

Top 10 Smartest Car Buying Tips



Brought to you by TCCU.

We're here to help you spend less and save more.

Shopping an auto can be time-consuming and a little confusing. At TCCU we're here to help make it easy. Once you know the routine, you'll be set to save money on your car financing.

Use these Top 10 Smartest Car Buying Tips to help get you going in the right direction.



Connecting Families & Building Futures

800.222.1025

www.TELCOccu.org

1. Compare annual percentage rates (APRs). The APR is the amount lenders charge expressed as a percentage. The lower the APR, the less you will pay in loan interest. You can often get a lower rate if you have a good down payment. [Click here to check Telco's rates](#), which are typically lower than conventional banks.

2. Consider buying used. The average cost of a used car is less than half of a new one. Interest rates on new cars generally are lower than on used cars, however, you may have to take out the loan for a longer term to comfortably afford the monthly payments. *Buy within your means* so you don't overextend your budget and risk defaulting on the loan.

3. Look at insurance. North Carolina lenders will require collision and comprehensive insurance on new and used vehicles. On lower-priced used cars, it actually could be cheaper to take out a somewhat higher cost personal loan and buy lower-priced insurance.

4. Realize the less you borrow, the more you save in loan interest. In most cases, applying a manufacturer's rebate to reduce the amount you need to borrow will be cheaper than taking the dealer loan. Combine a rebate with your credit union's low loan rate and you may have the best of both worlds. [Click here to use an online calculator](#) to look at your options.

5. Pay off the loan as quickly as you can afford to. Paying a loan off early can save hundreds in interest charges.

6. Ask TCCU to preapprove your loan. This way, you can bargain for a dealer discount based on a cash sale, and *you can avoid high-pressure sales for a dealer loan.*



Here's a couple bonus tips, helpful in making *really smart decisions* and saving money.

"Hidden Costs" in Dealer Financing Options:

Dealers' low-rate loans and rebates almost always are available only on slower-selling models. *These cars may have lower resale values.*

Dealer financing plans usually are limited to dealer stock. That means you may have to sacrifice the color, style, and/or options you want. Unwanted options can add 25% to 30% to the sticker price of your car.

Pay attention to what the dealer's charging for GAP (guaranteed asset protection) insurance and mechanical repair coverage. GAP covers the difference between what a consumer owes a lender and what an auto insurer will pay if a car is totaled or stolen shortly after it's purchased. Mechanical repair coverage extends the warranty, making the resale value of a car higher. **Some credit unions offer these products, often at a substantially lower cost.**

7. Understand the loan contract. Reading through all that legalese of the car dealer loan is a chore and takes time, but it's worth it to ensure you're getting a fair deal. *Don't be reluctant to ask questions...* a reputable lender will take the time to help you. A credit union loan officer can help you evaluate a loan agreement from another lender too.

8. Do as much research as you can. Check online resources such as Cars.com. Everything you need is right here, finding available new, used and specialty vehicles near you. Search by vehicle type or price, get reports, use loan calculators, and learn from articles.

9. Evaluate your financial situation. As a first-time borrower, you can't rely on a credit history to speak for you yet. Still, a record of paying rent and utility bills on time can help demonstrate your reliability.

10. If you have a good credit history, you have plenty of affordable borrowing options. If you made payments late or didn't fully pay on past loans, you may be required to have a co-signer who would agree to be responsible for the loan should you fail to pay. The same goes if you haven't borrowed before and have no credit history.

Consumer Alert: Tens of thousands of flooded and totaled used cars from Hurricane Katrina and Hurricane Rita

When Hurricane Katrina struck Florida, Louisiana, Mississippi and Alabama and Hurricane Rita hit Florida, Louisiana and Texas, it was one of the worst natural disasters to hit the United States. Aside from death and destruction, few people know what happened to the hundreds of thousands of cars that were totaled, most of them flooded by Katrina's storm surge and the flooding of New Orleans.

Many car dealer lots had hundreds of cars completely submerged under water. After insurance claims, these cars will have their titles branded as totaled or flooded, then they'll be shipped to other states so their titles can be laundered back to normal status, while latent water damage corrodes the electronics.

It is more important than ever for you to ask for a CarFax or an Experian AutoCheck Vehicle History Report on every used car you look at, because you can't afford to be stuck with a previously flooded or totaled vehicle.