TOYOTA
FINANCIAL SERVICES

Finance Charges on Simple Interest Contracts

How are finance charges calculated?



What is a simple interest contract?

On a simple interest contract, finance charges are calculated based on the unpaid principal balance of the contract. As each payment is made, the payment amount is applied toward the finance charges that have accrued since the last payment was received. The remaining portion of the payment is applied in accordance with the terms of your contract.

How are finance charges calculated?

Finance charges accrue daily based on the unpaid principal balance. For example, if the unpaid principal balance on your account is $19,737.71, your Annual Percentage Rate (APR) is 9% and your normal monthly payment amount is $415.17, your daily finance charge amount is calculated as follows:

(Unpaid principal balance x APR) / Number of days in a year	=	Daily finance charge amount (also called per diem)
($19,737.71 x .09) / 365	=	$4.8668

If we received your payment 28 days from the date we received your last payment, your finance charge for that period would be $136.27 ($4.8668 x 28). Finance charges are paid first and the remainder of the payment is applied in accordance with the terms of your contract. Your payment would be distributed as follows:

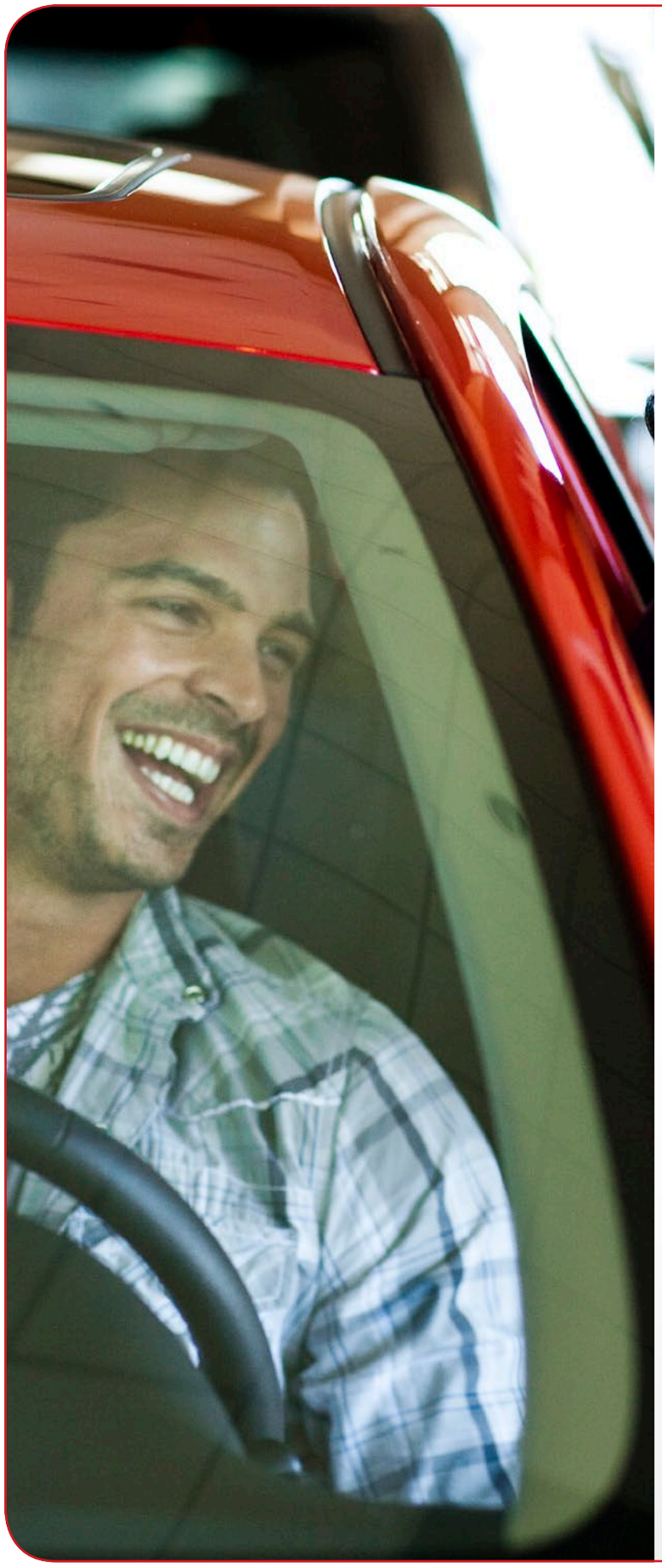
Finance Charges	$136.27
Principal	$278.90
Total	$415.17

For your next payment, the new unpaid principal balance would be $19,458.81 ($19,737.71 - $278.90). The daily finance charge amount is calculated as follows:

($19,458.81 x .09) / 365	=	$4.7981

If we received your payment 31 days from the date we received your last payment, your finance charge for that period would be $148.74 ($4.7981 x 31). Your payment would be distributed as follows:

Finance Charges	$148.74
Principal	$266.43
Total	$415.17



How does the timing of my payments affect my account?

