

## Top 10 Tips for Smart Car Shoppers

- 1) **Know what you can afford.** Decide what type of car you really need, and set a price range that fits your budget.
- 2) **Research.** Gather all the information you can find -- using the Internet, buying guides and consumer publications -- to learn about vehicles on your short list.
- 3) **Review your credit report.** That way, you will know what creditors will see -- plus you can correct any errors you find. You can get free copies of your credit report once a year from each of the three nationwide credit reporting companies by calling 1-877-322-8228 toll-free or visiting [www.annualcreditreport.com](http://www.annualcreditreport.com).
- 4) **Comparison shop.** Compare the interest rates ("APR") and other financing terms offered by several different sources, such as banks, credit unions, and dealers.
- 5) **Understand the difference between buying and leasing.** You can download a free government publication called "Keys to Vehicle Leasing" at [www.federalreserve.gov/pubs/leasing](http://www.federalreserve.gov/pubs/leasing).
- 6) **Educate yourself.** Be sure you are familiar with common words you're likely to hear or read -- such as down payment, fixed- and variable-rate financing, and on- and off-site financing -- when you are buying or financing a car. You can find the definitions of many of such words at [www.autofinancing101.org/resources/glossary.asp](http://www.autofinancing101.org/resources/glossary.asp).
- 7) **Negotiate.** Remain calm, and take your time negotiating the car's price, as well as the financing rate you are offered.
- 8) **Understand the value and price of optional services.** Examples include credit insurance, guaranteed auto protection, and extended service contracts. If you do not want such services, do not sign for them.
- 9) **Read any contract carefully before signing it.** Ask questions about anything you do not understand.
- 10) **Make your payments on time.** Late or missed payments incur late fees and may even cause your vehicle to be repossessed, permanently. And a bad payment record will show up on your credit report, damaging your ability to get credit in the future.

These tips were brought to you by AWARE, a non-profit organization seeking to build a greater understanding about how auto financing works. AWARE is supported by leaders of the vehicle financing industry, and is perhaps the only resource that focuses exclusively on auto financing education in materials, a Web site, and other educational offerings that are entirely free of marketing, advertising, or sales efforts. Visit [www.AutoFinancing101.org](http://www.AutoFinancing101.org) for financing calculators, tips, and other free educational materials.