

# *Steps to Financing a* **NEW TOYOTA**



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**TOYOTA**

After searching showrooms and scheduling exciting test drives, there's no better feeling than finding that ideal new Toyota. However, before you can experience the wind whipping through your hair as you drive off into the sunset with your new set of wheels, you'll need to consider your financing options.

Financing a new car is a seamless process, but there are a few things drivers need to know before they head to the dealership.

In this eBook, we'll dive deep into the world of automotive financing and walk you through each step, so you can learn all there is to know about financing your next new Toyota. Once you've reached the end, you'll be well-prepared for your trip to the dealership and feel confident as you embark on your journey to a new automobile.

So, let's get started!



## **Financing vs. Leasing: Which Is Right for You?**

When you're ready to purchase a new Toyota, the first step is to determine how you're going to pay for it. The most common payment options for new cars are financing or leasing. Each option comes with great benefits, but you should understand a few aspects of both payment plans before choosing the one that's right for you.

### **What You Need to Know About Financing**

Financing a new car involves paying for the full cost of the vehicle in monthly payments. Typically, terms for financing can range from three years to six years.

Ideal for off-road adventurers and drivers with long commutes, financing a new Toyota allows you to add as many miles as you want to the odometer without any additional fees. Furthermore, it allows for more customization options since you won't need to return the vehicle to the dealership when you've paid off your loan.

However, it's important to mention that monthly payments when financing can be higher than leasing because you're paying for the full price of the new car.

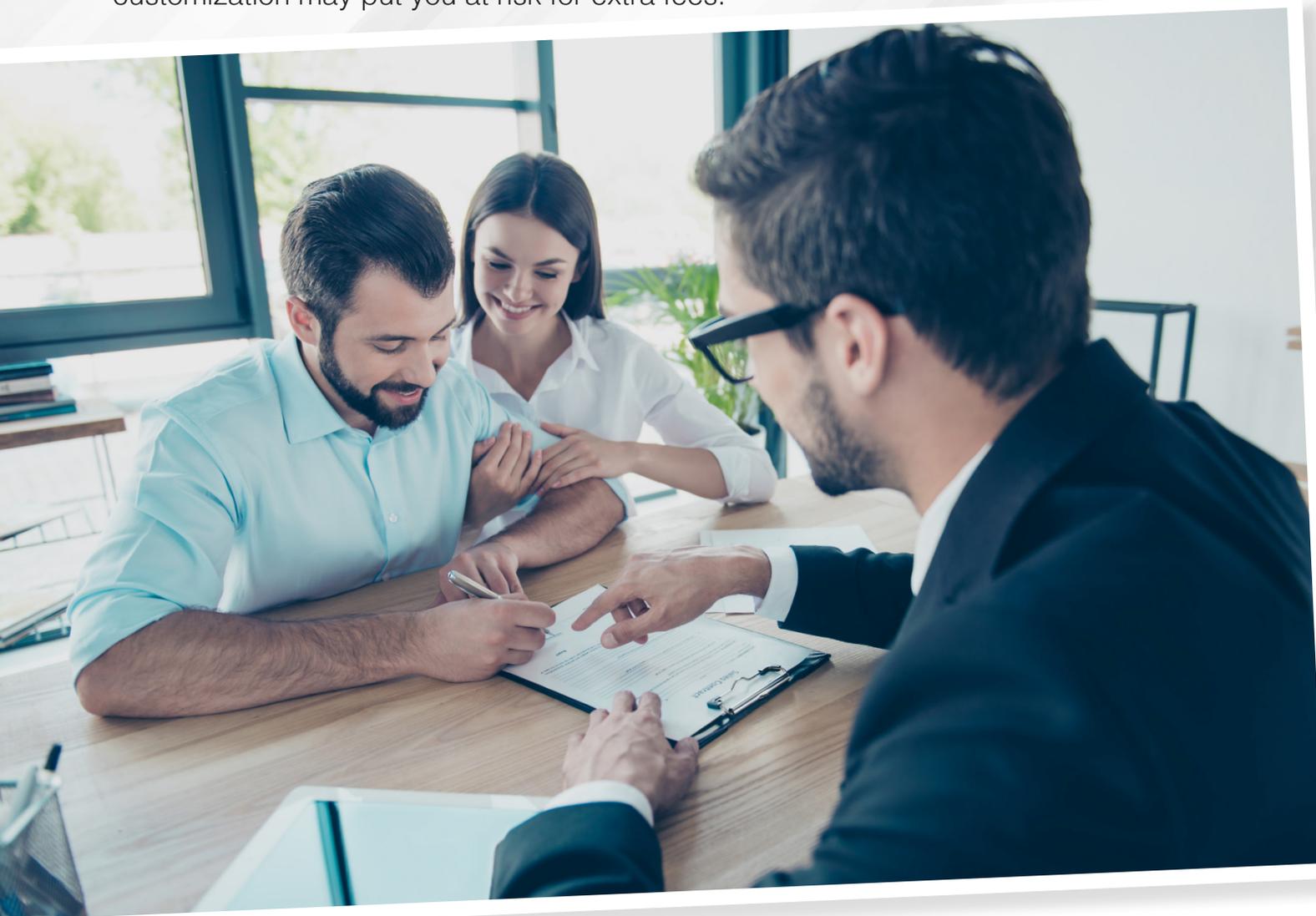


## **What You Need to Know About Leasing**

New car leases typically have a term of 36 months and require you to return the vehicle to the dealership. You can also choose to buy it if you'd like to keep it for longer than three years. With a lease, you're only paying for the value of the vehicle during the time that you have it, which means lease payments tend to be lower than financing payments.

