

Auto Loans questions and answers

- What factors contribute to the approval of a new, used, or refinance of an auto loan?
 - Your ability to repay a loan, credit history, banking relationship with the loaning entity and the vehicle collateral may impact your approval of a new, used, or refinance of an auto loan.
- How is my interest rate determined?
 - Your auto loan rate is based on your:
 - Credit history
 - Loan amount financed
 - Loan to value (LTV) on the vehicle
 - Banking relationship
 - Also, if the vehicle you want has over 100,000 miles or is 8 years or older, it may negatively impact your loan eligibility.

- How does my credit score impact my auto loan interest rate?
 - Applicants with higher credit scores and excellent credit history may receive better auto loan interest rates.
- What is the minimum loan amount required to refinance?
 - Varies with institution
 - Good rule of thumb, about \$3,000 - \$6,000.
 - The amount of money you are eligible to borrow is based upon several factors, including the type of vehicle, age and/or mileage of vehicle and your credit and financial history.

- What loan terms are offered?
 - Terms are typically 12, 24, 36, 48, 60, and occasionally 72 months.
 - This may be limited by the age of the vehicle.
- Do I need auto insurance if I have a loan against my automobile?
 - In order to borrow money for an automobile purchase you will be required to cover the value of the vehicle with an active comprehensive and collision auto insurance policy naming your lender as "loss payee".
 - Further you will be required to have proof of that insurance.
- Are there vehicles I cannot get a loan for?
 - Typically auto loans will not qualify for purchasing commercial vehicles, salvage vehicles, or RV's

- What information do I need before I apply for a loan?
 - Personal contact information plus:
 - social security number
 - Previous addresses
 - Monthly mortgage or rent payments
 - Employment and income information
 - Gross income
 - Current and previous employment history
 - Employment status
 - Current vehicle information
 - Vehicle identification number (VIN)
 - Year, make and model
 - Mileage

- Do you need to make a down payment to be approved for an auto loan?
 - Not always, BUT
 - It is a dangerous proposition to take out a 100% financing option.
- Do I need a co-applicant?
 - No, but a co-applicant may help you meet credit and ability to repay requirements.

- If I have limited credit history, can I still get a loan?
 - Usually yes, but most creditors require a certain amount of history, you may want to consider adding a co-applicant.

- Are there fees associated with the loan origination?
 - Yes, always.
 - Interest charged on the loan
 - An origination fee (usually around \$100)
 - Buyer is responsible for
 - Tax
 - Title
 - Registration fees
- Once my loan is approved, how do I receive my money?
 - You are often given several options which may include
 - Direct deposit to your bank account
 - Check issued to you
 - Check issued to the dealer or lien holder.

- Can I qualify for relief for my time in military service?
 - Sometimes.
 - Check the Servicemembers Civil Relief Act (SCRA) (google it)
- Can I trade in my car before I have paid off my loan?
 - Yes, you will need to contact your creditor