Buying A Car Made Easy

Let's go… get ready to start your engine!

Whether you already own a vehicle or you're in the vehicle market for the first time, buying a car is an exciting experience. Of course, it can also be confusing because there are so many things to consider when making this important purchase.

STEP 1

The costs involved
Most people would love to own a sporty high performance vehicle. However, you have a price range which you can afford. You must keep this in mind as your search progresses.

Your price range
1. Calculate your net monthly income (your salary minus any deductions)

2. Calculate your monthly expenditure including debts, mortgages, rent, insurance, groceries, spending money, clothing etc.

3. Calculate how much money you can deposit - remember the higher your down payment, the lower your monthly payment

4. Your total monthly loan payments including credit card, hire purchase and credit union payments should be no more than 35% of your monthly gross income or your salary before deductions

5.Don't forget that driving a car has its own expenses including gas, insurance, regular maintenance and inspection of vehicles over five (5) years of age

The 'Make It Happen' loan amount
You need to make a down payment on the loan for the car depending on whether the car is new, local used or a Roll-on/ Roll-off vehicle.

Applicable fees
The cost for any searches, legal costs and insurance premiums must be taken into consideration as you make your final purchase decision. Insurance premiums can be paid in cash or financed through a separate loan.

The interest rate on the loan
Your Republic Bank Loans Officer will advise you regarding the loan's interest rate. This will depend on the type, age and down payment you have made on the vehicle.

STEP 2

Deciding which vehicle to buy

So many vehicles, so many features...decisions, decisions! To figure out which car suits you, look at your price range, your lifestyle and the things that are most important to you in a car. This list of practical questions will help you to get a clearer picture:Do you prefer manual or automatic transmission?

1.Do you require 2-wheel, 4-wheel or all-wheel drive?

2.Will you be driving your vehicle on rough terrain

3.How many passengers will you have on a regular basis?

4.Do you require a lot of cargo room?

5.Will you be going on long drives often?

6.How much time do you spend in your vehicle on a monthly basis?

7.Is your parking area large or small

8.What is the height clearance of the places you visit?

STEP 3

Research and Preparation
Once you have assessed your specific car needs, now you're ready to decide which car best suits you. Here are some things you need to do to be sure:

Get comparative information on the following:

- Gas consumption
- Security features
- Reputation on safety
- Braking System e.g. ABS
- Electrical System
- Airbags and Crash Impact Reinforcements
- Tyres/Rims
- Lights/door locks/music
- Colour/upholstery
- Anti-theft device
- Dealers' reputation for service

Take a test-drive:

- Make appointments with the dealerships that stock the different vehicles in which you are interested.
- Schedule the test-drive of vehicles as close together as possible so that your comparisons will be more accurate.
- Take as many notes as possible on your likes and dislikes on the different car models.
- Ensure that you test the vehicle on rough roads.

Learn about the reputation of the car:

- Ask about the availability and the basic prices associated with spare parts.
- Ask people who already own the same model about their experiences with the car.
- Investigate to get an idea of the resale value of the vehicle.

Understand your insurance:

- Find out the value of your new insurance premium and the excess (i.e. the portion of any claim for which you will be responsible).
- Get an actual quotation from several insurance companies based on the value of the vehicle.
- Ensure that you know what your insurance covers including who it covers and to what extent.
- Investigate the insurance discounts you may be entitled to based on the vehicle's safety and security features, as well as your driving record.
- Decide how many persons you will allow to drive the vehicle, as limiting the number may entitle you to a discount.
- Your Republic Bank Loans Officer can suggest to you the names of insurance companies who offer policies which can be used as collateral security for the loan.

Learn about the Warranty:

- The extent of coverage on vehicle parts and the body should be explained.
- Deductible charges that are applicable should be itemised.
- How coverage applies during a repair visit should be clear

STEP 4

Negotiating a Fair Price

Don't forget that as a consumer, you have power! Remember that you will own this car for a number of years so be certain that it is a worthwhile investment.

- Be certain that you are satisfied with the value that you are getting for the money that you are paying. Also, if you have the option to trade in your car, find out what it is worth on the market before asking for an estimate.
- Find out what features or extras you are entitled to and keep in mind that the dealership is working for you! If the sales representative cannot move on the price with effective negotiation, often other concessions can be given instead, like air-conditioning, stereo systems or rims.
- Finally, capitalise on the experience of your Republic Bank Loans Officer and your dealership representative in this area of car financing and vehicle roadworthiness.

STEP 5

Financing the Deal

Now that you have done all the research and are satisfied with your choice, you are ready to close the deal. To obtain the financing required for your vehicle, follow the simple instructions stated below.

For the Loan Application to be processed you will require:

- Two (2) forms of identification - for first time borrowers.
- A job letter from employer - for first time borrowers.
- A recent pay slip - for first time and existing borrowers.
- A letter of sale from owner OR a proforma invoice from the car dealer.
- A certified copy of ownership for used vehicle financing.
- A utility bill.
- The source and value of the downpayment.
- The name of the Insurer, the value of the premium and the type of coverage.

In addition,

1. If the vehicle is a used one, a title search must be done to ensure that the seller is indeed the owner and that there are no debts attached to the vehicle.
2. Your Republic Bank Loans Officer will have this done for you! Your Republic Bank Loans Officer may wish to view the vehicle before the loan is granted.
3. For used vehicles, the bank will normally require an appraisal from an approved vehicle value
4. The bank will require a Mortgage Bill of Sale on the vehicle unless acceptable alternative security is provided.
5. Where the vehicle is being used as collateral, the insurance is used as additional security and you will be required to give authorisation to the insurance company to note the bank's interest and forward the policy to the bank.

Some helpful tips for you:

- Read your car loan contract carefully before signing to ensure that you understand the details of the arrangement.
- For used vehicles - ensure that the car has been transferred to your name and get a certified copy of ownership from the Ministry of Transport, Licensing Office.
- For new vehicles - the dealer should supply you with a certificate of ownership upon delivery.
- The law requires that an Insurance Certificate is kept in the vehicle and the insurance company will send the policy to you as well as the bank.

And with that you've got ignition. Just keep in mind the safety tips we've highlighted for you:

- Ensure that your seatbelts are buckled at all times.
- Do not use a mobile phone while driving unless using a headset.
- Pay attention to the speed limit.
- Remember that pedestrians have the 'right of way' always.
- Look out for construction or other road signs alerting you to lane reductions.
- Secure your infant in their car seat.

And remember...drive safely!