

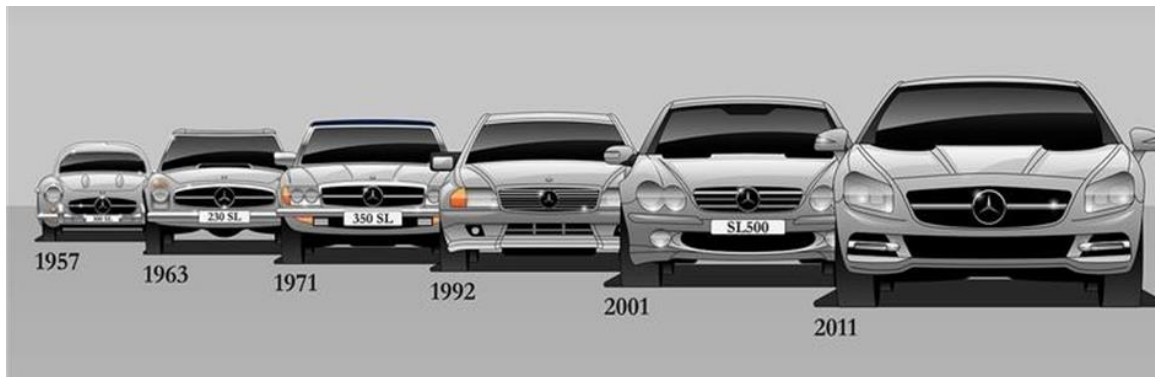


HOW TO BUY A CAR



WHY AM I HERE?

- I want to buy a car
- I do not know if I qualify for a car loan
- I do not know where to start and what to look for when buying a car



OBJECTIVE

- How much can you afford?
- How is your credit?
- Lease vs. purchase
- What to look for in a purchase contract
- How to apply with Self-Help Federal CU

HOW MUCH CAN YOU AFFORD?

- Create a budget to see how much you have available for transportation expenses
- Rough Guideline: Spend only 15% of Net Income on transportation including Car Payment, Insurance, Gas and Maintenance
- Ask yourself: “Can I afford this payment for 60 Months? Or less time?”
- To borrow less, save for the down payment and lower the overall interest that you will pay.



Expenses	Cost
Net Income	\$
Rent/Mortgage	-\$
Bills	-\$
Groceries	-\$
Other	-\$
Left Over	\$

YOUR CREDIT

- Why is credit important?
 1. It affects your ability to get a loan and interest rate charged
 2. FICO scores range from 350-850. The higher the score the better the loan product!
 3. Credit history represents what type of borrower you are, which can impact whether you qualify for a car loan.



Lets take a look at some examples of:

- Positive Credit
- Derogatory Credit
- Limited Credit

POSITIVE CREDIT

- Positive credit doesn't always mean you need a credit score of 800 or above.
- It affects your ability to get a loan and interest rate charged.
- Maintain low credit balances.
- Of course make payments on time.

Name: Jane Doe

DOB: 05/05/1986

Address: 123 ABC St Hollywood, CA 90744

SCORE = **730**

OPEN ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
SELFELP FCU	11/18 – 5/19	\$1500 / REV	\$200	0	7	AS AGREED
HOME DEPOT	11/07- 6/19	\$5000/ REV	\$150	0	99	AS AGREED
BEST BUY	5/12 – 5/19	\$800 / REV	\$40	0	68	AS AGREED

CLOSED ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
CAPITAL ONE	5/12 – 8/13	\$800 / REV	\$0	0	15	PAID
CASA LEADER	8/13 – 10/14	\$800 / INST	\$0	0	13	PAID
BANK OF AM	4/18-11/18	\$2600 / INST	\$0	0	7	PAID
KIA FINANCE	7/10-7/13	\$10000/AUTO	\$0	0	37	PAID
WALMART	12/11-12/13	\$0/ REV	\$0	0	25	PAID

DEROGATORY ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
JCP	3/06 – 8/12	\$500 / REV	\$0	2	63	PAID

NEGATIVE CREDIT

A low credit score can be the result of negative credit history such as the following:

1. Late Payments
2. Collections
3. Recent Bankruptcy
4. Charge- Offs
5. Accounts over their limit
6. Too many inquiries

Name: Jane Doe

DOB: 05/05/1986

Address: 123 ABC St. Hollywood, CA 90744

SCORE = **600**

This person might get denied, needs to work on improving credit by doing the opposite of right now

OPEN ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
OPORTUN	11/18 – 5/19	\$2500 / INST	\$1532	0	6	AS AGREED

