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Get the Most out of Your Car Loan by Planning Ahead by [Erwin Calverley](#)

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Getting a car loan is an essential step in owning a new car. Most Indianapolis residents cannot afford a one-time payment for a car, that's why they apply for a car loan that allows them to pay in staggered, small portions. They can get a car loan from lending institutions like banks, credit companies or car dealerships.

Car loan financing is not that different from home loan financing. The factors used to underwrite auto loan applications are in fact very similar to that of home loans. In general, it is the responsibility of the lender to make sure the loans are sound with respect to your credit, value, income, and general borrowing character. However, you as a customer can take certain steps to ensure this. Below are factors you need to consider before you apply for a car loan.

Proof of Residence and Earnings

To get a car loan, you need to show your lender proofs of residence in at least 2 to 3 forms. You also need to provide your social security number and fill out a form for credit and background checks. Lenders also want proof of your earnings, so you need to complete papers for those as well. If you have a bad credit score, you may need a co-signer who has good credit standing.

Credit Report

To compute your interest rate, the lender will ask you for a credit report. Generally, your loan's interest rate will be determined by your ability to pay. Before they ask for it, you need to fix any errors on your credit report and clear any existing debts so you can have a better chance at lower interest rates.

Locking Your Loan

When you apply for an Indianapolis used car loan, you can choose to have it locked. This means that your payments and the interest rate on it will not change during the lock period. Putting a lock on your loan means that you don't have to worry about economic fluctuations that may cause your loan's interest rate to increase over time.

Loan Period

The loan period will vary according to the loan amount and monthly rates. You can find an online loan calculator so you can have a better picture of what your loan should be. Typically, Indianapolis used car loans are from 3 to 6 years.

Visit your local Indianapolis used car dealers and learn what car loan options are available for you. Find out more about how car loans work at auto.howstuffworks.com.

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