

10 Tips to Keep You From Getting Ripped-Off With Car Dealer Arranged Auto Financing!

We highly recommend arranging your own financing - preferably before you go car shopping - and that it is imperative that you keep the auto financing out of the price negotiation by not negotiating a car payment.

Give Kemba Delta FCU a call and talk to one of our knowledgeable loan officers.

Always negotiate the selling price of the car without the auto financing and without a trade-in allowance. This is the only way you can be sure of what you are actually paying for the vehicle.

The car dealership Finance Office or F & I office has so many ways to make money on you it's staggering. Very often the car dealership will make more profit from arranging the auto financing than they do on the vehicle itself - and make no mistake about it - this is profit at your expense!

Once in a while a Finance Manager in a car dealership will be able to get you a lower interest rate than you can get yourself, and it's perfectly OK to let them arrange your auto financing as long as you follow these simple steps to protect yourself:

- This may seem pretty elementary, but **always** carefully read the loan contract before you sign it - **in full!**
- Always read the monthly payment on the loan contract to be sure it's what you're expecting.
- Always read the interest rate on the loan contract to be sure it's what you were told.
- Check the "Amount Financed" on the loan contract to make sure it's what you're expecting.
- Make sure the "term of the loan" in months, is what you are expecting. In other words if you were told you would have 48 payments (or whatever they told you) make sure that's what the contract reads.
- Make sure the loan contract shows your "cash down" including any rebates listed in the appropriate location.
- Read the loan contract and the sales order carefully to make sure they are not adding things like credit life insurance and or disability insurance, an extended warranty, [GAP](#) insurance (which is good to have, but that's for another discussion), or anything else such as window etching, appearance protection package, etc. unless you actually want some of these items.

Some other important items to watch out for are:

- Remember that if you have a trade-in with a payoff that the payoff will be added back into the new loan and it will raise the "Amount Financed" so be ready for the shock.
- If you do indeed have a trade-in with a payoff make sure you get a signed, written statement from the dealership stating that they will indeed pay off your trade-in loan, and make sure there is a date on the statement as to when the payoff will be made.
- Last, but certainly not least, get a written and signed statement from the Finance Manager or the Sales Manager stating that your auto loan is already approved by the loan institution that is taking your loan. If the loan is not actually approved yet don't sign the paperwork and don't take the car until it is.

And don't take anybody's word for it. If they have an official auto loan approval for you then they have it in writing or digitally on their computer. Make them show it to you.

If you do sign, and the auto loan is not officially approved then they can come back to you and say there was a problem with the financing and they have to charge you a higher rate or take the car back or whatever. At the very least you have to sign a whole new stack of papers, and the odds of them sticking it to you go up significantly. Read ["Beware of the Spot Delivery"](#) for more information on this.

I repeat . . . don't sign or take the vehicle unless the auto loan is officially approved by the lending institution. Make the dealership give you written proof of that fact.

Listen, you may be dealing with a completely honest car dealer as most of them are, but you must protect yourself. You can't just assume that the car dealer is looking out for your best interests. That's your responsibility, and for you to do yourself.