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Dealership Auto Financing - a Little Bit of Smartness Can Help You a Long Way by [Rock Watson](#)

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Every business survives itself on profit!

Dealers are in for business. They are also trying to earn their bread like everyone else. So, don't think that availing loans from them is a bad idea.

You might think that it is risky to buy a car from dealers. There are chances of buying a lemon or salvaged car. But, don't worry about the quality of cars. Most of the cars are bought from wholesale auctions. So, often the cars are new and are driven for lesser distance. All you need is a little bit of caution to find that perfect car.

Dealers are not bankers. They have tie-ups with finance companies and banks and work for a commission. Also, few automobile manufacturers have their own finance companies. Dealers can also help you avail finance from such captive finance companies.

It is not mandatory for you to avail auto loans from a dealer. This is just a service offered by dealers and you can reject it any time.

Generally, banks won't even touch your application if it mentions bad credit score. But, dealers are quite liberal in that sense. They finance bad credit borrowers and those with past bankruptcy as well.

Before you go to a dealer, it is necessary to work out a budget. It will be beneficial if you also have a vague idea about the type of car you want to buy.

You should be prepared for a great deal of marketing. The salesman will want you to believe that he is offering the best deal and you will not get any deal better than this.

Once you reach the dealer's lot, be alert. You must never tell the dealer how much you want to spend on monthly payments. Don't tell him about the trade-in until you have negotiated the price. If you do so, he will deduct the trade-in car's value before only. You will lose chance of any further bargain.

You must remember that everything is negotiable and you must negotiate your interest rate, loan term, conditions and rules, rebates, down payment, etc. Don't forget to ask about pre-payment penalty. You shouldn't sign until you're satisfied about each and everything.

Be wary of add-ons. They might be absolutely unnecessary. All these add-ons won't do anything other than increasing your auto loan amount.

Rust protection, undercoating, paint protection, etc. are already applied at the factory. So, you need not pay the dealer for all this. It is better if you do it on your own.

Don't pay the "Dealer Prep" fee. This is charged just to take off the plastic and prep the car for you. You can do that on your own. This will save some \$300 for you.

You also don't need to buy expensive anti-theft system from the dealer. You can get it installed from a shop at a lesser price.

So, while availing dealership financing, you must be smart and not let the dealer increase the purchase price. Once you understand your needs, you will be able to say no to unwanted schemes and offers.

Dealers try to offer you everything under one roof. Take advantage of it. You are no longer required to visit several lenders. This is very large benefit compared to all the bargaining.

Don't consider all this a hassle. Instead, consider it as a game. Take it as an opportunity to experience and explore something new. You will win if you save and the dealer will win if you don't negotiate.

So, go out there and win the game. All the best!

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[Rock Watson](#) - About Author:

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