

# Automobile Buying and Financing



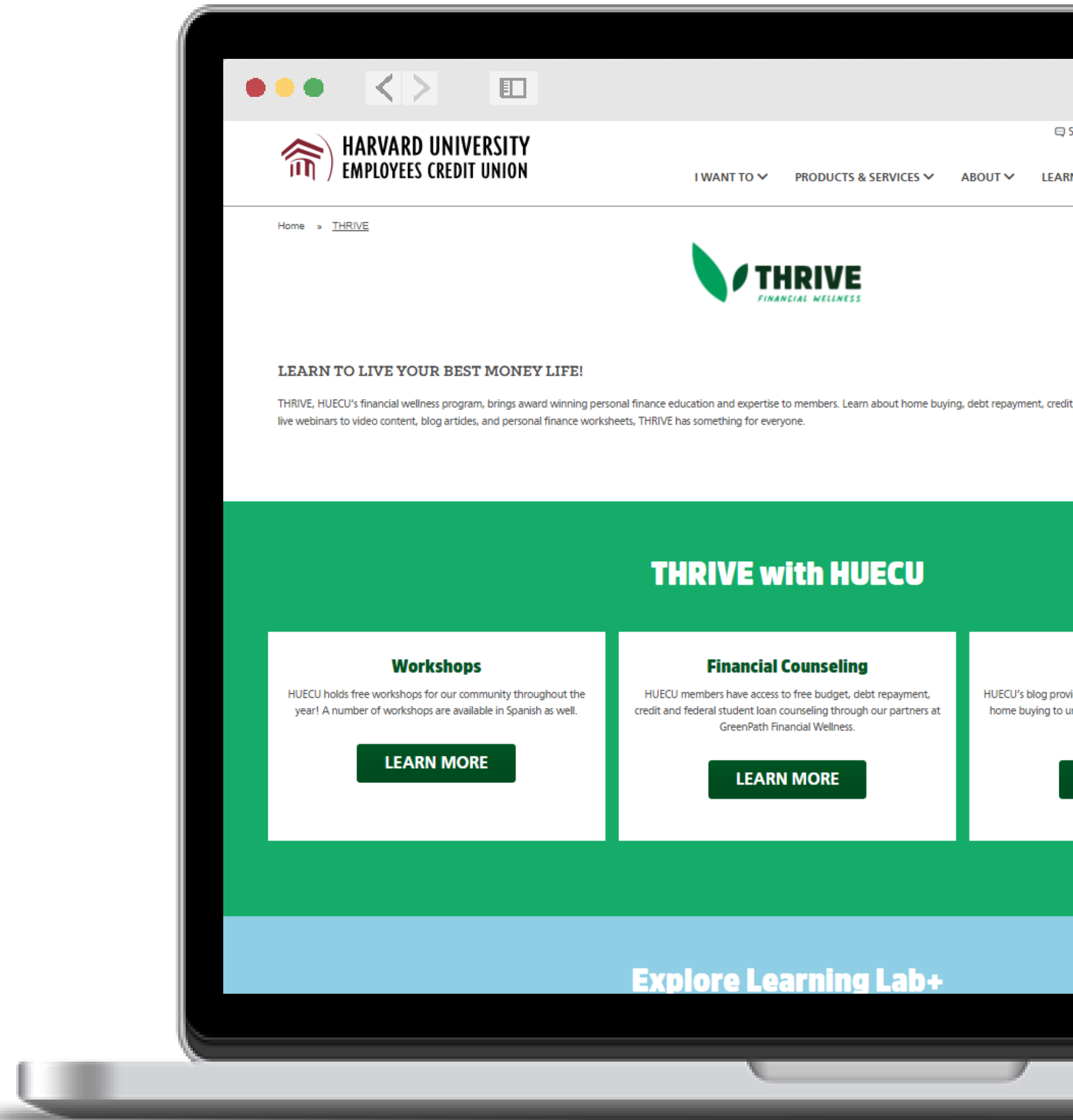
HARVARD UNIVERSITY  
EMPLOYEES CREDIT UNION

# THRIVE

## Financial Wellness

Free Financial Counseling, Blogs, Workshops, Worksheets, Short Videos, Calculators and online education portal.

