



The blueSky Guide

To Researching And Financing Your Next Car.

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Be A Smarter Car Buyer. Use these tips to negotiate the best deal possible on your next vehicle.

If you're like many people, you may find the car buying process confusing and intimidating. Salesmen are sometimes aggressive, and they may use terms you're not familiar with. And unless you're a math whiz, it can be hard to tell exactly how much you're really paying.

So blueSky Auto Finance put together this convenient guide to explain how the process works, to give you the tools you need to make a smarter choice, and to de-mystify car buying so you can be more confident when negotiating your next car.

www.blueskyautofinance.com

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STEP 1: Understand Your Financing Options

Car dealerships often treat financing as an afterthought. They'd rather sell you a car first, and then discuss financing terms. However, that approach puts you at a disadvantage. And it often results in buyers agreeing to financing terms that aren't right for them, and buying cars that they can't really afford.

So here are some tips on getting the right financing plan for you.

Know Your Credit Score & Fix Any Issues

The first step to getting financing is to get a copy of your personal credit report. If you discover any incorrect negative information, contact the major credit reporting bureaus and have it removed. This simple step can help you qualify for the best possible rate on your loan, and save you hundreds or even thousands of dollars.

Know Your Budget & Payment Limitations

Before you decide on financing, it's essential to know exactly how much you can afford to borrow, and what your monthly payments will be. To make it easy to determine your budget, blueSky offers two convenient tools: a Payment Calculator and a Loan Amount Calculator. Using our calculators, you can easily determine what kind of car you can afford.

Understand The Components Of Your Loan

The key components of any auto loan are:

Loan Structure:

- Vehicle Price
- Down Payment
- Interest Rate
- Length Of Loan (Term)
- Monthly Payment Amount

Fees:

- Taxes (govt. fee)
- Titles (govt. fee)
- Licensing (govt. fee)
- Document Fee (dealer fee)

Optional Products:

- Service Contract
- Pre-paid maintenance contract
- Paint and interior protection
- Undercoating
- Gap Insurance
- Accident and Health Insurance



Remember, apart from those items described as “govt. fees,” all of these loan components are negotiable. Whether you use an online loan provider or you finance through a dealership, always review and understand each point on this list.

Don't become so preoccupied with your interest rate or monthly payment that you agree to a higher vehicle price, or additional service contracts or insurance products that you may not want or need.

Shop Around For Financing

Many car buyers don't realize that their financing options aren't limited to what the dealership offers. Today, there are many online auto loan sites offering a range of financing solutions.

Online auto financiers offer some of the most competitive APR's in the market, because their loans are not “marked-up” like dealership financing.

Additionally, to be certain you get the right loan, you may also want to visit your local bank and speak to a Personal Banker about their car loan options. The more you shop around, the better your chances of getting the best deal.

STEP 2: Choose the right car for you.

When it comes to picking a car, knowledge is power. With so many car research tools and information available online, there's almost no need to visit a car dealership until you're ready to take a test drive.

Sites like edmunds.com, vehix.com and autotrader.com put a full range of data about both new and used cars right at your fingertips. You can compare features, prices, and quality ratings right from your computer, helping you narrow your search to two or three models before you set foot in a dealership.

Here's a simple guide to the specific information you should review when shopping for a car:

- **New Vehicle Value.** Research both the Manufacturer's Suggested Retail Price (MSRP), the Dealer Invoice Cost, and the actual dealer cost, which can be much lower than Invoice due to factory rebates and incentives. If you know what the dealer actually paid for the vehicle, you can then negotiate your price more effectively.

- **Used Vehicle Value.** Many factors can affect the value of a used car, including mileage, condition, and the published Kelly Blue Book or NADA book estimated value. When considering a used vehicle, shop dealerships, newspaper classified ads, and online ads to get a good idea of whether a particular car is priced fairly.
- **Vehicle History.** Avoid buying someone else's problems by obtaining the background on any used auto you want to buy through Carfax.com. This report will tell you whether a car has been in an accident, a flood, or has sustained any other major repairs.
- **Trade-In Value.** Dealerships are in the business of selling cars—not buying them. So you should be prepared for the dealer to offer you wholesale book value, or less, depending on your car's condition, make and model.
- **If you want top dollar for your car, Sell It Privately.** If you don't want the hassle of selling your car, trade it in. But either way, you should check your car's potential trade-in value at sites like kbb.com before you begin negotiations.
- **Crash Test Results:** The National Highway Transportation Safety Administration (NHTSA) publishes the U.S. Government's official results of crash tests for all vehicles. Be sure to review the safety performance of any car you're considering.
- **Vehicle Insurance Cost.** Before you choose a car, get an estimate from your car insurance company about what your rate will be. You may be surprised to learn that different cars can result in much different car insurance rates.
- **Service Contract.** This is a particularly important consideration when choosing a used car. Be sure to get a quote for a Service Contract on the car you want, so you aren't surprised by unexpected repairs. Often times, you can have the cost of a service contract included in your financing.

STEP 3: Negotiate Your Price & Get Your Car

Okay—you've secured your financing, you've done your research, and you've chosen a car that fits both your budget and your practical needs. It's time to go to the dealership, take a test ride, and hopefully drive home in your next car.