

# CAR BUYER'S GUIDE

A GUIDE FROM WALSER AUTOMOTIVE GROUP



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WALSER



THE VEHICLE

## WHICH IS **RIGHT** FOR ME?

SUV or pickup truck? Sedan or coupe? Whether you're looking for something with the best gas mileage or you need to get four kids to soccer practice, the first step in buying a new car is figuring out which vehicle is right for you. With so many options out there doing a quick self assessment can help narrow down the options and get you thinking about which vehicle is right for you.

### CONSIDER THIS...

- Will more than two people ride in the car at least twice per week?
- Would you ever use this vehicle to move, do projects or haul things?
- Do you drive more than 40 miles per day?
- Are you in unpaved or snow covered areas more than once per month?
- Do you plan on your life situation changing in the next three years?



WHAT ARE MY OPTIONS?

## **PAY CASH**

If you have the cash on hand you can buy the vehicle outright. No lending institution is involved.

## **FINANCE**

If you have some money for a down payment and are interested in owning the vehicle you can take out a loan to cover the cost.

## **LEASE**

Leasing is a way to get a new vehicle without paying large amounts of cash or taking out a loan.

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## THE PURCHASE TYPE

# A LITTLE ON LEASING

Leasing a car lets you drive a new vehicle without paying a large down payment or taking out a loan. You'll make a small down payment (less than the usual 20% when buying) and have monthly payments for the term of the lease. When the term expires, you return the car, and sometimes you have the option of buying it for its residual value.

Leasing can be a good option if you don't have a large down payment and want a new vehicle, or you want the ability to easily upgrade in a few years.

### PROS

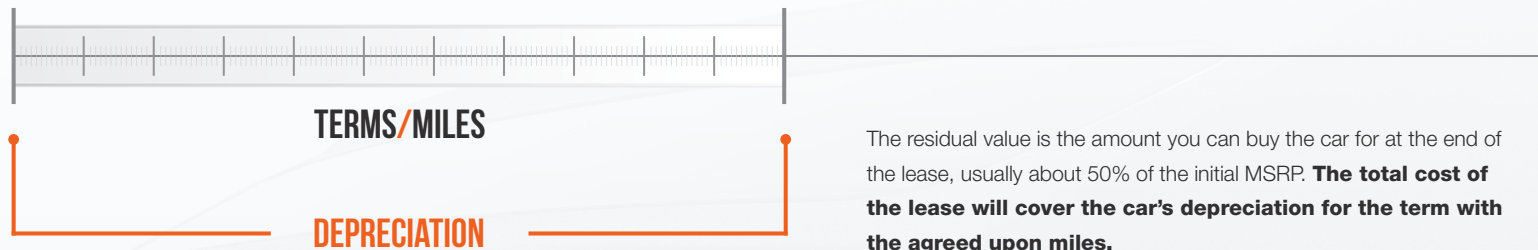
- LOWER DOWN PAYMENT
- UNDER FACTORY WARRANTY
- ABILITY TO UPGRADE TO A NEW CAR SOONER

### CONS

- LIMITED MILES
- PAY FOR EXCESS DEPRECIATION
- LIMITED CUSTOMIZATION

INITIAL COST

RESIDUAL



# VEHICLE FINANCING

When you finance a vehicle you take out a loan to buy the car and pay it down every month. After the loan is paid the vehicle is yours. Financing a vehicle requires a larger down payment than leasing, usually at least 20% of the vehicle price.

You might want to finance a vehicle if you don't want the mileage restrictions of a lease, want to own the vehicle outright and have money saved for a larger down payment.

