

## Tenant Tips

### An occasional newsletter to help.

**Crazy way to buy cars:** Now seems a good time to buy/lease autos, new or used. Next to buying a house or leasing, car cost are probably your biggest expense. Unlike most people, start with the numbers of what you can afford and what will cost least over the next 4 years and only then among the options the numbers' show, pick the prettiest to you! AFTER THE NEW-CAR SMELL WEARS OFF, YOU'LL SLEEP EASIER IF YOUR CAR ISN'T A BURDEN. It may/probably will take you about 4-6 months to get ready to actually shop for your auto. The better your credit score, the lower your cost. Determine the date when your insurance cost will reduce to the lowest due to your past tickets, by talking with your insurance agent. Shop insurance companies as they differ by about 20%. **SECRET:** visit a car rental agency as only they can tell you what % each car will be worth after 3 years and thus what each car will cost you over the next 3 years, which is the MOST expensive part of owning a car - its reduction in value regardless of your use or gas mileage until you sell it. Select a safe car with least depreciation. That's surprising to many. The next biggest costs in owning any care after depreciation, though we talk most about gas mileage, are (PAY ATTENTION TO THIS):

- 2<sup>nd</sup> - repairs. So, does consumer reports at the library give your selection a good report?;
- 3<sup>rd</sup>. - interest rate on your auto loan or the price of money if you lease it, which changes weekly.
- 4<sup>th</sup>. - sales tax when you buy or lease, which can be saved "big time" by driving to a near-by state or county with lower sales tax to buy or lease! First, check your state's auto "use tax".
- 5<sup>th</sup>. - insurance varies a lot, as you'll discover if you shop;
- 6<sup>th</sup>. - gas mileage can truly be improved by improving your driving habits, keeping it well-tuned, tires filled, and gas additives.

**Maybe Lease:** If you drive so much that your cars have no real value after 5 years and are about worn out, then leasing may be cheaper IF you don't have to pay a high cost for miles driven GREATER than your estimate when you sign the lease contract. For example, if you estimate 10,000 miles and really drive 18,000 a year, some leasing companies (shop for the best) may charge you a quarter for each mile over 10,000 ie \$1600 in the above example FOR EACH YEAR!!

**"SECRETS":** Cheapest ways to have your transportation other than city bus to work are:

-carefully buy used especially if they are "certified" ie well checked by a reputable dealer. It's worked for me.;

-!TAKE OVER A FORFEITED/TURNED-IN LEASE from a car-leasing company for just a few hundred rather than a large down pay or lease deposit! Tire places also sell cheap tires turned in by car enthusiasts who want a tire different from that on a new car they bought a few days before. Unbelievable.

-keep a car until the average repair costs are the same as car payments on a newer car, says Uncle Sam!

**Importance of Credit Scores:** Just 1 percent interest rate increase on your car loan, increases your monthly car payments (seldom extended more than 7 years) by \_\_\_\_ \$\_\_ per thousand borrowed. Credit Scores:

-less than 600 means you pay the highest interest rate allowed by your state's law like 30%;

-must have a score of at least 750 to get the best rates advertised on the radio.

-poor scores may prevent you getting a job, and force a higher car payment, and even prevent a student loan for your kid

**How TO Increase Credit Score:**

-**pay** on time & stay current as long as possible (duh);

-**push** your actual credit card balance owed to the lowest possible % of your maximum limit on that credit card. If it is more than 30% of the limit it will hurt your credit. SECRET: Every 6 months you can call your credit card and ask them to INCREASE your credit limit IF you have always paid on time and paid something more than the minimum you owe. By increasing your limit, you decrease the percentage of it your owe and increase your credit score!;

-**check** your credit report at least twice a year and preferably every other month so as to make sure there are no errors on it. Write a letter "contesting" even the smallest error as each can hurt you. The lender MUST prove to the credit company (Transunion, Equifax, Experian), that they are right. Do this ASAP as it take about 4-6 months to help your score. So, multiple claims of errors and other reasons can allow the lender to IGNORE a complaint as "frivolous". So, use separate letters to credit reporting agencies OR write to the lenders directly;

-**don't close** unused credit cards, as having a card a long time infers your have many who can rely on your;

-**don't open** credit card unless absolutely necessary as that increases your debts and lowers your debt to credit ration and score.

-Sometimes licensed & bonded credit counselors may be able to challenge derogatory claims more effectively than you without experience.

**Advice:** CarFax.com; ConsumerReports.com; radio KFWB car man. "In many counselors there is wisdom" Proverbs \_\_\_\_\_.

**Happy trails!**