**Guidelines for Purchasing an Automobile**

1. Leasing - Do not lease a car! Most auto leases by the major companies are currently figured on 15% yield based on what the car will be worth at the end of the lease. This is the reason you see more and more advertisement on leasing. It’s not better for the consumer but better for the car company.
2. Financing - Don’t finance a car! The value of the car will drop faster than the balance of the loan.
   1. If you must finance a car then the term should be no longer than 36 months.
   2. If you must finance a car put only finance 50% of the value. This means that you will need to save for the purchase of a car.
   3. To finance a car use a local bank and beware of high interest finance companies.
   4. If you have no credit record, one local bank will allow you to open a savings account with as low as $300-$500. They will hold that as collateral until you pay the car loan off.
3. Don’t purchase a brand new car! Buy a used car. The first 3 years the car will depreciate over 40%.
4. Maintenance cost – Remember that certain high-end brands will cost more to maintain even if you purchase them used for a great deal. This is a very important factor that many ignore. It may also require the expensive gas that you may not be able to afford.
5. Start modest. Remember that a car is only a vehicle to get you from one point to another.