# HUECU.ORG/THRIVE

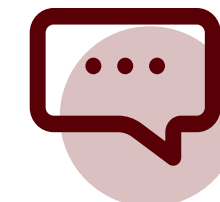


# The Credit Union Difference

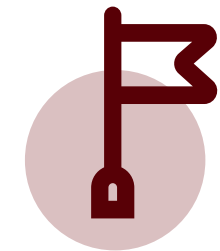
As a not-for-profit, HUECU puts members first in the form of better rates on savings and loans, lower & fewer fees, and more free services and perks.



**Better Value**




**Better Service**



**Better Business Model**



**Better For the Community**



# Make a Plan

# Lease or Buy?

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## ✓ Advantages of Leasing

Can drive new car every few years

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May be lower monthly payment

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Lower up-front costs

## ✗ Disadvantages of Leasing

Vehicle does not belong to you

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May be hard to get out of contract

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May have to purchase a specific car insurance plan

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### Pay fees for:

Exceeded mileage limit

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Returned condition

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Terminating contract early

# New or Used?

## ✓ Advantages of Buying New

Reliability

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Manufacturer's warranty

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Customize

## ✗ Disadvantages

Higher cost vehicle and insurance rate

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Immediate depreciation

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## ✓ Advantages of Buying Used

Lower cost

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Slower depreciation

## ✗ Disadvantages

More work to learn car history

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Usually limited or no warranty

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May have higher maintenance costs

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May need replacement sooner

# Tips for Buying **Used**

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Ask for repair history

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Get VIN and run vehicle history report

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Take to independent mechanic

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Private sales offer little or no consumer protection

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Most private sales are 'as is.'



# Keep, Sell or Trade-in?

## KEEP

Will anyone in your family need a car soon?

## SELL OR TRADE-IN

Research the value of your current car

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Fix minor dings and scratches on car and thoroughly clean inside and out.

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Can usually get more money if you sell privately than trade-in to dealership.





The image features a vibrant yellow background with several pink piggy banks scattered around. A large white diamond shape is centered on the page, containing the text 'Know Your Finances' in a bold, black, sans-serif font. The piggy banks are positioned at various angles, some facing forward and others slightly turned, creating a dynamic and playful composition. The overall aesthetic is bright and positive, suggesting themes of savings and financial well-being.

