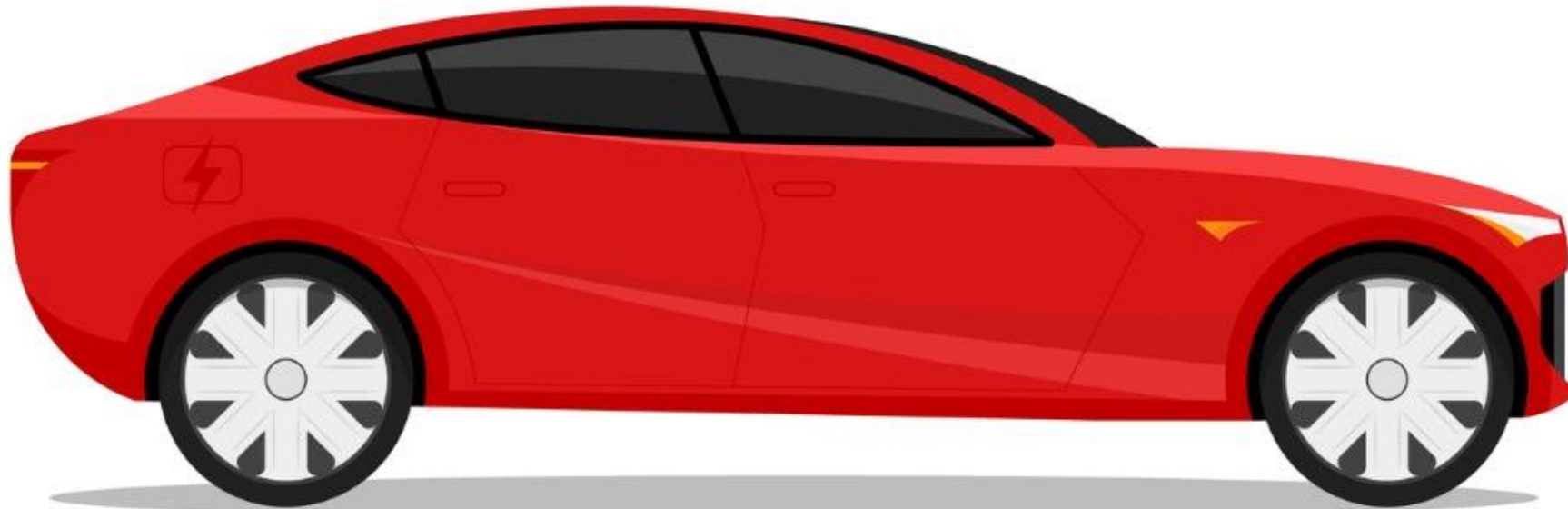


Navigating the **Auto Loan** Process



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The Cost of Owning a Vehicle

- Dealer Fees
- Tax/Title/Registration
- Add-ons
- Insurance
- Maintenance/Depreciation
- APR



Listed Price vs. Actual Price

GREAT SALE

2019

Premium Car

MSRP

\$21,390

YOUR PRICE

\$18,999*



*After rebate

VEHICLE

718

PURCHASE TERMS

Base price		\$21,390
Rebate	-	\$2,391
Window Tint/Wheel Locks	+	\$199
GPS/Computer System	+	\$150
Tag/Registration Fees (estimate)	+	\$200
Tire/Battery Fees	+	\$10.50
Dealer Service Fee	+	\$599.95
Electronic Filing Fee	+	\$97.50
TOTAL DUE (estimate)		\$20,255.95

Auto Loans



Terms to Know

- **Auto Loan** – borrowed money to purchase an automobile
- **Lender** – a financial institution who offers loans to consumers
- **Credit Rating** – evaluation of a person's credit history
- **Secured Loan** – requires a cosigner or collateral
- **Cosigner** – a person who guarantees the loan for the original borrower.



