

Tenant Tips

An occasional newsletter to help.

Crazy way to CHOOSE a car: Now seems a good time to buy/lease autos, new or used. Next to leasing or buying a house, car cost are probably your biggest expense. B different from most people, start with the numbers of what you can afford and what will cost least over the next 4 years and only then select among your options, 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. DO: **A- SECRET:** visit a car rental agency as they can tell you what % each car will be worth in 3 years and thus what it will cost you due to depreciation, which is the MOST expensive part of owning a car. **B-** Select the safest car (www.kbb.com) with least depreciation cost (www.theautochanel.com) 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 PLS):

2nd - repairs. So, does consumer reports at the library give your selection a good report?;

3rd. - interest rate on your auto loan or the price of money if you lease it, which changes weekly.

4th. - 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".

5th. - insurance varies a lot, as you'll discover if you shop;

6th. - gas mileage can truly be improved by improving your driving habits, keeping it well-tuned, tires filled, and gas additives.

www.fueleconomy.gov evaluates many used cars also.

Necessary Preparation To Buy: **A-** The better your credit score, the lower your cost. So, see below on some steps to improve your credit score; **B-** Determine the date when your insurance cost will reduce to the lowest due to your past tickets "dropping off the screen", by talking with your insurance agent. Shop insurance companies as they differ by about 20%; **C-** Never trade in a car as the dealer must get about 2,000 for each trade it does, - thus cut your costs by selling your own car. Be sure to tell DMV about your sale, so that you are not responsible for your buyer's accidents! **D-** shop many dealers & check carfax.com as there is success in many counselors says Proverbs 15:22.

Shop Financing: **A- NEVER** sign ANY agreement which provides that the interest shall be calculated according to the rule of 78 as that contract gives you NO credit for payment of the principle you owe until you have paid all of the interest. RESULT = if you pay off early, or buy a new car, and you will surprisingly not have paid off any or very much on your obligation! **B-** 10% auto loan interest doubles your total cost in 75 months, but 8% would take 108 months (72%). **Refinance** after buying look for credit unions or lenders from an organization you belong to like a church/employer/labor union, bank/credit-union for a lower rate.

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 25 cents for each mile over 10,000 ie \$1600 in this example.

"SECRETS": Cheapest alternatives to the city bus are:

- carefully buy "certified" used from a reputable dealer;
- !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!

- utility cars 4-sale from a repair shop car's owner didn't pay.

- buy "new" tires turned in by car "nuts" to tire shop for better tires.

Loan Terms & Credit Scores: *Extending the years of payment period by just 1 year, reduces monthly (but not total cost) by \$1.85/mo per \$1000 borrowed. Reducing interest rate on that note by 1% only reduces monthly payments by \$.56/mo/1000 assuming a 7 year pay-period. So, reducing loan-period reduces monthly payments 3 times more than interest-rate reduction! 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

Some Ways TO Increase Credit Score other than by staying current:

- 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 you 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 best time to challenge is mid-December when its employees want to be off. The lender MUST prove to the credit company (Transunion, Equifax, Experian), that they are right within 30 days. 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 compliant 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 you have many who can rely on you;

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

- counselors** if licensed & bonded may be more effectively than you.

Advice: CarFax.com; ConsumerReports.com; radio KFWB "car man".