

# How the Program Works

## Eligible Vehicles

Future year, current year, and used vehicles up to five years old

## Financing Terms

24 to 72 months

## Residual Value

Established based on the term of the loan using industry approved guidelines similar to leasing

## Payments

The difference between what you pay for the vehicle and the residual value is used to determine the principal portion of your payment, which results in a lower monthly payment than conventional financing

## Options

At any time during your loan term:

- Sell the vehicle, pay the loan balance (including residual value) and keep any difference
- Use the vehicle as a trade-in, and the loan balance (including residual value) is paid as part of the transaction
- Keep the vehicle and refinance the loan balance (including residual value) as a used vehicle loan

At loan maturity:

- Return the vehicle and "walk away" from the residual value

# Flex Auto Financing Offers Payments Up To 40% Lower Than Conventional Financing

## Example

Financing Option	Conventional Loan	FLEX AUTO FINANCING
Loan Amount	\$40,000	\$40,000
Monthly Payments	\$723.02	\$470.71*



Flex Auto Financing option saves you **\$252.31 PER MONTH!**

### Residual Value and Guaranteed Future Value (GFV):

The residual is the projected value of the vehicle at loan maturity. Our program guarantees this residual - we call it the "Guaranteed Future Value." If your vehicle is worth less than what you owe on your loan at maturity, you can turn the vehicle in and "walk away."

\*Payments 1-59 are \$470.71 with a 60th payment of \$18,500 (GFV)

## FLEX AUTO FINANCING NORSTATE FEDERAL CREDIT UNION



- ✓ A payment you can afford
- ✓ Guaranteed Future Value
- ✓ Reduces your risk of negative equity

# Flex Auto Financing Program Advantages

## You Own the Vehicle

Unlike leasing where the vehicle is titled in the name of the leasing company, with Flex Auto Financing the vehicle is titled in your name. This offers you greater flexibility both during the loan and at loan maturity.

## Mileage Options

You can select a 7,500, 10,000, 12,000, 15,000, or 18,000 miles per year option. The excess mileage cost is only \$.10 a mile, unlike leasing which can cost up to \$.25 per mile. End of term fees only apply if you exercise the "walk-away" option.

## No "Back End" Surprises

You will not be exposed to any hidden expenses either during the term of the loan or at loan maturity if you elect to return the vehicle. Traditional leasing has an excess wear and tear clause that is not clearly defined. In contrast, Flex Auto Financing clearly defines the vehicle return condition requirements.

## Local Return Option

If you move during the term of a Flex Auto Financing loan and elect to return the vehicle, your vehicle can be picked up from a mutually agreed upon location, anywhere in the US. Many leases require you to return the vehicle to the original dealership, and if you have moved you will be responsible for the cost of returning it.

## The Option To Keep Your Vehicle is Easy

With traditional leasing, if you decide to keep your vehicle, you have to buy it out. Which means you'll pay tax, title and license on the vehicle you've been driving. With Flex Auto Financing, you simply refinance your balance into a conventional loan, no additional charges. It's already titled in your name.

## No Security Deposit Required

Most leases require a security deposit - Flex Auto Financing does not.

## No First & Last Payments Required

Many leases require the first and last payments to be made at the time of loan disbursement - Flex Auto Financing does not.

## No Early Payoff Penalty

Because you own the vehicle you may pay the loan off, sell the vehicle, or use it as a trade-in at any time during the term of the loan—without any penalty. With a traditional lease these options typically come with a stiff "early termination" fee.

## Realistic Residual Value

Flex Auto Financing uses standard industry residual values. The residual value is not inflated to arrive at an arbitrary lower payment. This means if you elect to keep the vehicle upon loan termination you will not have to pay an inflated price to pay off the loan.