

Customer Options

When FINANCING:

- Customer will own the vehicle without a lien after _____ months

When LEASING, customer delays the purchase decision and has options:

- Buy it and keep the vehicle.
- Buy it and sell the vehicle at a profit (if market above residual value).
- Buy it and trade it for another vehicle (if market above residual value).
- Extend the lease.
- Return the vehicle to the dealer with no resale or trade-in hassles.

Choosing to lease may offer the additional benefits of lower monthly payments and less cash outlay than with a retail contract.

Mileage Considerations

When FINANCING:

- Owner is responsible for miles All
- AAA Study mid-size sedan, 5 years* .374/mile

When LEASING:

- Standard mileage allowance 15,000/year
- Additional miles at inception .10/mile
- Excess miles at lease end .15/mile

*AAA's 2012 "Your Driving Costs" study

What Affects the Future Vehicle Value?

CUSTOMER IS RESPONSIBLE FOR CONTROLLABLE AND NON-CONTROLLABLE FACTORS:

- Mileage
- Condition
- Accidents
- Higher gas prices
- New models/Enhanced technology
- New vehicle rebates/Incentive
- Poor third-party reviews
- Economy/market conditions
- Weak resale value

FINANCE TERM
60
MONTHS

FINANCE END-OF-TERM OPTIONS

- Keep the vehicle
- Sell or trade the vehicle

CUSTOMER IS RESPONSIBLE FOR CONTROLLABLE FACTORS:

- Mileage
- Condition

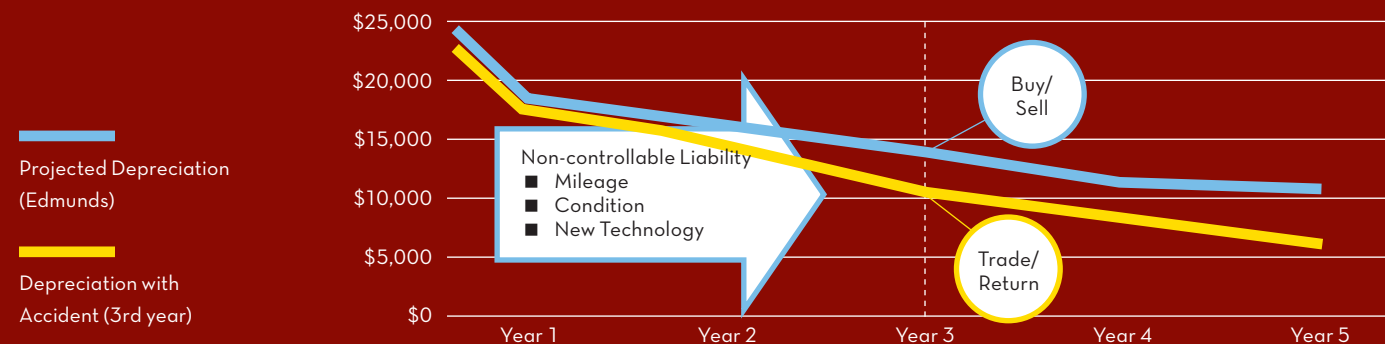
Residual = purchase price

LEASE TERM
36
MONTHS

LEASE END-OF-TERM OPTIONS

- Purchase the vehicle
- Sell privately/pay off residual
- Negotiate trade-in
- Extend the lease
- Return lease vehicle

Projected Resale Value



Wear & Use Considerations

When FINANCING:

- Owner is responsible for all wear and use.
- As wear and use increases, vehicle depreciates.
- At time of trade or sale, wear and use negatively affects the market value of vehicle.

When LEASING:

- TFS is responsible for all normal wear & use.
- Lessee is charged for excess wear and use.

Refer to sample condition report for example of both normal and excess wear, as well as to the TFS Excess Wear & Use Protection Plan brochure and the TFS Lease-End brochure. Note that the TFS EWU Protection Plan is not available in all states.

Working with Cash Customers

If paying cash to avoid interest:

- In exchange for all the payments upfront, TFS discounts the money factor and rent charge.
- The cost of money represented by the rent charge may be lower than other lease or finance programs.

If paying cash to avoid monthly payments:

- There are no monthly payments with a 1-Pay Lease.

Investment or Expense?

- It may not be the best use of a customer's cash to tie it up in a fixed asset (the vehicle that depreciates), rather than something that might increase in value.
- Leaves cash available for an emergency or opportunity.
- Fixed residual value (based on mileage and condition) provides market protection.