

# UNDERSTANDING YOUR SIMPLE INTEREST AUTO LOAN



Your auto loan is calculated using the simple interest method. We calculate the interest on your loan by multiplying the outstanding principal balance by the daily interest rate. In other words, you pay us interest based on how much principal you owe and the number of days you owe it.

## Paying on time makes it easy

Your monthly payment amount and payment due date are the same every month. When we set up your loan repayment schedule, we calculate how much interest and principal you need to pay and the date you need to pay it each month so that your balance will be zero at the end of your loan. If you make all your regular monthly payments on time as scheduled, and there are no other changes to your account, you should expect to pay no more or less than you agreed.

## Paying late costs you money

When we receive your monthly payment, first we pay off any outstanding interest. Then we apply the rest of your payment to your principal balance. But, if you pay late, more of your monthly payment will be used to pay the interest you owe and less will go toward reducing your principal balance. You may also be charged a late fee, which also increases the cost of your loan.

Other actions that drive up your costs:

- Missing a payment — adds interest and late fees
- Moving your due date — adds interest
- Payment extensions — adds interest and extends your loan payment schedule

## Ways to help save money and time

- Pay on time — Extra days between payments mean extra interest, and possibly late fees.
- Pay online — Sign up for repeating payments from any checking or savings account at [chase.com](https://chase.com). This helps you avoid late payments and saves time because you don't have to write a check to pay your bill each month.
- Pay extra — Adding a little more to your regular monthly payment each month or making an additional lump sum payment will help lower your loan balance faster and reduce the interest that accrues on your loan. If you want to make an extra payment to reduce your principal balance, follow the "Principal Reduction" instructions on the payment coupon included with your billing statement. Or, click the "Principal Reduction" checkbox when paying electronically on [chase.com](https://chase.com).
- Pay more frequently — Making a half-payment twice a month could reduce the amount of principal on which the finance charge is assessed. Or, consider making half-payments every two weeks so you end up making a full extra payment over the course of a year. There's no need to pay a fee to a third party to do this for you. Just be sure to time your two half-payments so we receive the full monthly payment by the due date.

## We're here to help

If you want to know more about simple interest, setting up repeating payments, making extra principal payments or have any other questions, please call us at 1-800-336-6675.