

Guide to Buying a Car

The Ultimate
Guide to
Buying a Car



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WHY GET A CAR LOAN WITH LOANS.COM.AU

At loans.com.au we are proud to offer one of the most competitive interest rates in Australia for customers who want to buy a car.

Borrow safe in the knowledge that we are secure, powered by **Firstmac**, which has been in business for over 38 years.

To find out how much your car loan repayments would be, just use our handy [Car Loans Calculator](#).

If you are ready to apply for a loan, you can get started now by filling out one of our easy online applications here. It only takes a few minutes.

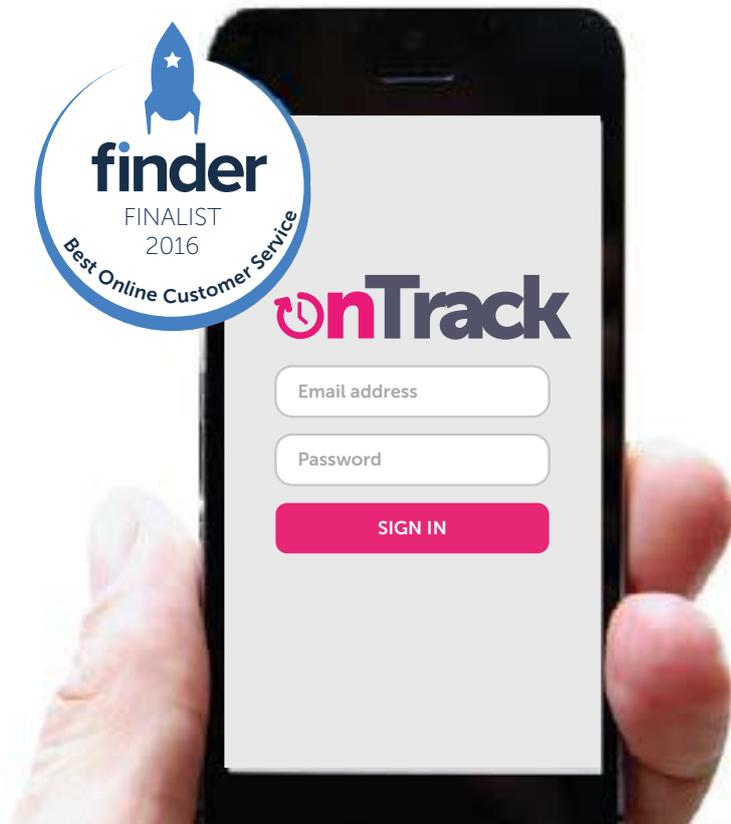
[**Apply now!**](#)

Otherwise, keep reading to learn more about the journey to buying a car.

You could save thousands of dollars on your car loan by choosing loans.com.au.

BENEFITS INCLUDE:

- Low interest rates, saving you money
- Award-winning car loans packed with features
- No expensive branch network and a game-changing online model which means we can pass on ultra-low interest rates to our customers
- Simple online application process with our innovative **onTrack** system



onTrack ADVANTAGE

onTrack is our innovative online portal which allows you to complete your home loan application entirely on your handheld device or computer from initial contact through to settlement and beyond.

Using onTrack means that you are able to complete your loan application in your own time. You don't have to wait for a bank branch to open to complete your car loan!

onTrack allows you to download all required forms and documents as well as allowing you to book an appointment with one of our loan specialists at a time that

suits you. You can securely submit your forms and supporting documents.

You can also:

- track the status of your loan, including what you have submitted, what we are doing, and what you need to do next
- communicate with a lending officer through a realtime messaging system.

onTrack is a comprehensive end-to-end system, making getting a loan from loans.com.au hassle free and fast.

onTrack gives you more control over the speed of your application and more knowledge than traditional lending processes.

THE CAR BUYING PROCESS

Buying a car is an exciting time but it can also be daunting. There are a few different challenges to overcome including finding a car, negotiating a price, and getting the best value car loan.

1. Decide what you want to buy

- Size
- Type of driving
- Brand and model



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3. How much can you afford?

