

**How do I get the best deal on a car?**

**Know what the car is worth.**

Check out the Kelly Blue Book and the NADA guide online or in a public library to find out what the car is worth. The model, year, and mileage will determine its price.

Ask a trusted mechanic to examine the car before you buy to make sure that there is no structural or mechanical damage that you cannot see.

**Watch out for dealer markups.**

Car dealers often charge customers a higher interest rate than they qualify for and can mislead you about your credit rating. Know your credit score and current interest rates before you shop!

**Remember...car and loan prices are not fixed.**

**Never take the car home before the loan and sale are final!**

**ALWAYS NEGOTIATE!**

To download all of the brochures in this series, log on to [www.appleseeds.net](http://www.appleseeds.net)

**Helpful Information:**

**Federal Trade Commission**

Consumer help line: 1-877-382-4357.  
Identity theft line: 1-877-438-4338.

**Fannie Mae Foundation**

Free guides on credit and home loans.  
Call toll free: 1-800-611-9566.  
Español: 1-800-782-2729.  
[www.homebuyingguide.com](http://www.homebuyingguide.com)

**Housing and Urban Development**

Free advice on home buying.  
Call toll free: 1-800-569-4287.  
[www.hud.gov](http://www.hud.gov) or [www.espanol.hud.gov](http://www.espanol.hud.gov)

**Online Consumer Help:**

**Federal Reserve Bank**

Brochures on credit, finances, and how to buy a car or home.  
[www.federalreserve.gov/consumers.htm](http://www.federalreserve.gov/consumers.htm)

**My Money**

Financial education materials from U.S. government agencies.  
Call toll free: 1-888-MYMONEY (696-6639).  
[www.mymoney.gov](http://www.mymoney.gov)  
[www.mymoney.gov/Espanol](http://www.mymoney.gov/Espanol)

Call the Attorney General's office in your state if you believe that a provider of goods and services has treated you unfairly.



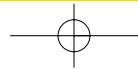
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# Car Loans



## BANK ON YOUR FUTURE



## Would you like to buy a car and be able to make monthly payments?

Before you say “yes,” there are many things you should know to avoid making a bad deal.

### Where do I start?

**Get the loan first.** Auto loans from a bank or credit union usually have better interest rates and lower fees than loans directly from the car dealer. If you are approved for a loan BEFORE you visit a dealer, you can usually negotiate a lower purchase price.

**Always look at the loan fees.** A loan from the car dealer may have lower interest rates than one offered by a bank or credit union, BUT it may be more expensive after you include all of the fees.

### Is a lower monthly payment the best option?

#### Not always ...

Shorter loan repayment schedules cost you much less in the long run. Car loan terms of 18 months to 2 years are typical. Longer terms will lower your monthly payments but they raise the overall cost of the loan and can force you to keep a vehicle for longer than you want.

Remember: the more cash you can pay up front, the better the loan terms you should receive.

**Beware of balloon loans!** Do not agree to a loan with manageable monthly payments that ends with your having to pay off the loan in one large “balloon” payment. If you can’t afford the last payment, you could lose the car!

**Beware of offers that say: “No credit? No problem!”** These are often bad deals that trap consumers with high payments and hidden fees.

### How can I improve my chances for getting a loan?

#### Review your credit score report.

Your credit score report affects whether you can get a loan and the amount you will pay to borrow money. You can get your credit score by calling one of these services toll free:

Equifax Credit Information Services, Inc.  
1-800-685-1111

Experian Creditexpert.com  
1-888-397-3742

Trans Union LLC Consumer Disclosure Center  
1-800-888-4213

For a free credit report call: 1-877-322-8228  
or visit [www.annualcreditreport.com](http://www.annualcreditreport.com)



### Why is my credit score important?

Credit scoring is a system companies use to help them determine whether to loan you money.

A good credit score will allow you to get a loan. A good score also will make you eligible for loans that cost you less (loans with lower interest rates).

For example: A 2-year car loan of \$6,000 at 10% interest costs \$164 more per year than the same loan at 5%. A 30-year home loan of \$100,000 at 7.5% interest costs \$1,200 more per year than the same loan at 6%.

An average score is between 620 and 650.

### How can I improve my credit score?

**You can improve your score by paying your bills on time, limiting the number of credit cards you have, and avoiding unpaid debt.**

Also, correct your credit report. Check your report for errors. Write the credit report company in English or Spanish, briefly list the errors, and ask the company to make corrections. It may take a few weeks for your score to be updated.