



What you need to know about  
**auto financing**



Americans Well-informed on  
Automobile Retailing Economics

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Educating consumers about auto financing

## Working together to educate consumers

Recognizing the need for consumer education, automotive industry leaders have formed AWARE, a collaborative industry effort to provide consumers with information, tools and resources to successfully navigate the auto financing process.

### **IN EDUCATING CONSUMERS ABOUT AUTO FINANCING AND WAYS TO MAKE INFORMED FINANCING**

decisions, the group seeks to ensure that financing remains available and affordable to the broadest possible spectrum of consumers. Dealer financing is not only convenient, but offers competitive rates for consumers across the country.

All of the companies and associations involved with Americans Well-informed on Automobile Retailing Economics (AWARE) have a long history of educating consumers about auto financing, and want to expand that outreach by collaborating with others that share this commitment.

The members of the coalition AWARE include the American Financial Services Association, the National Automobile Dealers Association, the National Association of Minority Automobile Dealers, American International Automobile Dealers Association and auto dealers and finance companies.



## Before visiting the dealership:

- **BASED ON YOUR NEEDS** and budget, determine a realistic price range for the auto you are thinking of buying.



## Compare annual percentage rates and other financing terms from multiple sources.

- **KNOW THE DIFFERENCE** between buying and leasing an auto.
- **KNOW YOUR CREDIT RECORD** and that it may affect the finance rate you are able to secure.
- **COMPARE ANNUAL PERCENTAGE RATES AND OTHER FINANCING TERMS** from multiple sources such as banks, finance companies and credit unions.

## When shopping for an auto at the dealership:

- **STAY WITHIN THE PRICE RANGE** that you can afford.
- **NEGOTIATE** your finance arrangements and terms.
- **UNDERSTAND THE VALUE AND PRICE** of optional products such as extended service contracts, credit insurance, or guaranteed auto protection. If you don't want these products, don't sign for them.
- **READ THE CONTRACT** carefully before you sign it.



## Negotiate your finance arrangements and terms.



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## After completing the auto purchase or lease:

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Late or missed payments incur late fees and appear on your credit report, which can impact your ability to get credit in the future.

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- **MAKE YOUR PAYMENTS ON TIME.** Late or missed payments incur late fees and appear on your credit report, which can impact your ability to get credit in the future.
- **BE AWARE** that if you financed the auto, the dealership (or a bank, finance company or credit union that purchases the contract from the dealership) holds a lien on the auto title (and in some cases the actual title) unless you have paid the contract in full.
- **THE DEALERSHIP MAY RETAIN** your finance contract, but usually sells it to a third party, such as a bank, finance company or credit union, at a wholesale rate (often called the "buy rate"). The bank, finance company or credit union that buys your contract will service the account and collect payments.



## If you encounter financial difficulty:

- **TALK TO YOUR CREDITORS** if you experience difficulty making your monthly payments. Explain your situation and reason your payment will be late. Work out a payment schedule with your creditors and, if necessary, seek the services of a reputable non-profit credit counseling agency.
- **KNOW YOUR OBLIGATIONS.** If you default, a creditor may take the auto in full satisfaction of the



creditor may take the auto in full satisfaction of the credit agreement or may sell the auto and apply the proceeds from the sale to the outstanding balance of the credit agreement.

- **BE AWARE** that repossession can occur if you fail to make timely payments. It does not relieve you of your obligation to pay for the auto. The law in some states allows the creditor to repossess the auto without going to court.

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Work out a payment schedule with your creditors and, if necessary, seek the services of a reputable non-profit credit counseling agency.

For more information, tools and resources for use when financing an auto, please write, call or visit AWARE on the Web at:

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