The timing of your payments will vary the finance charges you owe. The earlier you make your payments before the due date, the less finance charges you should owe. The later you make your payments after they are due, the greater the finance charges. This illustrates the importance of making payments on time.

For example, in the last example, if we receive and apply your payment 31 days from the date we received your last payment, your finance charges for that period would be $148.74 ($4.7981 x 31) and your payment would be distributed as follows:

Finance Charges	$148.74
Principal	$266.43
Total	$415.17

However, if we receive and apply your payment 28 days from the date we received your last payment, your finance charges for that period would be $134.35 ($4.7981 x 28) and your payment would be distributed as follows:

Finance Charges	$134.35
Principal	$280.82
Total	$415.17

Similarly, if you send in extra principal payments, you may reduce the finance charges you pay over the term of your contract, assuming you continue to make your normal monthly payment on or before the scheduled due date throughout the life of your finance contract. It is important to remember that finance charges are calculated on your declining principal balance. Your daily finance charge declines as your principal balance declines.

In addition, your last payment will probably be different from the amount disclosed in your contract. The amount of your final payment will depend on your payment history throughout the term of your contract. If you consistently pay early or make additional principal payments, your last payment should be lower. If you pay late, your last payment should be higher.

Could you provide a sample amortization schedule?

This schedule for a simple interest contract is provided for your reference. The principal and finance charge amounts are approximate. Any variance from the schedule will affect the amount of finance charges owed per payment and over the term of the contract.

Contract Start Date:	1/10
Beginning Principal Balance:	$20,000.00
Term (months):	60
Annual Percentage Rate:	9.00%
Monthly Payment:	$415.17
First Payment Due Date:	2/10
Scheduled Total of Payments:	$24,909.99

Sample Amortization Schedule

Payment Number	Due Date	Date Paid	Days Between Payments	Payment Amount	Beginning Balance	Finance Charge	Principal	Unpaid Balance
1	2/10	2/10	31	$415.17	20,000.00	152.88	262.29	19,737.71
2	3/10	3/10	28	$415.17	19,737.71	136.27	278.90	19,458.81
3	4/10	4/10	31	$415.17	19,458.81	148.74	266.43	19,192.39
4	5/10	5/10	30	$415.17	19,192.39	141.97	273.20	18,919.19
5	6/10	6/10	31	$415.17	18,919.19	144.62	270.55	18,648.64
6	7/10	7/10	30	$415.17	18,648.64	137.95	277.22	18,371.42
7	8/10	8/10	31	$415.17	18,371.42	140.43	274.74	18,096.68
8	9/10	9/10	31	$415.17	18,096.68	138.33	276.84	17,819.84
9	10/10	10/10	30	$415.17	17,819.84	131.82	283.35	17,536.49
10	11/10	11/10	31	$415.17	17,536.49	134.05	281.12	17,255.37
11	12/10	12/10	30	$415.17	17,255.37	127.64	287.53	16,967.85
12	1/10	1/10	31	$415.17	16,967.85	129.70	285.47	16,682.38
13	2/10	2/10	31	$415.17	16,682.38	127.52	287.65	16,394.73
14	3/10	3/10	29	$415.17	16,394.73	117.23	297.93	16,096.80
15	4/10	4/10	31	$415.17	16,096.80	123.04	292.13	15,804.67
16	5/10	5/10	30	$415.17	15,804.67	116.91	298.26	15,506.42
17	6/10	6/10	31	$415.17	15,506.42	118.53	296.64	15,209.78
18	7/10	7/10	30	$415.17	15,209.78	112.51	302.66	14,907.12
19	8/10	8/10	31	$415.17	14,907.12	113.95	301.22	14,605.90
20	9/10	9/10	31	$415.17	14,605.90	111.65	303.52	14,302.38
21	10/10	10/10	30	$415.17	14,302.38	105.80	309.37	13,993.01
22	11/10	11/10	31	$415.17	13,993.01	106.96	308.21	13,684.80
23	12/10	12/10	30	$415.17	13,684.80	101.23	313.94	13,370.87
24	1/10	1/10	31	$415.17	13,370.87	102.21	312.96	13,057.90
25	2/10	2/10	31	$415.17	13,057.90	99.81	315.36	12,742.55
26	3/10	3/10	28	$415.17	12,742.55	87.98	327.19	12,415.36
27	4/10	4/10	31	$415.17	12,415.36	94.90	320.27	12,095.09
28	5/10	5/10	30	$415.17	12,095.09	89.47	325.70	11,769.40
29	6/10	6/10	31	$415.17	11,769.40	89.96	325.20	11,444.19
30	7/10	7/10	30	$415.17	11,444.19	84.66	330.51	11,113.68
31	8/10	8/10	31	$415.17	11,113.68	84.95	330.22	10,783.47
32	9/10	9/10	31	$415.17	10,783.47	82.43	332.74	10,450.73
33	10/10	10/10	30	$415.17	10,450.73	77.31	337.86	10,112.87
34	11/10	11/10	31	$415.17	10,112.87	77.30	337.87	9,775.00
35	12/10	12/10	30	$415.17	9,775.00	72.31	342.86	9,432.14
36	1/10	1/10	31	$415.17	9,432.14	72.10	343.07	9,089.07
37	2/10	2/10	31	$415.17	9,089.07	69.48	345.69	8,743.38
38	3/10	3/10	28	$415.17	8,743.38	60.37	354.80	8,388.58
39	4/10	4/10	31	$415.17	8,388.58	64.12	351.05	8,037.53
40	5/10	5/10	30	$415.17	8,037.53	59.46	355.71	7,681.82
41	6/10	6/10	31	$415.17	7,681.82	58.72	356.45	7,325.37
42	7/10	7/10	30	$415.17	7,325.37	54.19	360.98	6,964.39
43	8/10	8/10	31	$415.17	6,964.39	53.24	361.93	6,602.46
44	9/10	9/10	31	$415.17	6,602.46	50.47	364.70	6,237.76
45	10/10	10/10	30	$415.17	6,237.76	46.14	369.03	5,868.74
46	11/10	11/10	31	$415.17	5,868.74	44.86	370.31	5,498.43
47	12/10	12/10	30	$415.17	5,498.43	40.67	374.49	5,123.94
48	1/10	1/10	31	$415.17	5,123.94	39.17	376.00	4,747.94
49	2/10	2/10	31	$415.17	4,747.94	36.29	378.88	4,369.06
50	3/10	3/10	28	$415.17	4,369.06	30.16	385.00	3,984.06
51	4/10	4/10	31	$415.17	3,984.06	30.45	384.71	3,599.34
52	5/10	5/10	30	$415.17	3,599.34	26.63	388.54	3,210.80
53	6/10	6/10	31	$415.17	3,210.80	24.54	390.62	2,820.18
54	7/10	7/10	30	$415.17	2,820.18	20.86	394.31	2,425.87
55	8/10	8/10	31	$415.17	2,425.87	18.54	396.62	2,029.25
56	9/10	9/10	31	$415.17	2,029.25	15.51	399.66	1,629.59
57	10/10	10/10	30	$415.17	1,629.59	12.06	403.11	1,226.48
58	11/10	11/10	31	$415.17	1,226.48	9.38	405.79	820.69
59	12/10	12/10	30	$415.17	820.69	6.07	409.10	411.59
60	1/10	1/10	31	$414.74	411.59	3.15	411.59	0.00



