

## Criteria For Finding The Best New Car Loan

New car loans provide more flexibility and options than purchasing a used car. The new car market is highly competitive and the manufacturers will trip over themselves to offer enticing packages to new customers. Used cars, while typically cheaper, have their own drawbacks, typically lesser warranties – if any – and less flexibility on loans.

With some companies willing to extend loans to 75 months and offering percentage point coupons, dealers have flexibility in financing these vehicles. This flexibility is generally more important in purchasing a new car because of the increased prices associated with purchasing a new car rather than a used car.

Loans for used cars generally do not exceed 60 months and it's a lot harder to find places where the dealer can offer incentives. Auto loans vary by state, location and economic condition, but can easily exceed 8%, Dodge and Saab – for example – both offer rates under 5.7%, qualifying for these rates, some as low as 3.6% can be a challenge for some first time buyers, but not impossible.

Working with the dealership is a vital part of successfully getting the best terms on a loan; this especially applies to new cars. It's important to know what offers are out there and compare all the options, for example, many will offer a bonus cash down or a lower APR, it's important to look at how the numbers work out for both cases, even with a lower APR, the cash up front can reduce the amount of payments by a significant amount.

Each person's financial situation is unique and it's important to look at these considerations when getting a loan. Third party financiers – such as credit unions – can also provide new options for financing too. The important point to consider is that these options exist and savvy buyers will see what options they can find before committing to a given financing plan. Going in armed with knowledge of your options will make you better able to make a responsible decision about financing the new car of your dreams, or your needs.

As another example, consider that a dealer will match your down payment up to say \$2000 but if they do that, then the interest rate on the loan goes up by a couple of percentage points. But if they do not match your down payment, then you can get a lower interest rate. Sit down and do the math, because having the dealer match your down payment is not always your most cost effective option.

Knowing your options can leverage your negotiations with a dealer as because you know ahead of time what makes sense and what other options you have. Together this combination can save you hundred or thousands of dollars, the most important component is the buyer's knowledge.

New car loans can make the choice between a new car and a used car less cut and dry than simply looking at the cost. Before writing off the idea of a new car because of the cost, check with the finance department and see what options are available for financing. With the right new car loan, a new car might be in your future sooner than you think.

## About the Author

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