Lender Options

- Dealer financing
- Banks
- Credit unions
- Online lenders



Consumer Rights

The Truth in Lending Act - 1968

- Part of the Consumer Protection Act
- Applies to all credit transactions
 - Mortgages, credit cards, loans, etc.
- Requires clear disclosure of key terms and all costs in lending agreements
- Allows consumers to easily compare credit offers



What's the Real Cost?



Variables of a Loan

- Negotiated Price
- Down Payment
- Trade-In
- Principal Loan Amount
- Annual Percentage Rate (APR)
- Term



Variables of a Loan Cont.

- **Total Cost of the Loan**

- Total of the principal loan amount + interest paid + other fees

- **Total Purchasing Cost**

- Total of the down payment, trade-in value, and total loan amount



Rules of Thumb

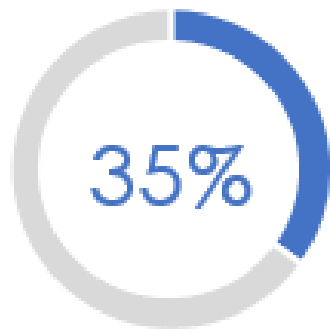
- The larger the down payment on an automobile, the lower the principal loan amount.
- The longer the term of the loan, the smaller the payments. However, more interest is paid.
- The higher the APR, the more interest is paid and the larger the total loan amount.



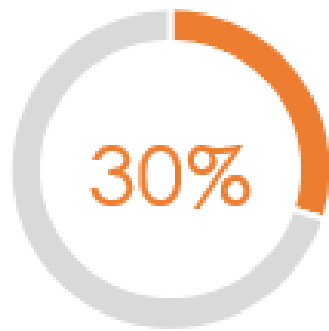
Credit Score Breakdown



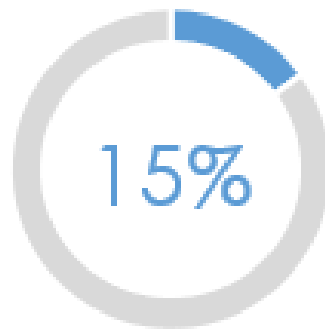
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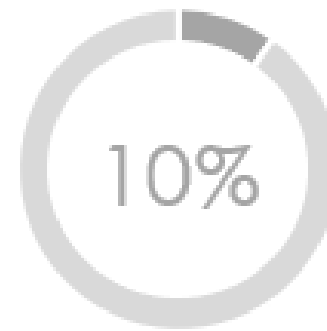
Payment
History



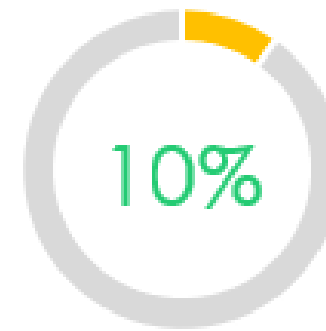
Amounts Owed /
Use of
Available Credit



Length of
Credit History



Types of
Credit Used/
Credit Mix



New Credit



Calculating the Cost



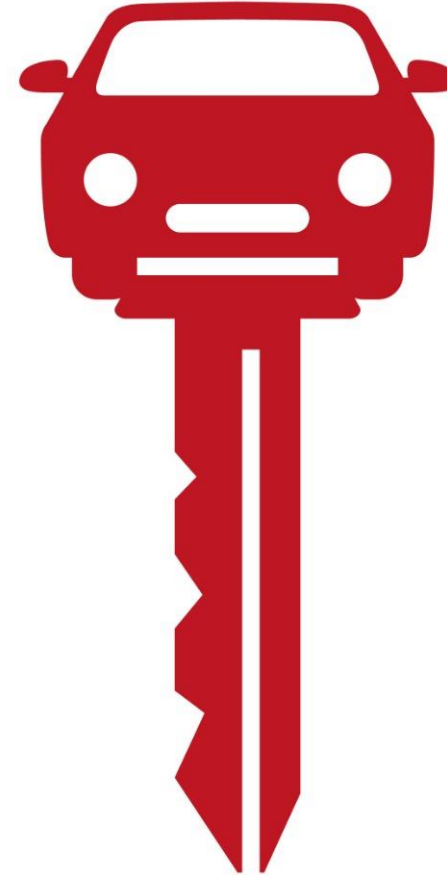
Using standard calculators

Calculating the Cost

Three variables are required to calculate the cost of a loan:

- Principal loan amount
- APR
- Time period (term)

**Using a standard calculator does not provide exact results, just estimates*



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Equations

Total Interest:

- Principal loan amount x APR x term = Interest paid

Total Loan Amount:

- Interest paid + Principal loan amount = Total loan amount

Estimated Monthly Payment:

- Total loan amount/Number of payments = Estimated monthly payment



Calculating the Cost

- Joe has decided to purchase a new car
 - Negotiated price - \$25,000
 - APR – 8%
 - Term – 4 years (48 months)
- What is it really going to cost?





Thomas

P	=	\$25,000
r	=	6%
n	=	4 years (48 months)
<hr/>		
Total Monthly	=	\$587.13
Total Payments	=	\$28,182.03
Interest Paid	=	\$3,182.03

Sari

P	=	\$25,000
r	=	4%
n	=	4 years (48 months)
<hr/>		
Total Monthly	=	\$564.48
Total Payments	=	\$27,094.87
Interest Paid	=	\$2,094.87



Comparing Terms & Rates

Loan A

\$20,000		
$r = 4\%$		$n = 6 \text{ years}$
\$22,529.06		
Principal	=	\$20,000
Interest	=	\$2,529.06

Loan B

\$20,000		
$r = 6\%$		$n = 4 \text{ years}$
\$22,545.63		
Principal	=	\$20,000
Interest	=	\$2,545.63



When You're Ready to Buy

01



**Research your
options**

02



**Shop
around**

03



Negotiate



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USSFCU AUTO LOANS



3.99%*

Annual Percentage Rate
RATES AS LOW AS 3.99%

- Low, fixed rates on new or used vehicles
- Terms up to 7-years
- Pre-approval available
- Up to 110% financing
- Relationship discounts available



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USSFCU Car Buying Service powered by

TrueCar®

GAPPLUS

Extended Warranty
Coverage

USSFCU.ORG/AUTO

Rates as of 7.1.2023 and subject to change. Not all applicants will qualify for the lowest rate. View all rates at ussfcu.org/rates.

USSFCU Car Buying Service powered by

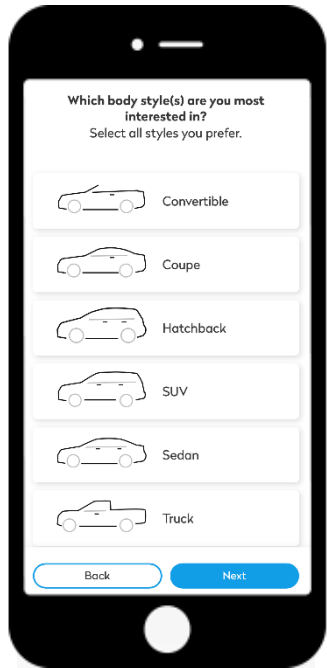
TrueCar[®]



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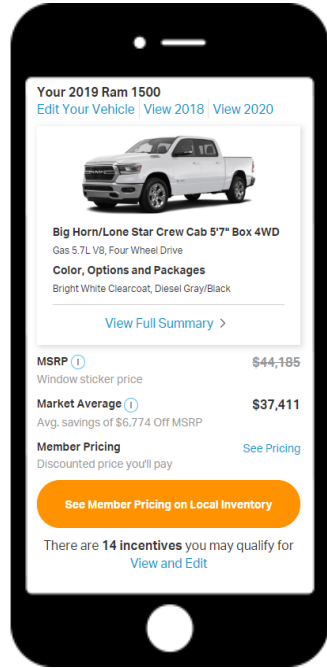
- Find your dream car...from anywhere on any device
- Get live inventory from local dealers with best matches shown
- Search Best Deals on over 700,000 used vehicles nationwide
- View history on all used vehicles
- Have an out-of-town vehicle delivered to your driveway