# **Know Your Finances**

# What is Your Budget?

## CAR EXPENSES

Monthly Payment & Insurance

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Taxes & Registration

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Inspection

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Wear and Tear

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Gas & Parking

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Oil Changes

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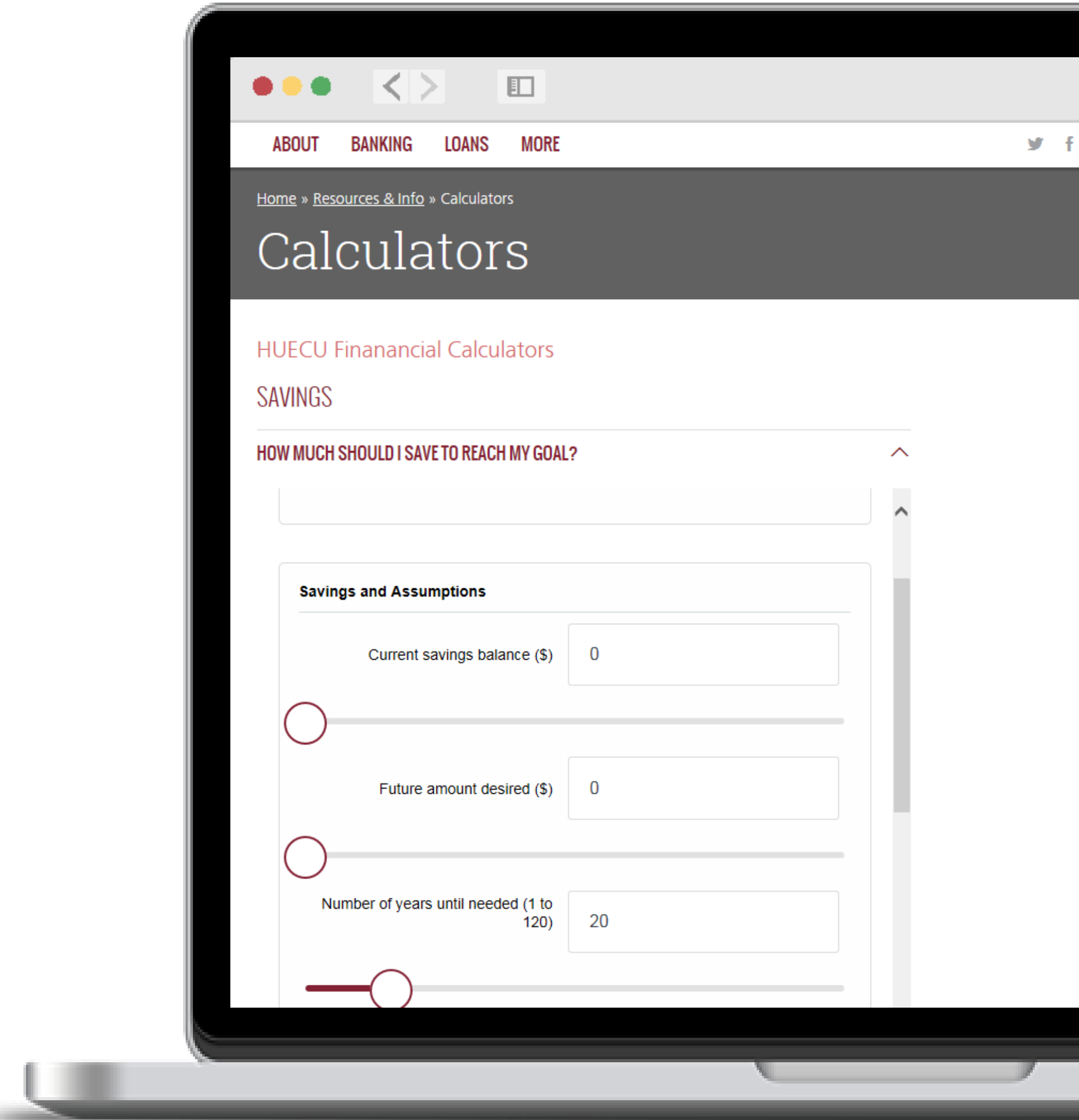
# Effects of Down Payment

<b>PURCHASE PRICE</b>	\$25,000	\$25,000	\$25,000
<b>DOWN PAYMENT</b>	-\$0	-\$5,000	-\$10,000
<b>LOAN AMOUNT</b>	\$25,000	\$20,000	\$15,000
<b>MONTHLY PAYMENT</b> 5 years @ 5.00%	\$472	\$377	\$283
<b>TOTAL INTEREST PAID</b>	\$3,307	\$2,645	\$1,984
<b>TOTAL VEHICLE COST</b>	\$28,307	\$27,645	\$26,984

# HUECU Calculators

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**HUECU.ORG/CALCULATORS**



# Credit Score Impact

CREDIT SCORE	790 at 5%	670 at 8%	520 at 16%
LOAN AMOUNT	\$20,000	\$20,000	\$20,000
MONTHLY PAYMENT 5 Year Loan	\$377	\$406	\$486
TOTAL INTEREST PAID	\$2,645	\$4,332	\$9,182
TOTAL VEHICLE COST	\$22,645	\$24,332	\$29,182