- Find out your borrowing power
- Tell us your income
- Tell us your expenses



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5. Getting a preliminary approval

- Get pre-qualified
- Know what you can offer to pay



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7. The car loan process to settlement

- Apply
- Speak to a specialist
- Upload documents
- Loan approved
- Loan documents delivered and returned
- Settlement



2. How to buy?

- New or second hand
- Dealer or auction
- Green car

4. Other costs to consider

- Registration
- Insurance
- Maintenance costs
- Depreciation
- Fuel

6. Negotiating

- Independent valuation
- Preliminary inspection
- Agree on price
- Independent mechanical inspection
- Background checks
- Settlement

1. Decide what you want to buy

Before you start searching for a car you need to narrow down your criteria. Here are some practical considerations to keep in mind:

How many passengers?

This will determine how large the car needs to be. If it is just you and the occasional passenger, you can get by with a small hatchback or even a micro car. If you are driving a family with a couple of kids, you may want a mid-sized hatch or SUV, while six or more and you will need a people mover.

What type of driving?

Will you mainly be driving on highways, suburban streets, or off-road? For highway driving a powerful two wheel drive would generally be preferred but for off-road you will need an all-wheel drive or a 4WD depending on conditions.

Is fuel economy important?

If you have a long commute, petrol bills can really add up. You may want a car with a small fuel-efficient engine or even a hybrid to save money.

What safety features matter?

Safety features in cars get more advanced every year and you can often buy safety packs to enhance it even further. You will need to decide how safe is safe enough. To make it easier, new cars come with an ANCAP Safety Rating.

Do you need a lot of cargo capacity?

This will affect the style of vehicle you need and the size. Bigger cars generally have more cargo space.

Will you be using children's car seats? Don't forget to check how many anchor points the car has, rather than the seat number.

Will you be towing?

If you plan on towing a boat, trailer or caravan you will need a powerful engine, probably a V6 or a diesel.

How much space do you have?

The size of your garage or parking spot will limit the size of the car you can buy.

2. How to buy

New or second hand

A key question you'll need to answer before you go car shopping is whether you want to buy a new or used car.

There are advantages and disadvantages for both options.

New or second hand

Advantages and Disadvantages

- A new car typically comes with extras such as a full warranty and capped price servicing. You have peace of mind that the car has no history and can't have been abused. And even if your new car is faulty, with a full warranty you're unlikely to be much out of pocket.
- The main benefit of buying a used car is that they cost less than a new car. You're taking a bit of a gamble, but provided it has a good service history and you get a mechanic to check it out beforehand, you can be reasonably confident.



Dealer or auction

If you opt to buy second hand, you can buy from a dealer or less commonly, at auction.

The advantages of these options include:

Dealer	
Advantages	<ul style="list-style-type: none">• It takes some pressure off of you because typically the dealer handles all the nuts and bolts of car buying (such as paperwork)• Licensed dealers must offer a cooling-off period and Statutory Warranty on most used vehicles they sell.• Usually, cars from a used car dealer have been thoroughly inspected and, if necessary, repaired.• Some dealers sell certified pre-owned vehicles. This means the used car has been through an official series of inspections, and comes with a special warranty.• You might have to visit only a few dealership locations to find the right used car for you.• You might already have a used vehicle you can use as a trade-in vehicle, so you can sell your vehicle at the same time.
Disadvantages	<ul style="list-style-type: none">• Sometimes, used car dealerships charge higher prices than do private vendors (and leave less room for negotiation).• You must deal with a professional sales team, who will be more experienced at negotiating than you.
At Auction	
Advantages	<ul style="list-style-type: none">• The main reason why people choose to buy a car at auction is the price; it's sometimes possible to buy a vehicle at well below market value if you do your research.
Disadvantages	<ul style="list-style-type: none">• Vehicles sold at auction are generally sold 'as is'. Unlike when you buy from a licensed dealership, there are no warranties, cooling-off periods or guarantees; which means you buy the car, undiscovered flaws and all.• You cannot test drive the vehicles or give them a mechanical inspection

Green car

Another thing to consider is whether you want to take advantage of our discounted Green Car Loans to buy an environmentally-friendly vehicle.

If you buy a qualifying low-polluting car, you will receive a 0.70% discount off our regular interest rates.