## PROS

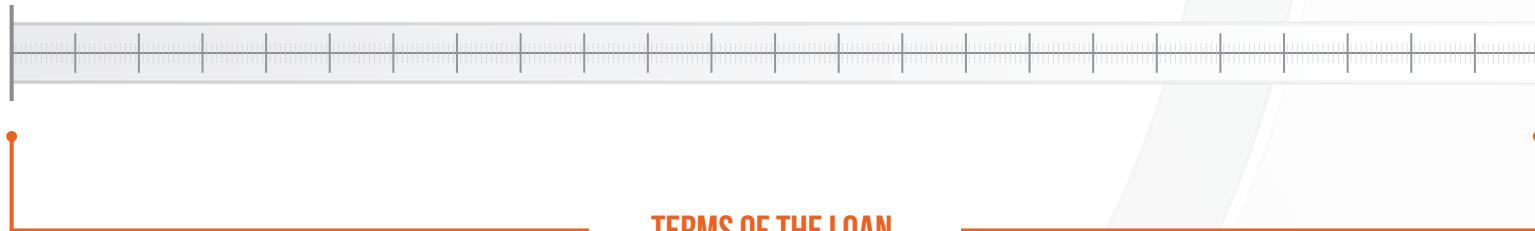
- OWN THE VEHICLE
- UNLIMITED MILES
- HAVE EQUITY IN THE VEHICLE

## CONS

- LOCKED IN LONGER
- HIGHER MONTHLY PAYMENT
- LIMITED WARRANTY COVERAGE

INITIAL COST

\$0



**TERMS OF THE LOAN**  
(36, 48, 60, 72 MONTHS)

The longer the loan, the lower your monthly payment will be. Some states (like Minnesota and Kansas) have no prepayment penalty so many people take out longer loans to get a lower minimum payment then pay the vehicle off early to avoid excess interest charges.

THE PURCHASE TYPE

# HOW DOES FINANCING WORK?

If you're financing a vehicle you'll be applying for credit. The total amount you will pay depends on multiple factors including the price of the vehicle, the Annual Percentage Rate (APR) and the length of the loan terms (shorter loans typically have lower rates but higher monthly payments).

## DTI, PTI & LTV

DTI, PTI and LTV are three elements in determining how much the lender is willing to loan and how much you can actually afford.

### DTI (DEBT TO INCOME)

**Formula: Monthly Debt/Monthly Gross Income**

DTI determines your available income. It includes all outstanding debts including rent/mortgage, monthly utility bills, credit card debt and other loans you may have. DTI should be under 50%.

### PTI (PAYMENT TO INCOME)

**Formula: Monthly Gross Income x 0.15**

PTI is the amount of the monthly vehicle payment compared to your monthly gross income. A reasonable PTI is around 15%.

### LTV (LOAN TO VALUE)

**Expressed as a percentage value**

LTV is the amount financed compared to the vehicle's worth. If you buy a car for \$20,000 and put \$2,000 down you would have a 90% loan to value.



## WHAT IF I HAVE **BAD CREDIT**?

Don't get discouraged! With so many factors going into financing a new vehicle you can still get an auto loan even with bad credit. Before you visit the dealership determine your financial situation and budget. Get a copy of your credit report so you know what to expect in terms of financing. Find a vehicle that fits in your budget and go to a reputable dealer.

### SOME THINGS TO THINK ABOUT

- **Make a wise vehicle selection. Aim for the newest, lowest mileage vehicle within your means.**
- **Put money down to decrease the size of the loan.**
- **Have a strong cosigner to help you qualify for the loan.**
- **Keep the loan with good payment history for at least 12 months.**
- **Don't shop your credit.**

#### TIP

It's easier to qualify for a loan on a newer, low mileage car; it's less risk for the bank.

# FINDING THE RIGHT PLACE

Once you've decided which vehicle to buy and how you'd like to buy it, you need to find the right place to look.

## • PRIVATE PARTY

### • RISKS

- Less than truthful disclosures
- No inspection
- No option for protections
- As-is sale
- No finance options

### • BENEFITS

- Could find the 'gem'
- May get a lower price

**TIP**

Most police stations offer their parking lots for private party sales.

