amount plus your Amount Financed is the total amount you're agreeing to pay over the term of your agreement.

Figure: 7 TAC §84.809(b)

MOTOR VEHICLE RETAIL INSTALLMENT SALES CONTRACT																																								
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4. What is the Amount Financed?

The Amount Financed is the amount of your purchase that you are financing. It is the sale of the vehicle plus any fees, prior credit balance, and optional add-on products minus any down payment, trade-in, or special program bonuses. This amount will be your principal balance at the very beginning of your agreement.

5. What is the Total of Payments?

This is the number of scheduled payments times the payment amount. The dollar amount(s), number of payments, and due date(s) come from the payment schedule section. These figures are based upon making payments exactly as scheduled. If you make payments earlier or later than scheduled per this contract, the total of payments and total sale price could change, as less or additional finance charge may accrue.

6. What is the Total Sale Price?

This completes the calculation and shows the bigger picture of your "all-in" price. This is the total amount the vehicle will cost after all payments are made. These numbers are broken down in the itemization section and are dependent on whether or not you make your agreed payment on time.

APR: 4.9%

Graduation Date: 12/20/2024

Figure: 7 TAC §84.809(b)

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