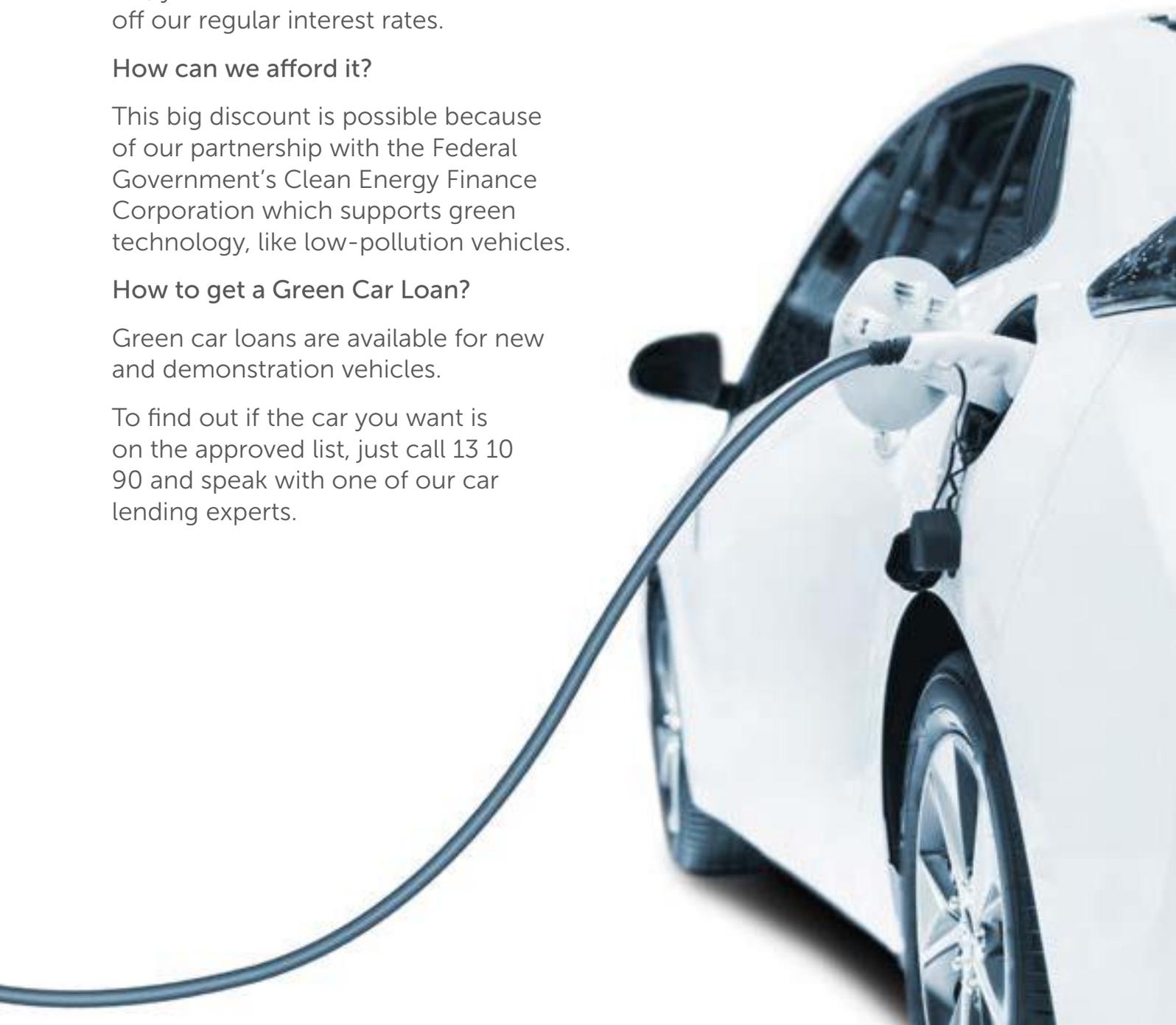
How can we afford it?

This big discount is possible because of our partnership with the Federal Government's Clean Energy Finance Corporation which supports green technology, like low-pollution vehicles.

How to get a Green Car Loan?

Green car loans are available for new and demonstration vehicles.

To find out if the car you want is on the approved list, just call 13 10 90 and speak with one of our car lending experts.





3. How much can you afford?

To buy a car, most people take out a car loan. This means that the amount you can afford to pay for the car is largely determined by the amount you can borrow, known as your “Borrowing power”.

Lenders determine this by taking your monthly living costs, weighing them against your monthly income and then seeing what you could afford to pay in loan repayments.

It gets complicated when you start factoring in multiple incomes, credit cards, other debts, the cost of owning and running a car, dependants and the difficulty of knowing how much any given borrower can tighten their belt.

