



## **Auto-Financing Tips**

### **Your Budget – What Can You Afford?**

Make sure you anticipate all your costs, including fuel, registration fees, maintenance, insurance, and repairs. Depending on your state, you may also be paying sales tax. Calculating these costs will help you determine what you can afford, and how much to borrow.

### **Factors that Determine Your Interest rate & Monthly Payments**

#### ***Your Credit***

We consider your credit rating, your payment history, and the amount of debt you already have.

#### ***Your Income***

A stable income - that's high enough to pay your debts and other monthly expenses - helps you qualify for a better interest rate.

#### ***Type of Vehicle***

Interest rates on new cars are usually less than for used cars. RVs and motorcycles may also have different rates. Also remember that used cars over 7 years old may not qualify for financing.

#### ***Term of Your Loan***

Financing for a longer term lowers your payment, which can add to your monthly cash flow, but will cost you more over the life of the loan.

Do you want a 36 month term? Or maybe a longer term? How about 60 months? Let's compare. The example below shows your monthly and total payments for a 36 versus a 60 month term.

Amount Financed	\$22,000	\$22,000
Interest Rate (APR)	6.00%	6.00%
Term of Loan	36 months	60 months
Monthly Payment	\$669	\$425
Total Paid		
Over Life of Loan	\$24,098	\$25,524

In this example, with a 36 month term you would pay \$244 more per month and \$1,426 less over the life of the loan.