However, there are a few limitations with this option you may need to consider, including mileage limitations. Generally, leases can come with annual mileage limits of 10,000 to 15,000 miles. If you end up going over that, you may need to pay additional fees.

On top of that, drivers may not be able to customize their vehicles as much as they'd like. Leases require you to return it to the dealership when the contract ends, so any excessive customization may put you at risk for extra fees.



## Create a New Car Budget

When you decide how you'd like to finance your Toyota, the next step is to create a new car budget. Making a budget is an essential part of the buying process and will help you narrow down your options and find the vehicle that works for you.

To create a budget, start by calculating your monthly income. Then, subtract your monthly expenses from it. The number you get should give you an idea of how much you want to spend on your monthly finance payments.

Next, look at the vehicle you want and get an estimate of how much you'd need to pay for it monthly to see if it'll fit within your budget. Of course, the price of the car shouldn't be the only factor you consider. Buying a new vehicle also means paying for recurring expenses for gas, maintenance, and insurance. So, make sure you include those costs during your calculations, too.

If the monthly payment for the vehicle you want is higher than your budget, you can increase your down payment when you're ready to buy. A down payment will go towards the overall price of the car. The more money you put down initially, the lower your monthly finance payments will be.

You can also choose to trade in your current vehicle and add its value to your down payment.



## Check Your Credit Score

When you're ready to finance a new car, it's important to know what your credit score is. Credit scores and histories can help determine what kind of plans and interest rates you can be approved for when buying a car. So, it's a good idea to check your score and history before you head to the dealership.

You can get a free copy of your credit report once a year by visiting [AnnualCreditReport.com](http://AnnualCreditReport.com). This site is operated in part by three major credit reporting agencies—Equifax®, Experian®, and TransUnion®—and is endorsed by the U.S. government.

When financing a car, the higher your credit score, the better. Normally, higher credit scores are approved for lower APR or interest rates, which can reduce monthly payments. However, if your score isn't as high as you'd like it to be, you can take the steps needed to improve it before you finance.





## **How to Improve Your Credit Score**

### **1. Pay the entire statement balance for credit card bills and loans on time.**

Paying the entire statement balance on time every month can do wonders for your credit score. Having trouble remembering when you need to pay? Set up payment reminders or automatic payments.

**2. Keep your credit card balance below 30 percent of your limit.** A high balance on any credit card account can affect your score, so try to keep it below 30 percent of your credit limit. Plus, keeping a low balance won't just help improve your score; it can also help you manage your debt.

**3. Try not to open too many credit accounts at one time.** When you apply for a credit card or loan, banks and lenders perform a hard check on your credit. Hard checks stay on your history for roughly two years. The more hard checks you have, the lower your score may be. So, try to avoid applying for and opening more than one or two accounts within two years.

If you have low credit, you may also want to consider getting a cosigner to boost your chances of approval. The cosigner assumes the same amount of legal responsibility for the contract and any credit given will appear on their credit report. They're also legally obligated, as are you, to make sure payments are made on time.

## ***Sign & Drive Off***

Once you've chosen your ideal payment option, made a budget, and checked your credit score, you'll be ready to head over to the dealership to finance your next new Toyota.

When you get to the dealership and find your ideal automobile, our team can walk you through the financing process and answer any questions you may have along the way. You'll also fill out an application that'll be sent to local banks and lenders to help you secure a loan with the terms you need.

From there, you can use your down payment amount and credit score and work out the terms of your finance agreement with the finance department at the dealership.

You'll continue working with the finance department until you find your ideal finance option. Once you do, all you have to do is sign a few forms and you'll be able to drive off in a brand-new Toyota model.



## Tips for Financing a New Car

The process of financing a new car is quite simple, but it does help to have a few tips.

### **Tip 1: Know a Bit of Finance Lingo.**

When you're at your local dealership's financing department, you'll hear a few technical terms. Check out some of the most common financing terms below, so you can get a better understanding of what you need to do throughout each step of the process.

- **Annual percentage rate (APR):** This is the cost of the loan expressed as a percentage. Try to get this rate as low as you can.
- **Auto Loan Calculator:** This tool is designed to help you understand how much you could be paying for your new car. It'll help you see how much you'll need to pay each month as well as what your APR could be and what you'll need to put down to get your desired monthly payment.
- **Default:** If you default on your loan, it means you've done something to violate the terms and conditions of the contract. Typically, defaulting refers to failing to pay your monthly loan payment.
- **Cosigner:** A cosigner is another person who signs the contract with you. If you have low or no credit, a cosigner can make it easier to get approved for the loan you need.
- **Fixed-rate financing:** This term means your APR won't change over time. This option is ideal for drivers who can secure low-rate financing.
- **Negative equity:** If you're trading a vehicle that you're still making payments to and what you owe is more than the car's market value, you may have negative equity.
- **Refinancing:** Refinancing is financing the car loan you have but with a different lender. A refinanced loan can pay off the balance of an existing account to help you get a new loan for your new car.

## ***Tip 2: Take the Steps to Automotive Financing Now.***

The sooner you decide how you'll finance your Toyota, the better. Defining your budget and spending limits early will help determine how much you want to spend both upfront and with each monthly finance payment. Plus, many dealerships provide free research tools on their websites to help you budget for a new vehicle to make things even easier.

### ***Finance a New Toyota Today***

With the right tools, tips, and information, financing your next Camry, RAV4, Tacoma, or other Toyota model can be a breeze!

For more information about financing and how you can get behind the wheel of your ideal new vehicle, contact the finance team at your local dealership. They have years of experience and training to help drivers like you purchase a new car and they can help you find the right options for your budget.

Don't wait. Contact them and finance a new Toyota today!