The easiest way to find out your borrowing power is to book a phone appointment with one of our expert

lenders, and seek a preapproval.

You can also find out what your loan repayments will be, for a given loan size, by using our convenient online car loan calculator.

Shop around for competitive finance before going car shopping. Never accept a loan or finance agreement just because it’s quick, easy or convenient. The interest rate may be much higher than what you could get from other providers. You should obtain finance before hand or be aware of rates of finance available before you visit a dealership, so you aren’t pressured into taking their finance.

4. Other costs to consider

As well as loan repayments, there are many other costs of running a car that can really add up. These include:

Registration

To drive a car on public roads it must be registered. The cost of registering a motor vehicle will depend on a variety of factors. Your car's registration must be paid every year.

Insurance

Insurance covers the cost of replacing things if something goes wrong. Different types of car insurance cover different things. At a minimum you will need to have compulsory third party insurance.

The types of insurance and what they cover are outlined below. In general, the more coverage you get, the more it costs.



Type	Damage to your car	Damage to other people's property (their cars)	Theft of your car	Injuries or death to other people in an accident
Compulsory third party	×	×	×	○
Third party property	×	○	×	×
Third party property, fire and theft	×	○	○	×
Comprehensive	○	○	○	×

Maintenance costs

One of the major hidden costs of owning a car is the mechanical cost of running it:

- Maintenance - oil changes, tune-ups, tyres, brakes, exhaust
- Repairs - heating, air conditioning, cooling system, engine, transmission



Depreciation

All cars depreciate over time which means they decrease in value, due to wear and tear. This is the biggest cost of car ownership and can account for up to 50% of the entire cost. While this isn't a direct out of pocket cost it is an important factor to consider as some cars depreciate faster than others.



Fuel

Petrol is one of the main costs of running a car. The cost will depend upon the size of the engine, its fuel efficiency, and how much you use the vehicle.

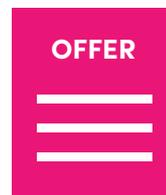




5. Getting a preliminary approval

You can save yourself a lot of time and heartache if you pre-qualify for a loan before negotiating for a car.

30 DAYS
VALID



What is pre-qualification

Also known as conditional approval or preliminary approval, pre-qualification is an offer from us to lend you an agreed amount, subject to full approval. Pre-qualification remains valid for 30 days. To gain full approval you will need to supply more supporting documents and updated information.

Apply over the phone

You can apply to prequalify with loans.com.au in just a few minutes by talking with one of our expert lenders.

Know what you can offer

Once you have pre-qualified you will know what you can offer a seller. This means you can avoid wasting time looking at cars in the wrong price range and that you can bid with confidence.

6. Negotiating

Once you have found a car you want you will need to negotiate with the seller to buy it. The key here is to make sure you're done your homework.



Independent valuation

The most useful tool you can have is an independent estimate of what the car is worth.

These are available from a few difference sources, including **Redbook** and **Cars.com.au**. In both cases you enter key information about the car – its model, age, mileage and condition, and they will tell you the average price that similar cars have sold for recently.



Preliminary inspection

Thoroughly inspect the vehicle yourself, checking for any external or internal damage. Check that the radio and other accessories work. Take the car on a test drive and listen for any obvious mechanical issues.



Agree on a price

Most experts agree that once you know the price you are willing pay, you should drive the negotiation rather than asking the seller to name their price. Offer a fair price and stick to it. Be prepared to walk away if they don't agree as there are plenty of cars on the market. If you have prequalified for a loan it will help you because you will be confident that you can pay what you offer.



Independent mechanical inspection

If you agree on a price, you will usually give them a small deposit of a few hundreds dollars and agree to buy the vehicle subject to an independent inspection by a qualified mechanic. In return for the deposit, they agree not to accept any offers from other buyers. There are many companies which offer onsite presale inspections of motor vehicles. If the inspection reveals significant problems you can use this to negotiate the price down further, or walk away.

Many people buying from a car dealer will skip the independent mechanical inspection, although the dealer should allow it if you request it.

Background checks

Check the Personal Property Security Register online or by phoning 1300 007 777 to determine if there is any money owing on the vehicle or if it is listed as stolen or written off. The search certificate will also provide information about the vehicle's features that should be confirmed to ensure it's the correct vehicle. If there is money owing on the vehicle, don't buy it if there is any doubt it won't be paid as you will not get clear title to the vehicle and it could be repossessed.