CLOSED ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
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DEROGATORY ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
CAPITAL ONE	2/16 – 6/19	\$700/ COLL	\$700	3	13	COLLECTION
CREDIT BANK	11/14-6/19	\$564 / COLL	\$564	5	40	COLLECTION
BANK OF A	3/15 – 1/18	\$300/ REV	\$375	1	34	CHARGE OFF
AMEXPRESS	11/13- 10/15	\$141 / REV	\$141	0	4	CHARGE OFF
CHASE BANK	2/14 – 12/14	\$300 / REV	\$300	6	11	CHARGE OFF



LIMITED CREDIT

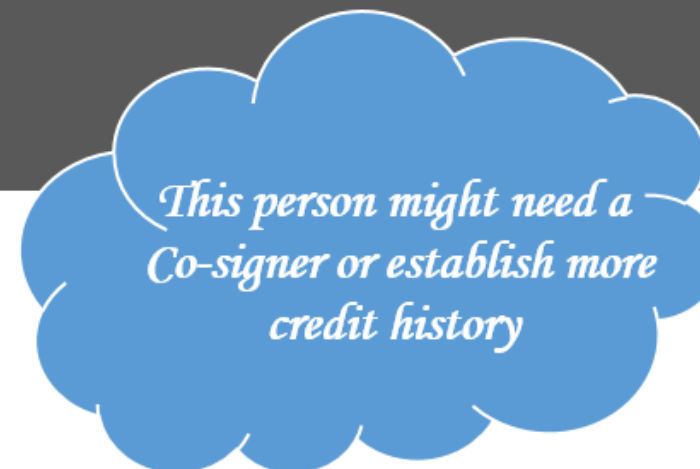
- You might have an average credit score but not much credit history
- We have a loan product for someone with No Credit 😊

Name: Jane Doe

DOB: 05/05/1996

Address: 123 ABC St Hollywood, CA 90744

SCORE = 750



OPEN ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
CAPITAL ONE	12/18 – 5/19	\$1000 / REV	\$800	0	5	AS AGREED

CLOSED ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
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DEROGATORY ACCOUNTS

CREDITOR	OPEN DATE/ DLA	LIMIT / TYPE	BALANCE	LATES	PYMTS	STATUS
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Your Credit Report

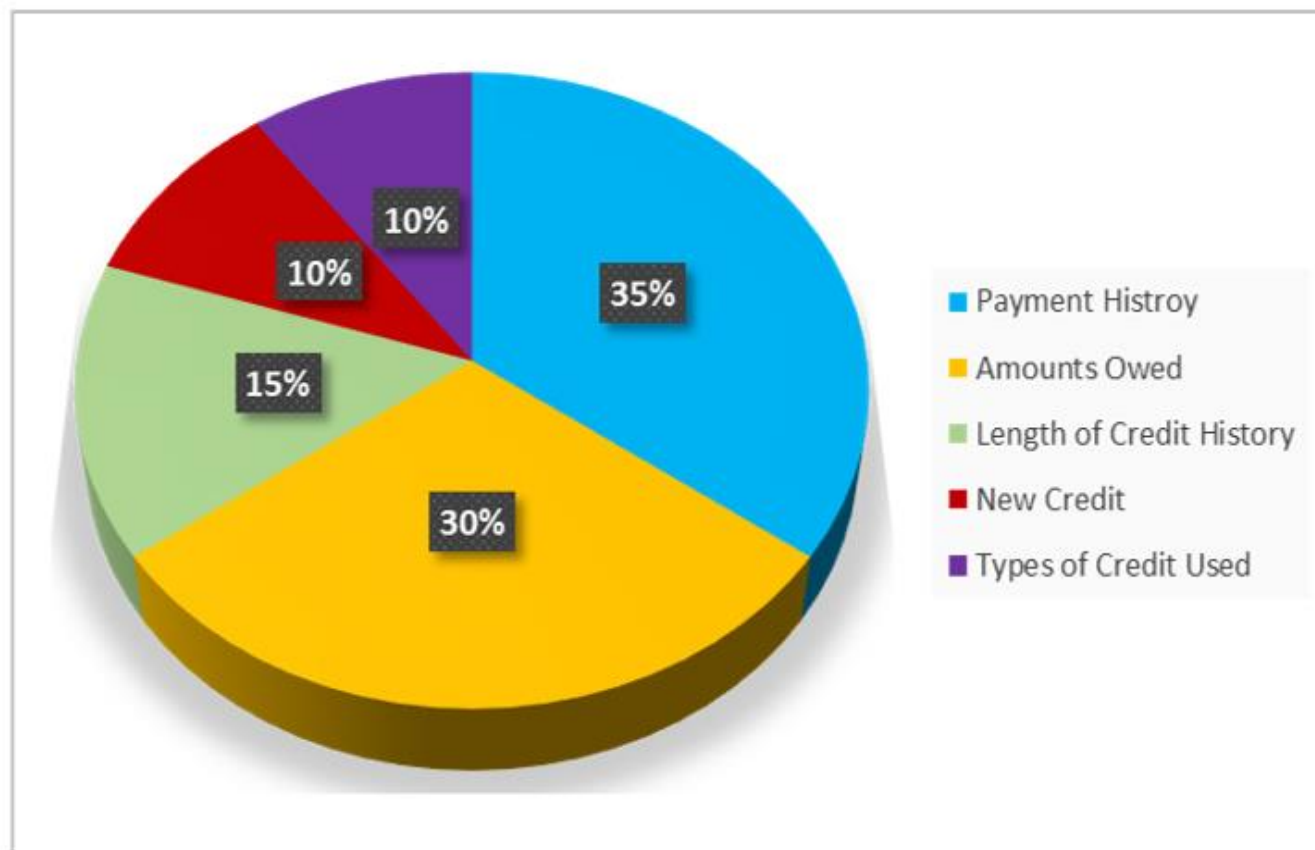
Know what's in your credit report!