# Do You Need A Co-signer?

## LENDER MAY REQUIRE CO-SIGNER IF:

Little or poor credit history

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First-time buyers

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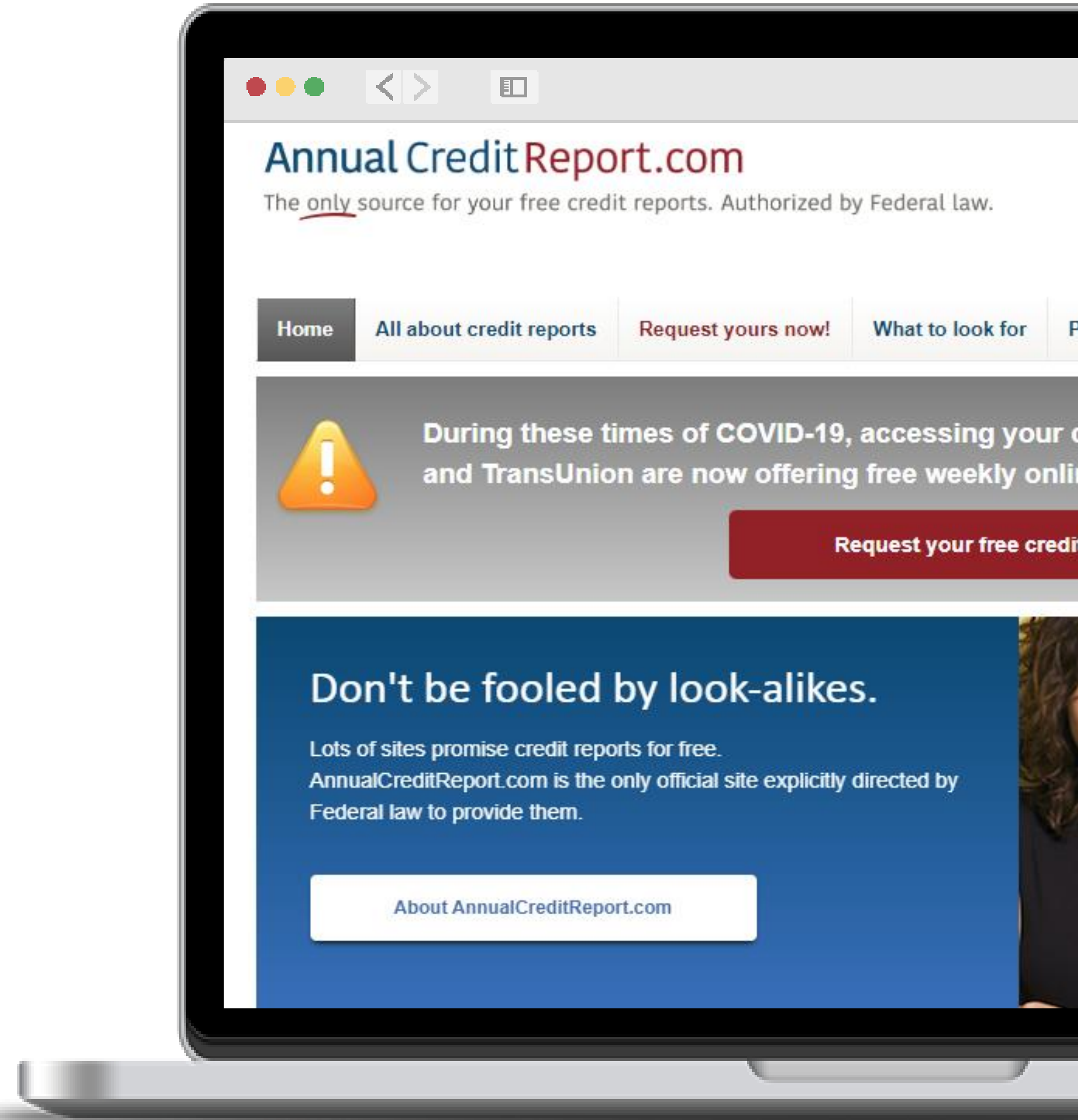
Co-signer is legally responsible for debt. Car loan may have negative impact on their credit score.