Settlement

If you are satisfied with the condition of the vehicle, proceed to finalise your car loan and settle the purchase.

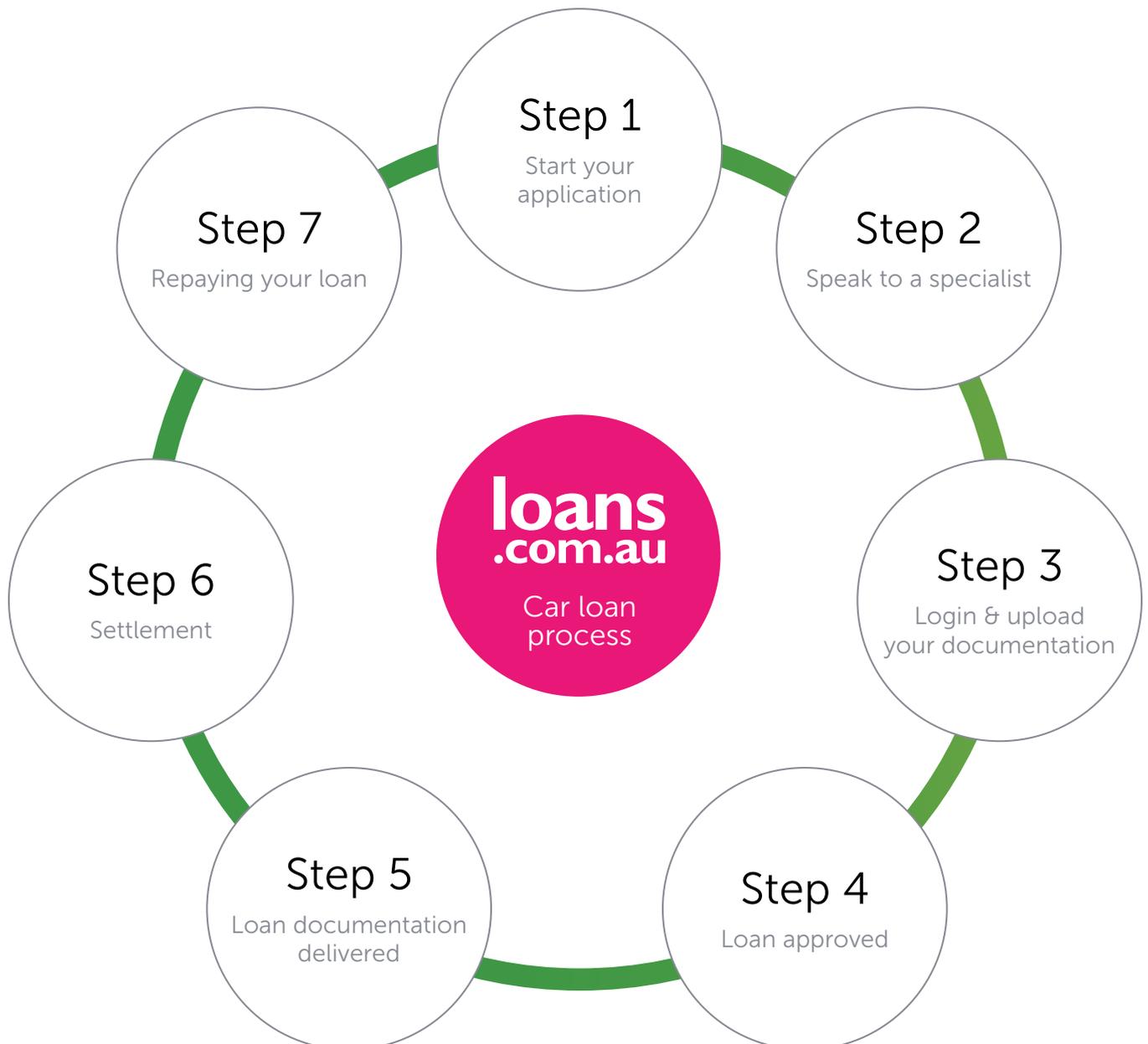
Insure the car before you drive away.