## • PRIVATE LOT

### • RISKS

- Negotiation is often involved
- Minimal inspection/reconditioning
- Limited ability to back the product
- Often older or less desirable inventory

### • BENEFITS

- Potential to negotiate a good deal
- May have unique inventory
- May purchase your trade

## • DEALERSHIP

### • RISKS

- May require negotiation
- Salespeople may be commission-based which can lead to upselling

### • BENEFITS

- Larger selection
- More likely to stand behind the product
- Service & parts are readily available
- More likely to recondition the product
- More financing & protection options
- More likely to buy your trade

# GUARANTEED ASSET PROTECTION

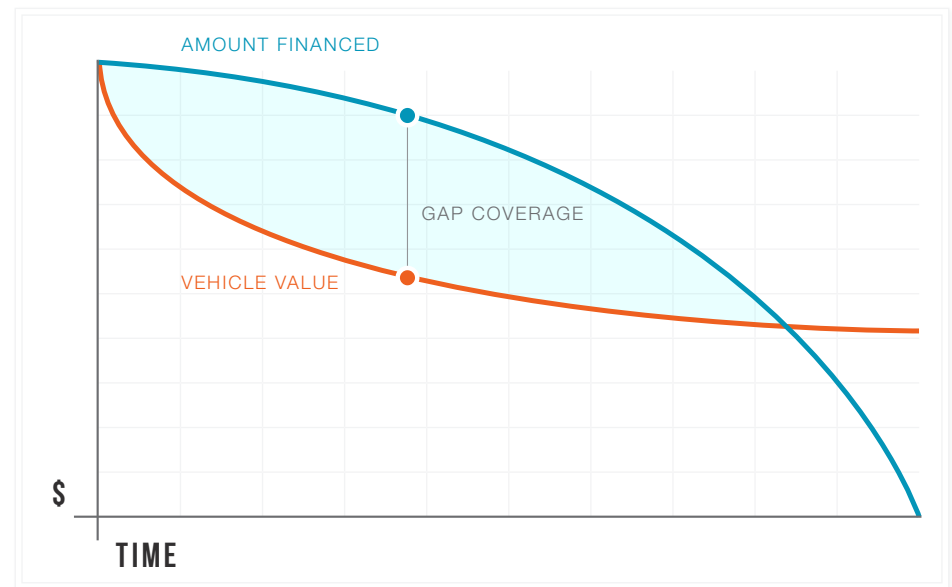
GAP **covers the difference between the car's value and the amount of the loan.** In the event of an accident that leads to a total loss you may get less money from your insurance than what you owe on your loan. This is where GAP can be a lifesaver. It will cover the depreciation and make sure you don't owe money on a car that gets totaled.

**TIP**

If you put less than 20% down or roll in negative equity, GAP is important!

## THINK ABOUT GAP IF...

- You finance a car that will depreciate quickly
- You're financing a vehicle for more than 4 years
- Your down payment is less than 20%
- You rolled negative equity into the loan
- You drive more than 15,000 miles per year
- You cannot afford to be without a car for any period of time



Guaranteed Asset Protection covers the 'gap' between what you owe and what the car is worth.

# SHOPPING IN GENERAL

## FIND THE RIGHT VEHICLE FOR YOU

Before you even get to the lot do a self assessment to determine what you need in a vehicle.

## ASK A LOT OF QUESTIONS

If they can't answer or you don't understand, it's probably not a wise investment or the right place for you to buy from.

## THEY SHOULD BE THERE TO HELP YOU

If you feel pressured or uncomfortable while making your purchase think about buying somewhere else. You should never purchase something you don't see the value in.

## THE WALSER DIFFERENCE?

- **Our Upfront Price First With Zero Negotiation**

Every vehicle is clearly marked with our pre-discounted Upfront Price. There are no hidden costs and zero negotiation; no haggle, no hassle.

- **Commission-Free Sales**

Our goal is to help find the right vehicle for you with no pressure. Our customer specialists are paid hourly and by customer satisfaction.

- **Work With One Person**

You have one individual customer specialist throughout the entire buying process from greeting to delivery.