USSFCU.ORG/TRUECAR



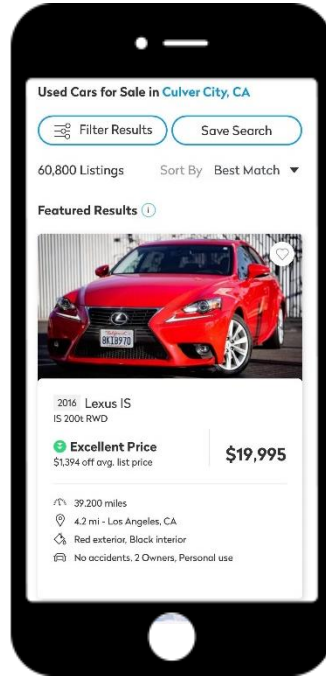
Shopping Tools

Vehicle discovery to help decide which car is right for you



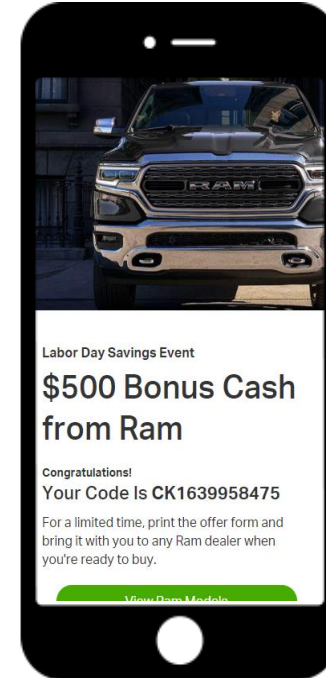
New Car

Upfront pricing with pricing context of what others paid for same car



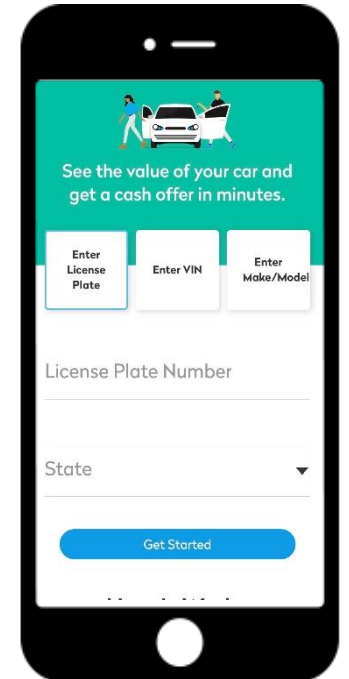
Used Car

Enhanced inventory discovery & price ratings on 2M pieces of inventory



Offers

Exclusive private offers for members



Trade / Sell

Guaranteed upfront trade in value redeemable at all participating dealers



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Guaranteed Asset Protection



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GAP PLUS

from USSFCU

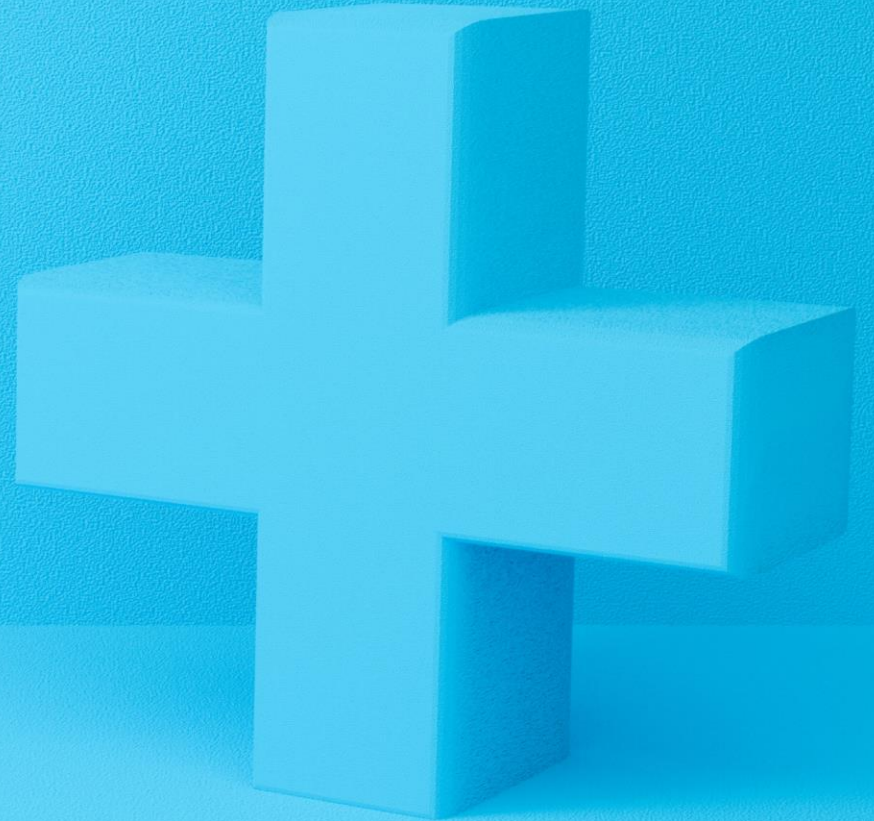
\$1,000 PLUS BENEFIT:

“PLUS” the additional benefit of a \$1,000 deduction toward your next vehicle loan at USSFCU.

[USSFCU.ORG/GAP](https://ussfcu.org/gap)



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SAMPLE CLAIM

Your loan payoff:	\$20,000
Vehicle value determined by insurance:	-\$16,000
Insurance deductible:	-\$500
Your responsibility without GAP PLUS:	\$4,500
GAP PLUS will cover:	\$4,500
You owe after GAP PLUS:	\$0
+ \$1,000 toward your next USSFCU auto loan	



GAP PLUS + Auto Deductible Reimbursement

Purchase GAP PLUS from USSFCU and receive complimentary Auto Deductible Reimbursement:

