

Tips for buying a car when you have imperfect credit

August 31, 2015

3:08 PM MST



New Car Shopping doesn't have to be difficult. Get tips from Lisa Copeland from buyingcarsherway.com
Photo by Justin Sullivan/Getty Images

Buying a car can be a very stressful experience for many single moms. One of the biggest worries surrounds finances and also determining whether you will finance a car, lease or finance a used car. This is where it can get very tricky. When car shopping it's always best to determine your budget and then add another 15% to that to cover taxes, fees or warranties. Start pricing the cars available in that price range and then narrow down the choices to three types. Do all of this prior to test driving a vehicle. This has been a tried and true method because it cuts down on a lot of time at the dealership and being persuaded to buy a car that you really can't afford. Then shop around for the best financing deal you can find.

A good credit score will always help you qualify for the best interest rates when you are [car shopping](#). But, if you don't have perfect credit, how can you get the best deal possible on your next car purchase?

Lisa Copeland, is Managing Partner of Fiat of Austin, the top Fiat retailer in North America since the brand's return, and she has tips if you have a blemished credit report and how you can still manage to buy a car at the best interest rate and at the best price. Lisa blogs about cars over at buyingcarsherway.com

Some of these tips may help you on your car buying experience:

- **Pre-shop your credit report.** Know what's on your credit report before you start applying for loans. There are many free sites for you to use (such as annualcreditreport.com or at freecreditreport.com) so that you can make sure you walk into a car dealership as knowledgeable and prepared as possible. This also helps you find out if there are any inaccuracies or identity theft going on with your credit so you can get those things fixed prior to applying for a loan.
- **Check with your local credit union before the car dealership.** Before you even head to a traditional bank, check your credit union. If your credit score is less than 660, many times the local credit unions have more discretionary power than car dealerships and can overlook minor blips on your credit report. For me personally I used my credit union and got a great deal along with warranty packages for the financing. What's great about getting a credit union to do a pre-approval is that you can also use that pre-approval as leverage with car dealership financing and they may compete with your business even with imperfect credit.
- **Stay within your budget.** Don't let the car dealer talk you into a car that is above the maximum budget you set for yourself as that could be what got you into credit trouble in the first place.
- **Save money for a down payment.** 20 percent down is desired by most banks if your credit is below a 620 FICO to receive a fair

interest rate. The best ways to save are to make sure you get automatic deposits to a separate savings account.

- **Consider a co-signer.** Check with relatives before you go car shopping to see if they would be willing to co-sign with you. That could help your bargaining power.
- **Bring important documents with you to the car dealer.** When it is time to discuss financing, the dealership wants to see proof of who you are, that you have a job and that you have a history of making monthly payments on time. Bring the most recent pay stub from your employer, a utility bill (gas, water, power), your driver's license and at least three personal references. Being prepared ahead of time can help you save time at the dealership and will make it easier for the dealership to determine your exact income and expenses if they are negotiating a financing deal for you. For many single moms, you can include child support in the income amount when applying for a loan but that can typically hurt you. Chances for approval are better if you have additional income from a job or other source that can be garnished (child support income typically cannot be garnished).
- **Job Stability.** Stability is also important where the longer the job time and the higher the income, the better the chance for an approval). Long term residence stability and situational **bad credit** versus habitual bad credit will work in your favor at well.
- **Make timely payments.** After you have made 12 consecutive on-time payments, it is possible to refinance your loan and possibly receive a lower rate – which can start you on your way to a better credit history.

There are many ways to shop for a vehicle and shopping online opens up a lot of options. You may find a lot of no haggle pricing online as well as a way to secure online financing. Always be sure you read the fine print when it comes time to purchase your new vehicle.

Have you had a recent experience with buying a new vehicle? How was the process?

SUGGESTED LINKS

- [Three tips for buying a good used car](#)
- [The car buying experience from a woman's perspective](#)

Sponsored Content



We dug up the truth on what keeps engines pure. Get the story.

By *ACDelco* - We're digging deep to get to the heart of natural attenuation, or, as you probably know it, filtration. ACDelco GM Original Equipment Oil Filters strip out dirty oil of harmful particulates to leave your engine happy and healthy.



Heather Buen

Dallas Single Mom Examiner

© 2006-2015 AXS Digital Group LLC d/b/a Examiner.com

