

## Finding The Best Car Loan For You

When you want to buy a new car, it is not always possible to pay cash. Of course, paying cash for any purchase is the easiest and most sensible method, because you do not have to borrow money and are simply buying what you can readily afford. However, if you cannot pay cash then there are a number of great methods to help you get the car of your dreams:

### 0% is possible

As car manufacturers are trying harder and harder to shift slow moving models, the finance deals that they are offering become better and better. Some manufacturers are even offering 0% finance deals for anything up to 5 years. This means you can pay for the car in monthly instalments without paying any interest. However, you should bear in mind that you need a good credit rating to get 0% finance, and that you can still negotiate the price of the vehicle to get a better deal.

### Negotiate car and loan separately

It is advisable to negotiate the price of the vehicle and any financing separately. You should work out what type of financing you are going to use before looking at a car, as this will put you in a much stronger position. Negotiate the price before telling the dealer your method of financing, so that you can get the best deal for each product separately.

### Try and avoid dealer financing

Although you can get some great deals with dealer financing, on the whole it is more expensive to get your loan through the dealer than it is if you get your loan elsewhere. This is because the dealer receives cash incentives from the lending companies to secure such financing, which increases the rates that you have to pay. If you have pre-approval for financing before you negotiate with the dealer, then to the dealer you are essentially a cash buyer. This puts you in a stronger position financially and will help you to get a better deal on the vehicle.

### Home equity loans

One alternative method you could use to finance your car is to get a home equity loan. The rates you will pay are generally lower, but of course you are putting your property at risk. If you have a good steady income then this can be a useful method for you.

### Ownership and part exchange

When you get auto financing, it is important to remember that this type of financing is known as 'hire purchase'. This means that if you default on payment, you will lose your vehicle, as you do not technically own it until all payments are made. You should always remember that even if the car goes wrong, you still need to pay for the vehicle.

Another important thing to remember is the value of your current car. If you have a car already, you can use this vehicle as a part exchange for the new vehicle, or as the down payment. This is particularly useful if you don't have much free cash to pay the deposit on the new vehicle.

### Shop around

As with any other loan, it pays to shop around to find the best deal. Look at various dealer options, online lenders and banks to find the best deals. If you get the right loan for your needs, you will save a lot of money in the long-term and not pay a lot more than the car is worth.

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