- Pays up to five hundred dollars (\$500) per loss
 - UNLIMITED losses per year
- Coverage is effective upon enrollment and continues for three years

[USSFCU.ORG/GAP](https://ussfcu.org/gap)



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Extended Warranty Coverage

BENEFITS



Zero Deductible



Trip Interruption



Transferable
Coverage



24/7/365 Emergency
Roadside Assistance with
Rental Car Allowance



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Your Car Payment



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Be careful about paying your loan off early.

- See if there are any prepayment penalties.
- Contact the lender to see how payments apply.
- Ask to apply payment to principal.

Pay your bills on time. If your payment is late:

- Your credit score may be affected.
- You may be charged late penalties and fees.
- Your loan may be sold to a collection agency.
- Your car may be repossessed.



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Auto Buying Resources

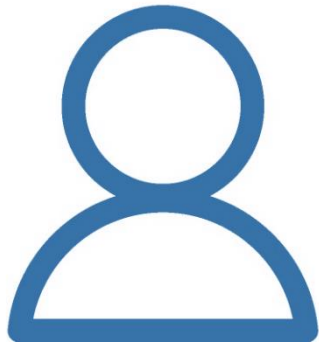
- [Auto 101](#)
- [TrueCar.com](#)
- [Insurance Information Institute](#)
- [National Association of Insurance Commissioner](#)
- [Federal Trade Commission](#)
- [Vehiclehistory.gov](#)



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