



The Auto Financing Road Trip

BEFORE VISITING THE DEALERSHIP:

- Based on your needs and budget, determine a realistic price range for the auto you are thinking of buying.
- Know the difference between buying and leasing an auto.
- Know your credit record and that it may affect the finance rate you are able to secure.
- Compare annual percentage rates and financing terms from multiple sources such as banks, finance companies and credit unions.

WHEN SHOPPING FOR AN AUTO AT THE DEALERSHIP:

- Stay within the price range you can afford.
- Negotiate your finance arrangements and terms.
- Understand the value and price 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.

AFTER COMPLETING THE AUTO PURCHASE OR LEASE:

- 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 auto, be aware that the dealership (or a bank, finance company or credit union that purchases the 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.



The Auto Financing Road Trip, Continued

- The dealership may retain your finance contract, but usually sells it to a third party, such as a bank, finance company or credit union, at a wholesale rate (often called the “buy rate”). The bank, finance company or credit union that buys your contract will service the account and collect payments.
 - Know your obligations. A creditor may take the auto in full satisfaction of the credit agreement or may sell the auto and apply the proceeds from the sale to the outstanding balance of the credit agreement.
 - Be aware that repossession can occur if you fail to make timely payments. It does not relieve you of your obligation to pay for the auto. The law in some states allows the creditor to repossess the auto without going to court.
- IF YOU ENCOUNTER FINANCIAL DIFFICULTY:**
- Talk to your creditors if you experience difficulty making your monthly payments. Explain your situation and reason your payment will be late. Work out a payment schedule with your creditors and, if necessary, seek the services of a reputable non-profit credit counseling agency.