

INSTRUCTIONS
REPORT ON AUTOMOBILE FINANCE TERMS (FR 2005)

Public reporting burden for this collection of information is estimated to average 9 minutes per response, including the time to gather and maintain data and to review instructions and complete the information collection.

Purpose

The Federal Reserve System uses data from this survey to monitor the price, volume, and terms of loans originated for new and used cars.

General Instructions

For the purposes of the survey, include only finance terms for new or used passenger light vehicles. Include loans to purchase light trucks for personal use, such as pickup trucks, vans, minivans, and sport-utility vehicles. Exclude receivables associated with fleet sales, loans arising from the sale of motorcycles, commercial trucks, travel trailers, campers, recreational vehicles (RVs), and other similar vehicles.

All percentages should be rounded to two decimal places.

Definitions of terms:

1. Weighted average customer APR – The weighted average of Annual Percentage Rates (APR) disclosed to customers, as required by Regulation Z (Truth-in-Lending). Please weight each individual loan's customer APR by its share of the total principal balance on all loans (that is, the loan principal divided by the total principal balance of all loan contracts originated during the report month).
2. Weighted average creditor APR – The annual percentage rate used to calculate the purchase price for the loan contracts. Please report a weighted average in which each loan's creditor APR is weighted by its share of the total principal balance on all loans.
3. Weighted average term – The period over which a loan agreement is in force; from the date of origination to maturity, at which time the loan should either be repaid in full or renegotiated. Please report the weighted average number of monthly payments at the time of origination in which each loan's term is weighted by its share of the total principal balance.
4. Weighted average loan-to-value ratio – The weighted average of the loan-to-value ratios for loans originated during the report month.
 - a. Loan – The principal balance of the loan at origination. The principal balance generally equals the negotiated price of the vehicle, plus any financed taxes, insurance, service contracts, dealer installed accessories, prior balances on trade-in vehicles and other fees and charges, less vehicle trade-in and any cash down payment.
 - b. Value – For new vehicles, the estimated net cost of the vehicle to the dealership. For used vehicles, the value is the average wholesale value of the vehicle.
5. Average size of loan: Aggregate amount financed / number of contracts financed.
6. Aggregate amount financed: Total principal balance of all loan contracts originated during the report month.
7. Number of contracts financed: The total number of all loan contracts originated during the report month.