- You can check your credit for FREE once a year at

www.annualcreditreport.com



Scoring Factors





LEASE VS. BUY

Leasing Advantages

- You can drive a new car every few years without having to worry about selling your previous one
- You may be able to get a lower monthly payment than with a loan
- Low up-front cost

Leasing Challenges

- The vehicle is not your asset
- It may be difficult to get out of the contract
 - Early termination fee
 - Can't sell
- Additional fees for:
 - Exceeding mileage limit
 - Poor condition



LETS TAKE A CLOSE LOOK AT A PURCHASE CONTRACT

- Things are **BOLD** for a reason, but it might not be explained clearly
- Make sure you are agreeing with the APR, although this might be the lowest they can offer you. The finance charge is the total interest you will be paying over the life of the loan.
- Anything **OPTIONAL** is extra charges that you can avoid. It might not be needed.

Buyer's Name and Address JANE DOE 123 ABC ST HOLLYWOOD, CA 90744	Co-Buyer Name and Address	Seller- Creditor (Name and Address) LION KING AUTOS 456 BIXBY RD PRIDE LANDS, CA 90744
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New Used	Year	Make And Model	Odometer	Vehicle Identification Number
SED	2015	FORD F-150	9200	2X11111X22222F444

FEDERAL TRUTH- IN- LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL SALES PRICE The total of your purchase on credit, including your down payment of:
7.75%	\$3,233.40	\$15,440.40	\$18,673.80	\$ 2,800.00 \$21,473.80
YOUR PAYMENT SCHEDULE WILL BE:				
Number of Payments	Amount of Payments	When Payments are Due		
One Payment of		Monthly Beginning		
59	\$311.23	08/01/2018		
One final payment	\$311.23	10/23/2020		

OPTIONAL DEBT CANCELLATION AGREEMENT. Optional agreement, if you choose to buy debt cancellation, the charge is shown in item 1H of the itemization of amount financed. See your debt cancellation agreement for details.

Term N/A Months N/A

X Jane Doe (Buyer Signs)

OPTIONAL SERVICE CONTRACT (S)



LETS TAKE A CLOSE LOOK AT A PURCHASE CONTRACT (CONTINUED)

There are fees that can't be avoided, such as:

1. Documentation Fees
 2. Sales Tax
 3. Smog (State Emissions Certification Fee)
 4. License Fee
 5. Registration/Transfer
- Cash Price can be negotiable. Do your research before you shop, look for the average low prices on this vehicle.

ITEMIZATION OF THE AMOUNT FINANCED

1. Total Cash Price

A. Cash Price of Motor Vehicle and Accessories	<u>\$15,995.00</u> (A)
1. Cash Price Vehicle	<u>\$15,995.00</u>
2. Cash Price Accessories	<u>\$ 0.00</u>
3. Other	<u>\$ 0.00</u>
B. Document Processing Charge	<u>\$85.00</u> (B)
C. Emission Test	<u>\$ 0.00</u> (C)
D. (Optional) Theft Deterrent Device	<u>\$ 0.00</u> (D)
E. Sales Tax	<u>\$1,455.40</u> (E)
F. (Optional) Service Contract	<u>\$ N/A</u> (F)
G. (Optional) GAP (to whom paid) <u>OWNERGUARD</u>	<u>\$400.00</u> (G)
H. (Optional) Used Vehicle Contract Cancellation Option Agreement	
Total Cash Price (A-H)	<u>\$17,905.40 (1)</u>

1F Company N/A

Term N/A

Months N/A

Or Miles N/A

X Jane Doe (Buyer Signs)

OPTIONAL GAP CONTRACT

This is not required. Find in Itemized in 1G.