Compulsory Third Party insurance (CTP) is part of your car's registration in most states, but you'll need more protection. **CTP** insurance only covers personal injuries sustained by passengers in your vehicle, not at fault drivers and other users. **CTP** Insurance does not cover damage caused to or by your vehicle. You should have Comprehensive Motor Vehicle Insurance or Third Party Property insurance as well.

7. The car loan process to settlement

Now you have made an offer and had it accepted either at auction or through a dealer, this is what happens at loans.com.au through to settlement.

Just follow the simple steps below to lock in a car loan with a super-low rate.



Step 1: Apply

Visit loans.com.au and fill out an online application. It only takes a few minutes to complete. You will then be prompted to book a quick phone appointment with one of our loan specialists to review your application and lodge it. You will also receive login credentials for **onTrack**, our easy-to-use online portal. You can use **onTrack** on any computer or mobile device including your mobile phone.

What you do	What we do
<ul style="list-style-type: none">• Fill out an application online• Book an appointment with a loan specialist	<ul style="list-style-type: none">• Contact you at the requested time to discuss the information you provided

Step 2: Speak to a specialist

Talk with one of our loan specialists. They will review your application and help you choose the most appropriate loan for your needs.

What you do	What we do
<ul style="list-style-type: none">• Be prepared with your financial information such as income and expenses• Tell us how much you want to borrow	<ul style="list-style-type: none">• Verify the information you provided• Tailor a loan product to achieve your goals• Provide access to our onTrack application portal

Step 3: Login and upload your documentation

Once you have applied, you will need to supply some supporting documents. You can do this using **onTrack**.

What you do	What we do
<ul style="list-style-type: none">• Log in to onTrack• Start uploading supporting documents to your application checklist	<ul style="list-style-type: none">• Verify the information you provided• Contact you to assist with the application process

Step 4: Loan approved

Once you have agreed to buy a particular vehicle, we request confirmation from the vendor of the vehicle's particulars. If our credit assessment is positive, we will approve your loan.

What you do	What we do
<ul style="list-style-type: none">• Check onTrack for application status• Final approval letter of your loan	<ul style="list-style-type: none">• Verify vendor and vehicle details• Notify you of your success

Step 5: Loan documentation delivered

At this stage you will receive your Loan Agreement pack through onTrack:

What you do	What we do
<ul style="list-style-type: none">• Complete your loan documents using online DocuSign feature and return to us	<ul style="list-style-type: none">• Call you to make sure you have received the documents and everything is in order

Step 6: Settlement

We will transfer money to vendor to settle the purchase.

What you do	What we do
<ul style="list-style-type: none">• Arrange to take possession of the vehicle	<ul style="list-style-type: none">• Arrange for the necessary funds to complete the purchase to be transferred to the dealer or vendor• Issue you a welcome letter through onTrack

Step 7: Repaying your loan

Once settlement has been successfully confirmed, you will receive your login credentials for our online services portal Smart Money so you can manage your loan online.

What you do	What we do
<ul style="list-style-type: none">• Login to Smart Money to manage your loan	<ul style="list-style-type: none">• Our Customer Care team are available to help you if required

JARGON BUSTER

Terms	Description
onTrack	Our online portal which allows you to complete a car loan application entirely on your mobile device or computer from initial contact through to settlement and registration for online services.
Pre-qualify	Also known as pre-approval and preliminary approval. When you pre-qualify for a car loan, a lender is agreeing to lend you a certain amount of money subject to further checks on your finances.
Settlement	Settlement is when you pay the rest of the sale price (after the deposit) and become the legal owner of the car.
Hybrid	A petroleum-electric hybrid most commonly uses an internal combustion engine (petrol or diesel) and electric motor to power the vehicle, reducing emissions. The best known model is the Toyota Prius.
Smart Money	Our online services portal where you can manage your loan.
ANCAP	The Australasian New Car Assessment Program (ANCAP) is a car safety performance assessment program. It awards vehicles an ANCAP safety rating of between one and five stars indicating the level of safety they provide in a crash.
Green Car	A car with very low pollution emissions for a vehicle of its size.
DocuSign	Our e-signature system which lets you electronically sign your documents on any device.

ABOUT LOANS.COM.AU

loans.com.au is an award-winning online lender that is proudly Australian and based in the heart of Brisbane, with offices in other capital cities.

Since we were founded in 2011, we have grown to become an industry leader with thousands of happy customers in every state and territory.

