

UNDERSTANDING

PREFERRED OPTION (BALLOON) FINANCE PLAN

A Preferred Option (“Balloon”) Finance Plan is similar to traditional retail financing, but includes some benefits associated with leasing. It provides lower monthly payments than traditional financing since you do not pay the entire principal balance over the contract term. Once all payments have been made and the contract reaches maturity, a final lump sum or balloon payment remains and you have three options to satisfy the remaining obligations under your finance contract:

1. Pay the final balloon payment in full
2. Refinance the final balloon payment through TFS¹
3. Sell the vehicle back to TFS²

KEY FACTS

ABOUT PREFERRED OPTION FINANCING



PAYMENTS

- Lower monthly payments than traditional financing
- **One large lump sum (balloon)** payment of remaining balance due at end of contract term



OWNERSHIP

- You are the **titled owner** of the vehicle
- Can sell back vehicle at any time, upon notice to TFS, once contract obligations and any remaining balances are met



BENEFITS

- Shorter terms than traditional financing
- Option to sell vehicle back to TFS at end of initial financing period (similar to lease), but excess wear, mileage and other charges may apply²
- Contact your tax advisor to determine tax consequences of preferred option financing

EXAMPLE³

PREFERRED OPTION VS TRADITIONAL RETAIL FINANCING CONTRACT COMPARISON⁴

	TFS PREFERRED OPTION 36 MONTH	TFS TRADITIONAL RETAIL 72 MONTHS
Vehicle Sale Price	\$25,975.00	\$25,975.00
Down Payment	\$2,597.50	\$2,597.50
Amount Financed	\$23,377.50	\$23,377.50
Annual Percentage Rate (APR)	5.60%	5.30%
Finance Charge	\$2,073.50	\$3,964.50
Number of Payments	36 Plus Balloon Payment	72 Payments
Monthly Payment	\$317.35	\$380.00
Estimated Final Balloon Payment	\$14,026.50	N/A

ELIGIBILITY³

POFP (balloon) financing is available on New Toyota and other eligible vehicles. POFP is available only at Toyota dealers in the states of **Arkansas** and **Illinois**. Contract terms are available from 24 to 48 months.

UNDERSTANDING YOUR ESTIMATED FINAL PAYMENT

MSRP	\$25,200
+ Dealer-installed value added option(s)	\$775
Vehicle Sale Price	\$25,975
x Balloon Factor (%)	54%
Final Balloon Payment²	\$14,026.50

Balloon Residual %
(2018 Camry SE Model 2546)

Estimated percentage of vehicle's future value at end of initial financing period (as % of vehicle sale price). Actual balloon factor % will vary.

Payment determined based on the estimated vehicle value calculated from balloon factor %.

NOTE: This example is for illustration purposes only. APR and down payment may vary depending on applicant's credit worthiness.

Estimated balloon payment may differ from final payoff amount due at termination.³

¹ In certain states, TFS must expressly provide the right to refinance, subject to notice and other conditions. If the contract provides the right to refinance and the customer has fulfilled all contractual obligations, TFS may be required to refinance the balloon payment. In other states and for contracts where this does not apply, ability to refinance is based on applicant's credit worthiness and on approved credit. Not all applicants will qualify.

² If you choose to sell the vehicle back to TFS, you are responsible for any deficiency between the contract payoff amount plus excessive wear, mileage, disposition fee, and any other amounts due, less the final balloon payment as reflected on the contract.

³ Please see your Toyota dealer for actual program parameters, terms, conditions and restrictions. Preferred Option Financing available on approved credit for qualified applicants.

⁴ Most common contract terms purchased by TFS for POFP contracts and traditional retail contracts are 36 months and 72 months, respectively. Commonly purchased contract term data is based on FY2018 TFS contract purchases