# Free Credit Report

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**ANNUALCREDITREPORT.COM**





# GreenPath

GreenPath Financial Wellness offers free credit, budget and COVID-19 counseling.

**[HUECU.ORG/GREENPATH](https://huecu.org/greenpath)**



A white ceramic mug with a circular forest scene is on the left. In the background, a laptop screen shows a banking dashboard with sections for 'Basic Checking', 'Savings', 'Joint Savings', and 'Credit Cards'. A smartphone lies horizontally on the desk in the foreground. A large white diamond shape is overlaid on the center of the image.

# Financing Strategy

# Cash Back or 0% Rate

	CASH BACK	0% INTEREST RATE
	\$25,000	\$25,000
CASH BACK	-\$5,000	-\$0
REMAINING COST	\$20,000	\$25,000
MONTHLY PAYMENT 5 Year Loan (5%)	\$377	\$417
TOTAL INTEREST PAID	\$2,645	\$0
TOTAL VEHICLE COST	\$22,645	\$25,000

# Loan Terms

TERMS	4 YEAR	6 YEAR	7 YEAR
LOAN AMOUNT	\$20,000	\$20,000	\$20,000
MONTHLY PAYMENT AT 5%	\$461	\$322	\$283
TOTAL INTEREST PAID	\$2,108	\$3,191	\$3,745
TOTAL VEHICLE COST	\$22,108	\$23,191	\$23,745

## ITEMS TO CONSIDER

What will be the vehicle value at the end of the term?

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How will that monthly payment impact your future goals?

# Shop Around For Financing

## Finance Options

Car Dealers

Banks

Credit Unions

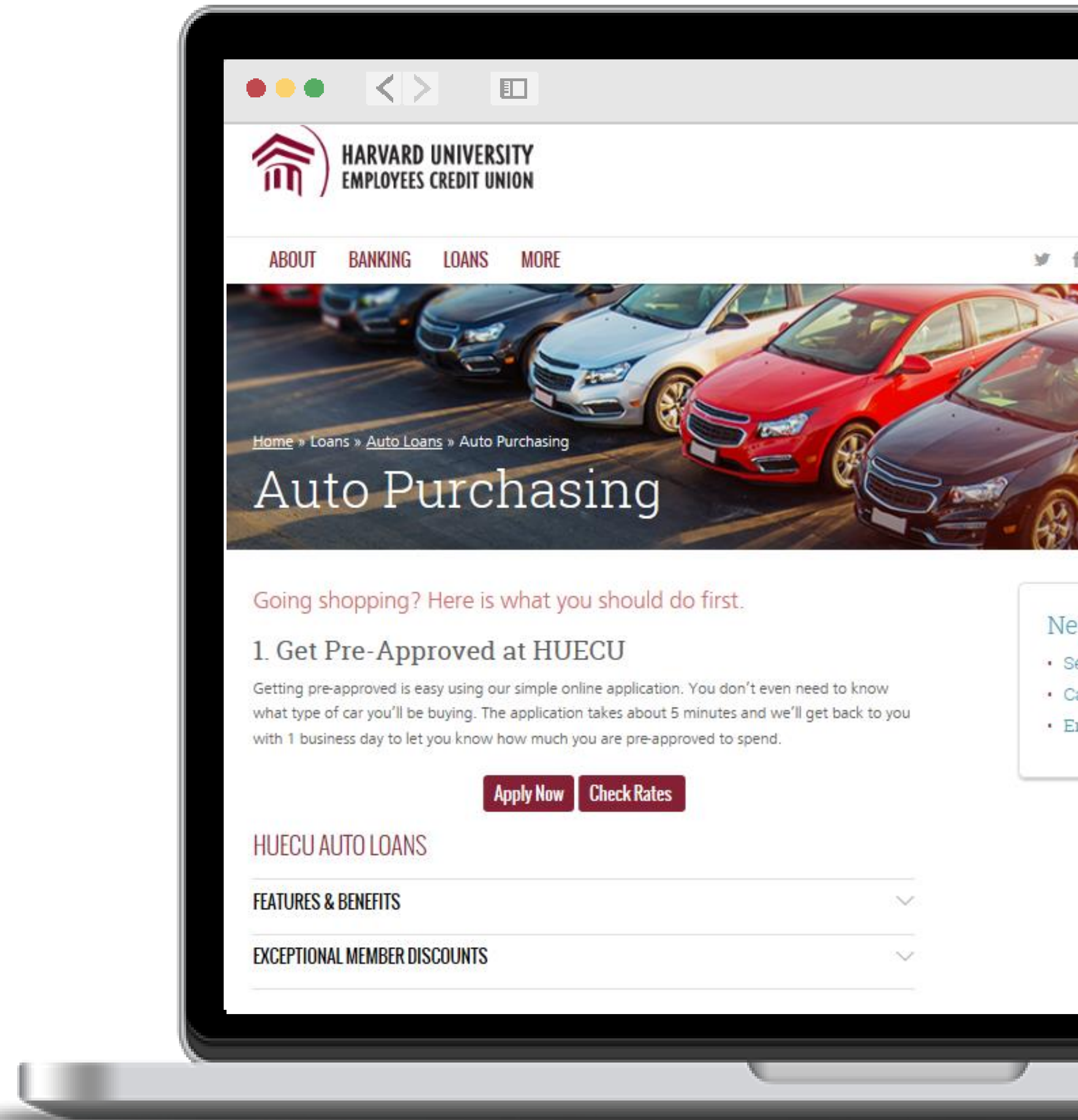
HUECU AUTO LOANS NEW OR USED – UP TO 110% FINANCING <sup>1</sup>		
APR <sup>2</sup>	MAXIMUM TERM	MAXIMUM AMOUNT
AS LOW AS <b>2.99%</b> <sup>3</sup>	UP TO <b>72 MONTHS</b>	<b>\$75,000</b> (NEW) <b>\$50,000</b> (USED)

