

## Used Car Financing Tips

When buying used car, don't look for the cheapest one. Always remember that your goal is to look for a car in good condition for reasonable price. If you are choosing between relatively cheap car that might have an accident in the past or was poorly maintained, needs some repair, and more expensive one that is in excellent condition, without any doubt, choose the more expensive one because you will simply save on repairs and will have less trouble when driving it unlike in the cheap car, you might expend the same as the price of the more expensive one for its maintenance. Don't think that they sell it in a cheap price because they don't know the price or they simply want to clear their inventory because definitely, if they sell it cheap of course there is something wrong with it. The actual vehicle cost big time depends on a car condition. Two cars may only look the same. One may have been maintained so poorly and the engine won't last long after you buy it and with that condition, I'd rather pay a higher price for the other and better car just to have peace of mind driving it. There are many important rules to follow and do when buying a used car, such as an inspection by a trusted mechanic, comparison-shopping and tracking down the car's maintenance record. But, does that enough to consider when buying used car? Often times, one of the most important rule are often ignored which is having a financing ducks in a row before you kick a single tire. Failing to do so might make you want to kick yourself. Read the following tips on financing a used car.

First tip is to seek a high valuation. Most likely, the lender will perform a separate estimation of the value of your car than the dealer do. Meaning, the two parties can come up with two different prices. You may find out that a dealer price is typically higher than a lender's price they are putting another price above the lender's price. While you are attempting to get a lower price from the seller, you should also seek the highest valuation possible from the lender. Second, always aim for a short loan. A loan on a used car should be kept to 48 months or less. Even 48 months may be too long for some borrowers. The main reason for this shorter loan option is the quickly decreasing value of the vehicle. As soon as a car leaves the lot, its value decreases sharply. Each year or each mile it is driven, the car again loses value. At the end of your loan, you will ultimately own an asset that is worth much less than you paid for it and because of the shorter loan, you can minimize your loss. And lastly, get a non-recourse loan. You know why?, because if you fail to pay on your loan, the lender will grab the advantage to recover losses. What will happen if your car is worth far less than the amount remaining on your loan? If you are in a recourse loan, you will be responsible for paying the difference. This is very risky with a used car since its value will drop so harshly during the life of the loan. Protect yourself from the threat of further damages in the case of a default. Seek to get a non-recourse loan. In this case, you would be relieved of the requirement to pay the difference if you fail to pay on a loan and do not have an asset valuable enough to cover the loss to the lender.

Different decision making are involved when financing a used car than the new car. So be wise and smart on deciding because somehow, you may commit mistakes that will make you regretful for a long period of time.