From our local call centre, our service team helps hundreds of customers around the country apply for and manage their loans, every day.

Car buyers are choosing us because we don't have expensive bricks-and-mortar branches and we pass the savings on to them through super-low interest rates.

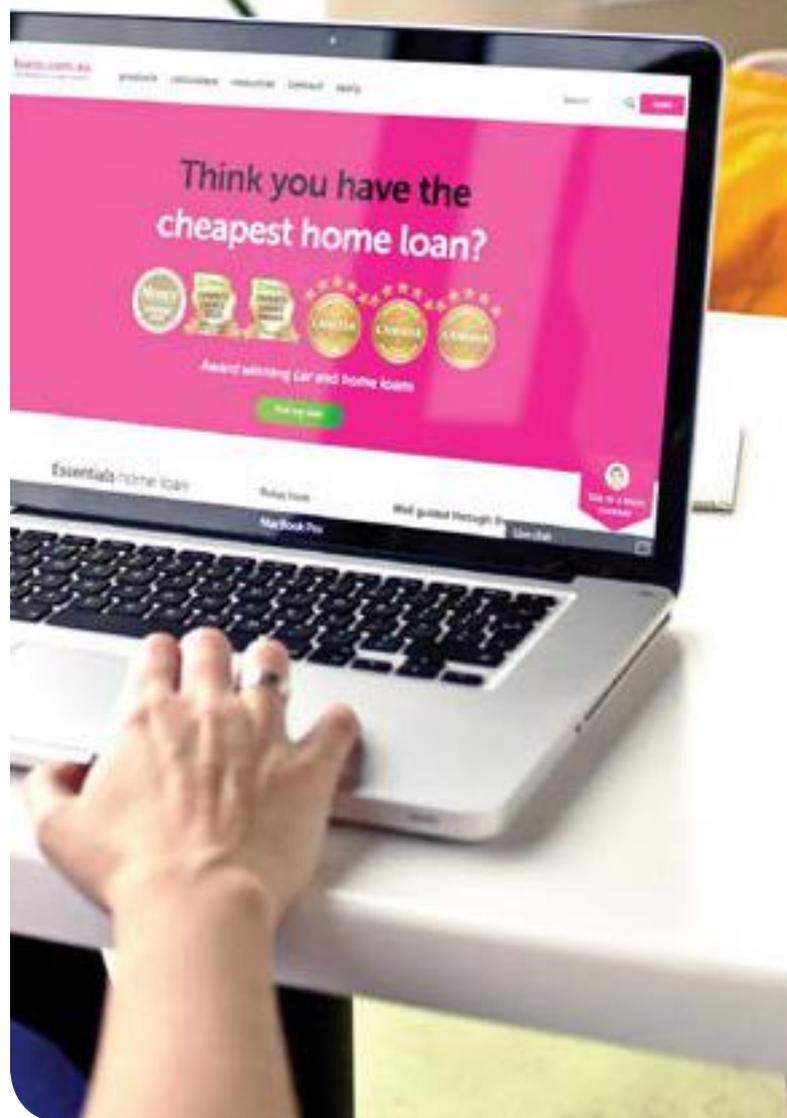
But we are more than just a great low rate.

We have taken the hassle out of getting a car loan by cutting through the old-fashioned processes of traditional lenders to put you in control.

With the support of our local service team you can move through your online application at your own pace and with full knowledge of what is happening at each stage.

You can borrow from loans.com.au secure in the knowledge that we are regulated by the Australian government.

Our operations are covered by the National Credit Code which is enforced by the financial services watchdog, the Australian Securities and Investments Commission.



We are powered by the financial strength of **Firstmac**, which is Australia's largest non-bank lender.

Firstmac has been operating successfully for 38 years and it has more than \$9 billion in mortgages under management.

If you follow rugby league you may have heard of **Firstmac** because it is a Premier sponsor of NRL team, the **Brisbane Broncos**.

loans.com.au is Australian-owned and-run, has a long track record of success, and has super-low rates that can save you thousands of dollars.

That's why we are the Home of Smart Money.

CONTACT



Call us on 13 10 90 7am - 7pm, Monday to Friday.
AEST Alternatively (+61 7 3017 8899)



Email: sales@loans.com.au



Or visit our website at loans.com.au to chat online.

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secure

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AND
a firewall mechanism



Hassle FREE
Apply online in
just five steps

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