<sup>1,2,3</sup> Visit [www.huecu.org](http://www.huecu.org) for current rates and terms.

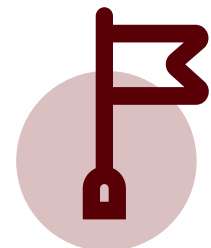


# Get a Pre-Approval

- ✓ Gives you an advantage when going to the car dealer.
- ✓ Allows you to know rate in advance.



# Overview of Auto Loan Process



**Submit loan application (usually online)**

## **CAR DEALER**

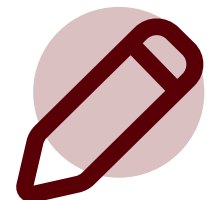
May provide their own financing and/or work with lenders across the country



**Dealership provides institution with NEW Registration and Title Application**

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Process usually occurs at car dealership



**Sign final loan documents**



**Funds available for auto purchase**

# Know the Contracts

Once it's signed you're responsible

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Ask questions

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Good dealers will encourage questions, they want to protect their long term reputation



# Know Your Rights

## TRUTH IN LENDING ACT

Lender must clearly disclose terms of borrowing

## CONSUMER LEASING ACT

Lessor must clearly disclose terms of leasing

## LEMON LAW

Entitled to new car or refund if buy lemon

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Usually only applies to new cars

