

THREE STEPS TO EASIER AUTO FINANCING

Chances are, if you're planning to buy a car or truck, you're one of the overwhelming majority of Americans that do their homework well in advance of ever taking a test drive. You learn about options, colors, prices, and ratings. But would you think to check your credit score and research financing options with the same intensity? You should.

Your dealership will work with you to help you determine a financing arrangement that makes sense for you. But it's always a good idea to have a solid game plan on financing before you ever set foot in a dealership. AWARE, a group of auto financing industry leaders, recommends following this three-step "road trip" to make the most informed financing decisions:

Step One: *Do your Homework*

- Evaluate your financial situation and determine how much you can afford to pay. A list of online auto financing calculators can be found at www.autofinancing101.org.
- Check out auto buying guides, the Internet and other sources to determine a realistic price range for the auto you are thinking of buying.
- Understand the differences between buying and leasing an auto.
- Get a copy of your credit report so you can correct any errors and be aware of what creditors will see.
- Compare annual percentage rates and financing terms from multiple sources such as banks, finance companies, and credit unions.

Step Two: *Comparison Shop*

- Stay within the price range you can afford.
- Negotiate your finance arrangements and terms just as you negotiate the price of the vehicle.
- Understand the value and cost of optional products such as extended service contracts, credit insurance, or guaranteed auto protection. If you don't want these products, don't sign for them.
- Read the contract carefully before you sign it. Ask questions about anything you don't understand.

Step Three: *Bring Your New Purchase Home*

- Make your payments on time. Late or missed payments incur late fees and appear on your credit report, which can impact your ability to get credit in the future.
- If you financed the vehicle, be aware that the bank, finance company or credit union that bought the financing contract from the dealership holds a lien on the auto title (and in some cases the actual title) until you have paid the contract in full.
- If you have difficulty making your monthly payments, talk to your creditors. Work out a repayment schedule and, if necessary, seek the services of a non-profit credit counseling agency.

This *Vehicle Financing Road Trip* was brought to you by Americans Well-informed on Automobile Retailing Economics (AWARE), a group of automotive industry leaders that have joined together to educate consumers about vehicle financing. For more tools, calculators, and other information on vehicle financing – in both English and Spanish - visit the AWARE Web site at www.autofinancing101.org.