



For Immediate Release

Contact: Eric Hoffman

202-585-2808

eric.hoffman@autofinancing101.org

Educating Service Members in Honor of Veterans Day

WASHINGTON, November 1, 2011 – As we honor the men and women who are serving or have served in the armed forces, AWARE (Americans Well-informed on Automobile Retailing Economics) offers vehicle finance tips to help service members save time and make educated decisions when buying a car.

“Dealers and financial services providers work to ensure the car-buying process is smooth and transparent for all consumers, including our active and retired members of the armed forces,” said Eric Hoffman, AWARE spokesman. “To further support this objective, the vehicle finance industry has compiled some information explaining important terms and concepts in the process.”

Understand Key Terms

- **Annual Percentage Rate (APR)** – the cost of credit for one year expressed as a percentage
- **Amount Financed** – the dollar amount of the credit that is provided to or on behalf of the buyer
- **Finance Charge** – the dollar amount that the credit will cost the buyer. It includes interest and other charges related to the extension of credit.
- **Lien** – a legal claim on ownership of the vehicle stemming from a debt. If the buyer does not make the payments, the lienholder can repossess and sell the vehicle as full or partial payment of the debt.
- **Dealer Financing or On-Site Financing** – financing that a buyer obtains from the dealership to buy a new or used vehicle
- **Off-Site Financing** – financing that a buyer gets from his or her bank, credit union or other financial institution to pay for a new or used vehicle

Know the Difference between Buying and Leasing

- Buying means you will own the vehicle once the loan is paid in full.
- When you lease a vehicle, you have the right to use it for an agreed-upon number of months and miles. At the end of the term, you return the vehicle, unless you choose to buy it.
- For more detailed information, view the Federal Reserve Board’s “Keys to Vehicle Leasing” at www.federalreserve.gov/pubs/leasing

FOUNDING MEMBERS OF AWARE

1220 L Street, N.W.
Suite 100-154
Washington, D.C. 20005-4018

Phone: 866.693.4464
Email: info@autofinancing.org
www.autofinancing101.org

American Financial Services Association
National Automobile Dealers Association
National Association of Minority Automobile Dealers
American International Automobile Dealers Association
Chrysler Financial

Daimler Financial Services
Ford Motor Credit Company
GMAC Financial Services
Toyota Financial Services
Wells Fargo Auto Finance

Determine What You Can Reasonably Afford

- Create or review your budget to determine if you have sufficient income to take on an additional monthly obligation. Make sure to account for costs of insurance, maintenance, parking, etc.
- Use AWARE's online calculator (www.autofinancing101.org) to determine estimated monthly payment after entering purchase price, down payment, term, and APR.

Shop Smart

- Compare financing offers.
- Negotiate financing terms to meet your needs.
- Do not sign a contract that you have not read or that contains blank spaces.
- Carefully read the contract and understand what will happen if you are deployed.

Know the Obligations Associated with Co-Signing

- A first-time borrower with limited or no credit history may need someone with well-established credit to co-sign the finance contract.
- A co-signer assumes equal responsibility for the contract, and the account history will be reflected on the co-signer's credit history.

Understand Optional Products

- Extended service contracts, credit insurance, and guaranteed auto protection are optional products. Ask questions about them and only sign up for the products you want.

Additional educational information in English and Spanish can be found at www.autofinancing101.org.

AWARE is a vehicle financing industry coalition to help consumers understand how auto financing works. The group provides potential buyers of new and used autos with the tools and resources they need to successfully navigate the auto financing process.

AWARE's members include: American Financial Services Association, National Automobile Dealers Association, National Association of Minority Automobile Dealers, American International Automobile Dealers Association, Ally Financial, American Honda Finance Corp., American Suzuki Financial Services, AutoNation, Ford Motor Credit Company, Group 1 Automotive, Inc., Lithia Motors, National Auto Finance Co., Nissan Motor Acceptance Corp., Saab Financial Services Corp., Sonic Automotive, Inc., Toyota Financial Services, United Auto Group, Inc. and Wells Fargo Auto Finance.

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