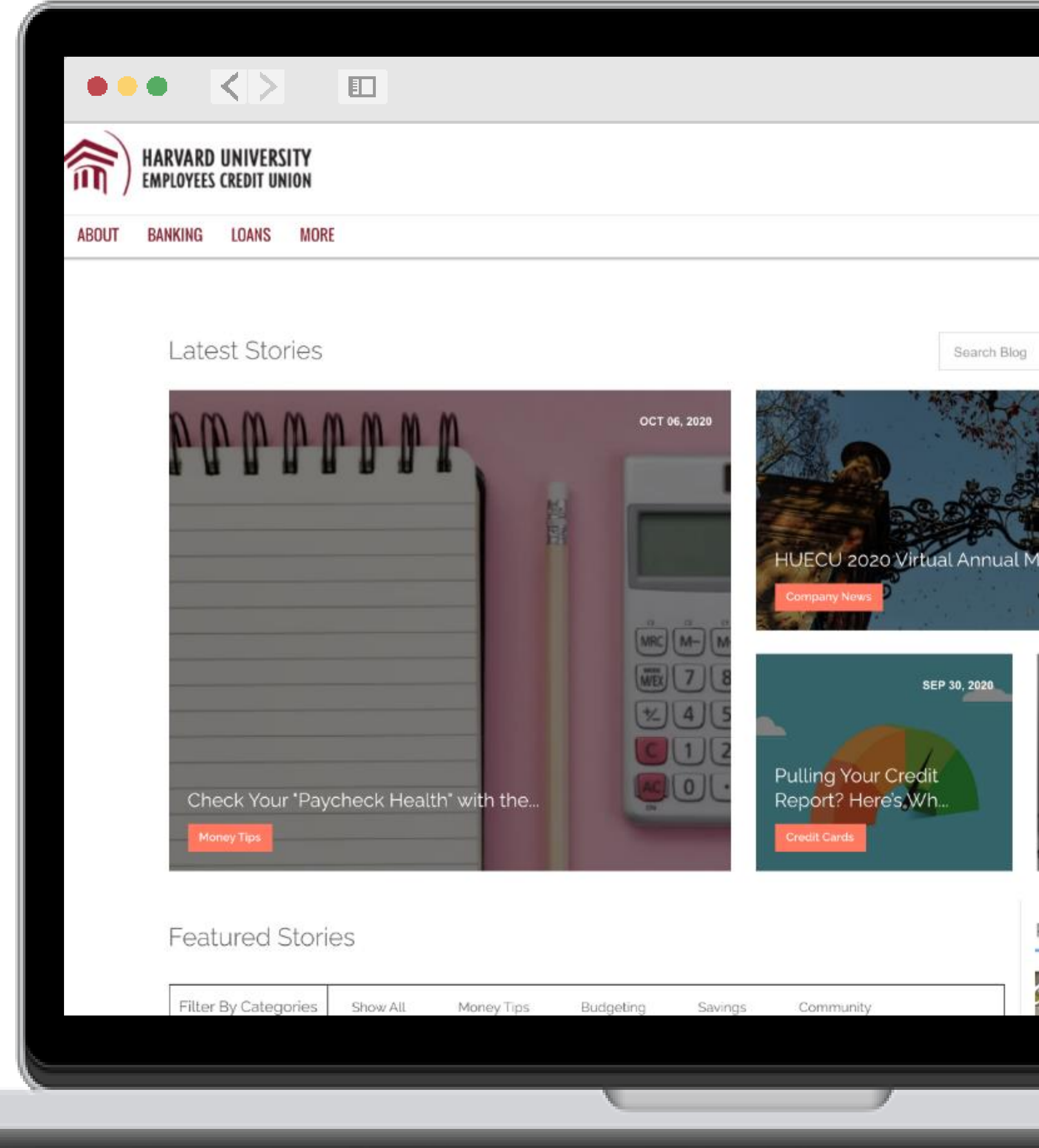




# We Blog

Subscribe or visit our website.

