

# Tips on Buying Your Next Car

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When shopping for a car, new or used, start by asking yourself a few questions:

- How many miles will you be putting on the car weekly?
- What are the mpg ratings for the cars you are considering?
- How will the car primarily be used—taking kids to soccer, commuting to work?
- What features do you need/want (air conditioning, CD player, anti-lock brakes)?
- How large of a car loan can you afford?
- How much of a monthly payment can you handle?
- How much do you have for a down payment (cash or trade-in)?

Check the online car sites to find out the current pricing, safety records and other information on the makes and models you are interested in buying.

## **Get your financing first**

Getting your auto loan first lets you know how much money you have to work with and sets a realistic focus on the car buying process. Another benefit of having financing in hand before visiting the dealership is that it will keep you out of their high-pressure finance departments.

The Annual Percentage Rate (APR) you will be charged on your car loan will depend on your credit history and FICO score. Other variables include current interest rates, market conditions and any special financial promotions being offered by dealers or manufacturers on the car you are buying.

The difference between the interest rate on a new car loan and a used car loan doesn't vary that much because used vehicles don't depreciate as quickly as newer models. This makes them better short-term collateral for the lender.

A good place to get a free car loan quote is Fast Car Finance. Their no-obligation online application will let you now how much you are qualified to borrow.

## **If you are buying new**

Buying new gives you a new-car warranty that lasts for years. It also gives you more control over optional features, and, if you buy the right vehicle, it will have greater resale value down the road.

Shop around to get the best possible price by comparing models and prices in ads and at dealer showrooms. You also may want to contact car-buying services and broker-buying services to make comparisons. Consider ordering your new car if you do not see what you want on the lot.

Negotiate on price. Dealers may be willing to bargain on their profit margin, often between 10 and 20 percent. Usually, this is the difference between the manufacturer's suggested retail price (MSRP) and the invoice price.

## **If you are buying used**

A good used car should last longer than your loan. According to The U.S. Department of Transportation, the average life span of a vehicle is 13 years, with final mileage around 145,000.

If you're shopping for a used car at a dealership, ask for a conditioning report in addition to having your own mechanic check it out. You can also order the vehicle's history report from an online service like CarFax or AutoCheck.

If you are buying from a private party, you will want to ask:

- How long have you owned the vehicle?
- Has the vehicle been in an accident or repainted?
- When are the next state inspection and emissions tests due?
- How often has the oil and filter been changed?

- Why are you selling the vehicle?Mike Hamel is the author of several articles about mortgage and auto financing. His material is featured on sites like <http://www.1-800-bar-none.com>