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THE MECHANICS OF AUTO FINANCE

What to Do When You are Ready to Buy

You've done the research and now it's time to drop the checkered flag and head to the dealership. While the anticipation of driving a new vehicle can be exciting, it's important to feel comfortable and in control with your purchase.

“By being educated and taking an active role in your financing, you're empowering yourself with the know-how to make smart decisions,” said Charlie Vogelheim, Executive Editor of Kelley Blue Book. “But always listen to your instincts; if you feel in over your head, you have the right to walk away from the deal.”

Here are some tips from Capital One about how to stay cool and make smart decisions when you are ready to buy your car.

1. Make a return trip to your budget

- Are you still on the right road financially?
- Print out a copy of your budget and bring it with you to the dealer to serve as a reminder of your financial limitations.

2. Drive defensively at the dealer

- Arrive at the dealership with the tools you'll need: your budget, copies of your research and a calculator. These materials will allow you to run numbers and consider purchase scenarios objectively.
- Securing a loan **prior** to visiting the dealer gives you the power of a cash buyer to negotiate the lowest possible purchase price.
 - For example, Capital One Auto Finance offers qualified consumers with the equivalence of a “Blank Check[®],” which is used like a personal check to purchase virtually any vehicle.
 - If a dealer says they do not accept checks from outside sources, remind the dealer to verify the authenticity of your lender. Closely examine your incentive options; often, a dealer will offer a choice between a cash rebate or low interest rate from the manufacturer – but not both. Use your calculator to determine which incentive provides you with the best deal.
 - A car might be selling for \$22,000 but the manufacturer is offering a \$3,000 cash rebate for a final price of \$19,000. **Total savings = \$3,000 up front.**
 - However, a \$22,000 car financed for five years at six percent would have a monthly payment of \$550; with zero-percent financing, the payment is roughly \$480. **Total savings = \$4,200 over five years.**

Note to editors: Additional purchase scenarios, as well as rates vs. rebate comparisons are available upon request

- Be ready to negotiate. The price the dealership is willing to sell a car may be below the asking price, so it's important to view negotiating as a way of saving money on the price of your car. Online sources such as Kelly Blue Book (www.kbb.com.com) provide tools to help you to determine the fair market value for new and used cars. If you are financing through the dealer, you may be able to negotiate certain terms of the transaction, including price and interest rate, with the dealer. Do your research prior to visiting the dealership to ensure you're prepared to get the best deal you can.

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