

Some points to consider before purchasing a car

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Car loans in most cases are availed to purchase a new or used car for commercial or domestic purpose. Though car loans can fetch you any type of car based on how much you can afford to repay, you need to consider borrowing only what you need. Extravagance and outrageous borrowing against the whole of the family income can be unwise.

Before you think about car loans, you need to decide what your expectations with purchasing a car are:-

- Do you need a car that you will use routinely to cover long miles everyday across bad roads and is a car an indispensable need for you now?

- Consider getting cars that give a good mileage

- Do you need a big car or if you have a small family it is better to stick on to small cars, rather than lavishing and later suffer with repaying the loan.

When you calculate to arrive at what you can afford to repay for the car loans you need to consider several other things that will add up when you purchase a car like fuel cost, insurance, maintenance etcetera. If you do not consider such and commit to a big EMI, chances are you may have to hit another loan to repay the EMI on time. To avoid such confusions, subtract the likely costs of the car against the EMI.

Getting a car through a dealer and loan through a car agent comes with some extra commission charges added to the price of the car loans overall. Try to cut down dealers when you purchase a car and also approach direct lenders for car loans to reduce some marginal rates in your car loans cost. Making a huge down payment can also considerably reduce the need for a big sum in loan and thereby contributing to a decrease in the EMI as the loan amount is also going to be less.

Before considering car loans you need to also decide between used cars and new cars to fit your budget. In most cases used cars are less expensive than new ones. For domestic usage, unless you are that kind of person who is very mad about all new, used cars are better in terms of price. And the quality of used car is most likely to be equally paying if purchased wisely.

If you are going to get car loans with bad credit be sure to make an extensive comparison study to prevent being ripped off!