Based on the sample amortization schedule, how would an early payoff be calculated?

Assume you have made 28 payments and your unpaid principal balance is $12,095.09. Fourteen days have elapsed since your last payment and the payoff is valid for 10 days.

The daily finance charge amount would be calculated as follows:

($12,095.09 x .09) / 365	=	$2.9824

The total amount of finance charges included in the payoff would be:

Daily finance charge amount x (number of days since last payment + number of days payoff is valid)	=	Total amount of finance charges
$2.9824 x (14 + 10)	=	$71.58

The payoff would be calculated as follows:

Unpaid principal balance + Total amount of finance charges	=	Payoff amount
$12,095.09 + $71.58	=	$12,166.67

Remember that this example is provided for your reference only. The principal and finance charge amounts are approximate with any variances affecting the early payoff amount.

How will I know the amount of my final payment or payoff?

When you reach the last payment of your contract or if you wish to know your current payoff, contact us:

(800) 874-8822
toyotafinancial.com

Is there a penalty if I pay off my contract early?

There is no prepayment penalty if you want to pay off the simple interest contract prior to the original maturity date. An early payoff requires that the current unpaid principal balance be paid plus the interest due from the date of the last payment until the payoff date, plus all other amounts due and owing under your contract.

Will I receive a refund of finance charges if I pay off the contract early?

You will not receive a refund of finance charges if you pay off the contract early. On a simple interest contract, you pay finance charges on the principal balance for each day the account is open. If the contract is paid off early and the account is closed, no future finance charges are required. You will receive a refund if the amount you forward to Toyota Financial Services as a payoff exceeds the total amount owing on your contract at the time of payoff.

To learn more about the wide range of programs offered by Toyota Financial Services and your participating Toyota dealer, please visit us at **toyotafinancial.com.**



To assist you in understanding finance charges on simple interest contracts, Toyota Financial Services has gathered the most commonly asked questions and provided the answers in this brochure.

This brochure is provided for educational purposes and is not intended to solicit business. The examples provided in this brochure are intended to help illustrate how finance charges on simple interest contracts are calculated. Should you have additional questions about this process, please contact us at (800) 874-8822 or toyotafinancial.com.

TOYOTA
FINANCIAL SERVICES

Start With Confidence.

toyotafinancial.com

© 2014 Toyota Financial Services. Toyota Financial Services is a service mark of Toyota Motor Credit Corporation.

00726 • 15-079 (5/14)