Term 60

NAME OWNERGUARD

X Jane Doe (Buyer Signs)



LETS TAKE A CLOSE LOOK AT A PURCHASE CONTRACT (CONTINUED)

- Prior to deciding to trade-in your vehicle, get the value. You might be better off selling your car on your own.
- If you are trading in a car that you still owe on, the amount owed may be added into the new car loan. Also if you have a lease, that balance will be added to the new car loan.
- Down payment: Your money you have saved up and are giving in cash or check.
- Deferred Down Payment: When you do not have a down payment and the dealer will let you borrow it. You need to pay it back SEPARATE from your new loan monthly payment.

2. Amounts Paid to Public Officials	
A. Vehicle License Fees	<u>\$320.00 (A)</u>
B. Registration/Transfer/Titling Fees	<u>\$15.00 (B)</u>
C. California Tire Fees	<u>\$0.00 (C)</u>
D. Other _____	<u>\$ N/A (D)</u>
Total Official Fees (A –D)	<u>\$355.00 (2)</u>
3. Amount Paid to Insurance Companies	
	<u>\$ 0.00 (3)</u>
4. <input type="checkbox"/> State Emissions Certification Fee	
Or <input checked="" type="checkbox"/> State Emissions Exemption Fee	
	<u>\$ 0.00 (4)</u>
5. Subtotal (1 through 4)	<u>\$18,240.40 (5)</u>
6. Total Down Payment	
A. Agreed Trade In Yr. ____ Make ____ Model ____	<u>\$ 0.00 (A)</u>
Odom ____ VIN _____	
B. Less Prior Credit or Lease Balance	<u>\$ 0.00 (B)</u>
C. Deferred Down payment	<u>\$ 0.00 (C)</u>
D. Other	<u>\$ 0.00 (D)</u>
E. Cash	<u>\$ 2,800.00 (G)</u>
Total Down Payment (A through E)	<u>\$ 2,800.00 (6)</u>
7. Amount Financed (5 less 6)	<u>\$15,440.40 (7)</u>



WAYS TO GET STARTED WITH SELF-HELP FEDERAL CU...



- After doing your research, get Pre-Qualified for a loan.
- Once you are Pre-Qualified, Self-Help will let you choose the dealer you want to visit to begin your car shopping.
- Bring in the purchase order so that we can determine the value of the vehicle and see the max we can finance. A Loan Service Representative will work with you and the dealer to have the contract parallel to our approval guidelines.



Get pre-approved for your car loan

Talk to one of our loan representatives before you visit a dealership, and enjoy the peace of mind of knowing how much you can comfortably spend. We offer financing on a wide range of new and used cars, trucks and SUV's. Often we can finance your new car or truck with little or no down payment, depending upon your credit profile. Best of all, our auto loans have no application fees!

Get a discounted rate on your new EV/PHEV

Go electric and save! Get a lower rate on your loan, plus enjoy lower maintenance costs and cheaper power for your vehicle—all while making your community healthier and safer through cleaner air.

Special rate discounts:

SHFCU members can get a 0.25% discount on a BEV or PHEV (plug-in hybrid electric vehicle)

AUTO LOAN PRODUCTS WE OFFER!

Loan Rates

Rates Effective: 5/1/2025

Description	Loan-to-Value Maximum	Maximum Loan Amount	Maximum Term (in months)	Annual Percentage Rate
New Vehicles	Up to 120%	\$75,000	84	6.25% to 12.25%
Used Vehicles ≤ 5 years old	Up to 120%	\$75,000	84	7.00% to 15.00%
Used Vehicles > 5 years old	Up to 120%	\$40,000	72	7.00% to 15.00%
New & Used Motorcycles	Up to 100%	\$30,000	60	9.75% to 15.75%
New & Used RVs	Up to 90%	\$100,000	144	8.25% to 11.75%

**Subject to Income, Debt-to-Income Ratio, KBB Value,
Miles on Vehicle, Discounts and Credit Score**

No Salvaged or Lemon Law titles will be financed.

1ST TIME AUTO BORROWER LOAN

- Loan product designed to assist borrowers with no credit score due to no credit or a thin credit file (credit less than 12 months) with NO previous auto loans.
- Max loan amount = \$20,000 with minimum of 10% of vehicle sales price down payment required.
- Borrowers needs to be 18 year or older
- Applicant must demonstrate 12 months of continuous employment in the same line of work (no exceptions)