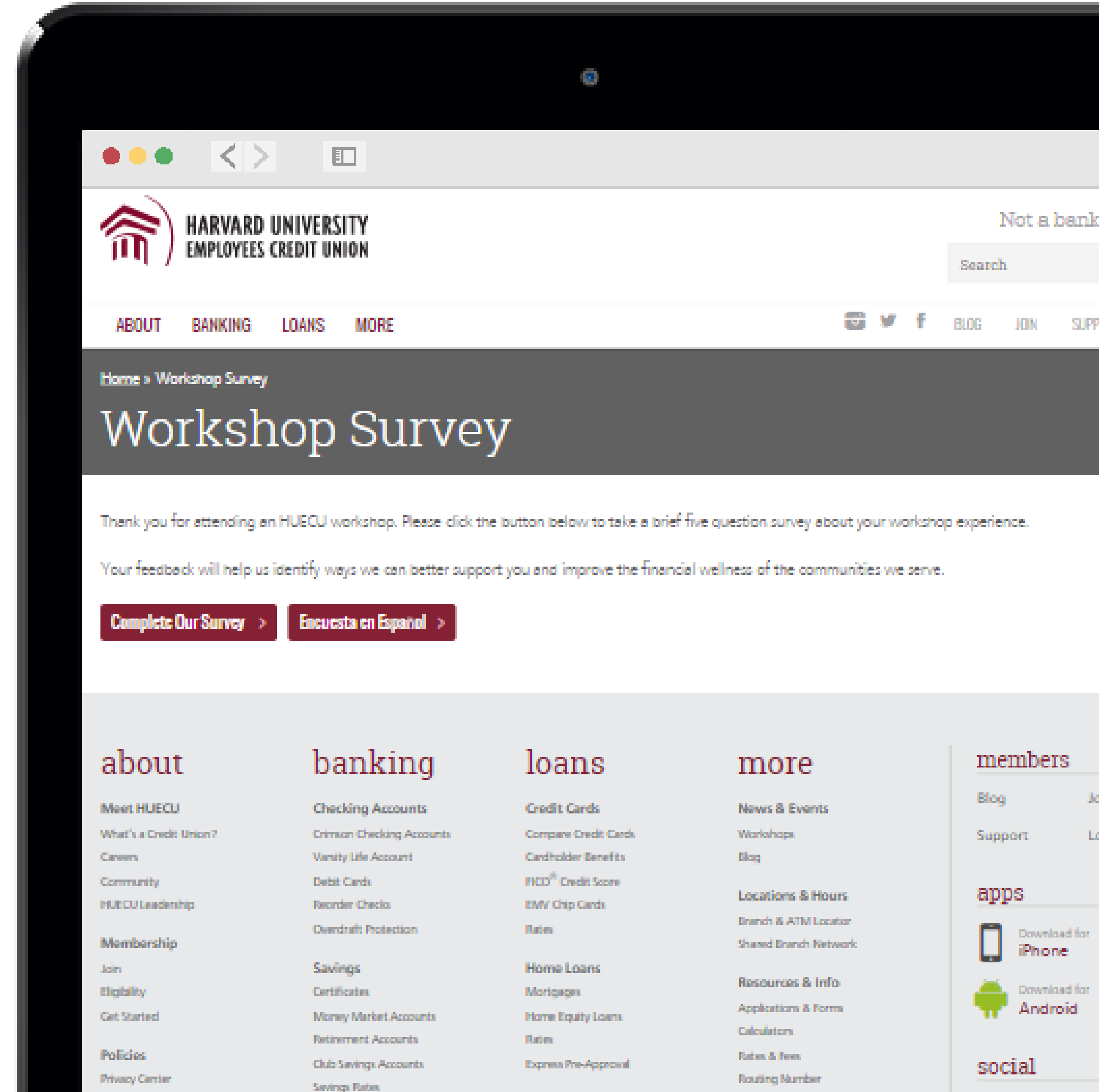
**BLOG.HUECU.ORG**



# Survey Says!?

Let us know how you liked this webinar

**HUECU.ORG/SURVEY**



# Disclaimer


This presentation is a general overview of principles you may want to consider. Only you can decide what is best for you. This presentation is educational in nature and is not intended to be, and should not be construed as tax, legal or investment advice. You should always consult a certified advisor for advice on your specific situation. The examples used in this presentation are for illustrative purposes only.

# Let's keep in touch!

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