



BUYING A CAR THE SMART WAY



Think you are ready to buy a car? Our CNB lending experts have put together this guide to make sure you have all of the information you need and answers to your questions before you buy a car.

HOW MUCH CAN YOU AFFORD?

It is recommended that your total monthly payments not exceed 36% of your gross annual income. Put down as much money as you can. It is recommended that you put down at least 20%. This will reduce the size of the loan and your monthly payments as well as the amount of finance charges. By putting down 20%, you are also reducing your risk of potentially being upside down in the value of your vehicle.

UNDERSTAND ADDITIONAL COSTS

Additional costs include registration, insurance premiums, and sales tax. If you are trading in a vehicle, you can limit your sales tax expenses. Driving a car that is worth more than the car you are currently driving will likely increase the cost of insurance.

SHOULD I BUY THE EXTENDED WARRANTY?

You will probably pay more in premiums than you will save in repair costs. You do not have to decide on the purchase of an extended warranty at the time you purchase your vehicle. You can always consider this purchase after your initial vehicle purchase. household income. Utilize a budget tool such as CNB's \$SMART App to determine what you can afford.

The Negotiation Process

Negotiate one thing at a time. The vehicle price, financing options and trade-in value should be three separate processes in the car-buying experience.

Get information about available financing prior to visiting the dealership:

- If you are preapproved for an auto loan prior to visiting the dealership, you have more flexibility and bargaining power.
- Research the current interest rates before you go the dealership. Knowing the marketplace rates in advance gives buyers an understanding of whether or not they are being offered a competitive rate

Knowledge Is Power

Research the value of your trade-in prior to visiting the dealership.

Research the value of the vehicle you are wanting to purchase

Compare prices on similar vehicles at multiple dealerships.

Be open to multiple vehicle makes and models.

Know Your Credit Score

The best rates that you see in advertisements are generally for borrowers who have top credit scores. For tips on how to obtain a top credit score, visit our page on managing your credit.