

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

(Optional: DATE _____)

BUYER _____ SELLER/CREDITOR _____
 ADDRESS _____ ADDRESS _____
 CITY _____ STATE _____ ZIP _____ CITY _____ STATE _____ ZIP _____
 PHONE _____ PHONE _____

The Buyer is referred to as "I" or "me." The Seller is referred to as "you" or "your." This contract may be transferred by the Seller.

PROMISE TO PAY
 The credit price is shown below as the "Total Sales Price." The "Cash Price" is also shown below. By signing this contract, I choose to purchase the motor vehicle on credit according to the terms of this contract. I agree to pay you the Amount Financed, Finance Charge, and any other charges in this contract. I agree to make payments according to the Payment Schedule in this contract. If more than one person signs as a buyer, I agree to keep all the promises in this agreement even if the others do not.

I have thoroughly inspected, accepted, and approved the motor vehicle in all respects.

MOTOR VEHICLE IDENTIFICATION

Stock No.	Year	Make	Model	Vehicle Identification Number	License Number (if applicable)	<input type="checkbox"/> New <input type="checkbox"/> Demonstrator <input type="checkbox"/> Factory <input type="checkbox"/> Official/Executive <input type="checkbox"/> Used	USE FOR WHICH PURCHASED
							<input type="checkbox"/> PERSONAL, FAMILY OR HOUSEHOLD <input type="checkbox"/> BUSINESS OR COMMERCIAL <input type="checkbox"/> AGRICULTURAL

Trade-in: Year _____ Make _____ Model _____ VIN _____ License No. _____

1

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments	Total Sale Price
The cost of my credit as a yearly rate.	The dollar amount the credit will cost me.	The amount of credit provided to me or on my behalf.	The amount I will have paid after I have made all payments as scheduled.	The total cost of my purchase on credit, including down payment of \$ _____
2 %	3 \$	4 \$	5 \$	6 \$

My Payment Schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due

Security: You will have a security interest in the motor vehicle being purchased.
Late Charge: [True daily earnings:] (Option A:) If you do not receive my entire payment within 15 days after it is due (10 days if I am buying a heavy commercial vehicle), I will pay a late charge at the rate of _____% per year on the past due amount. The late charge on the past due amount will be earned from the due date to the date that it is paid. (Option B:) If you do not receive my entire payment within 15 days after it is due (10 days if I am buying a heavy commercial vehicle), I will pay a late charge of _____% of the scheduled payment. **[Scheduled installment earnings method or sum of the periodic balances:]** (Option A:) If I do not pay my entire payment within 15 days after it is due (10 days if I am buying a heavy commercial vehicle), I will pay a late charge on the past due amount at the contract rate. (Option B:) If you do not receive my entire payment within 15 days after it is due (10 days if I am buying a heavy commercial vehicle), I will pay a late charge at the rate of _____% per year on the late amount. The late charge on the past due amount will be earned from the due date to the date that it is paid. (Option C:) If you do not receive my entire payment within 15 days after it is due (10 days if I am buying a heavy commercial vehicle), I will pay a late charge of _____% of the scheduled payment.
Prepayment: [True daily earnings method:] If I pay all that I owe early, I will not have to pay a penalty. **[Sum of the periodic balances method:]** I can pay all that I owe early. If I do so, I can get a refund of part of the Finance Charge.
Additional information: I will refer to this document for information about nonpayment, default, security interests, any required repayment in full before the scheduled date, and prepayment refunds.

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.

Figure: 7 TAC §84.809(b)

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