

Auto Loans and the Current Economy

According to TransUnion, delinquencies on auto loans in the U.S. in 2008 increased almost 18 percent in the last quarter of the year. That rate is up when compared to delinquencies on auto loans for the same time period of previous years. Edmunds.com estimated that delinquencies in auto loans would lead to over a million and a half car repossessions in 2008. The delinquency rates on auto loans are not surprising, given the recent increase in delinquency rates for credit cards and mortgage loan payments. Given the downturn in the economy, consumers in some situations are having to decide which payments they should make and which ones will have to wait. For many, auto loans are paid after bills for heating, electric and mortgages. It is not an easy choice, since most people in this country depend upon their cars to get to work and take care of everyday necessities. Public transit is not available to people in smaller cities and very few could walk or ride their bike to work. Cars are a necessity in most parts of this country and they are a big ticket item that many consumers use auto loans to purchase.

Not so long ago, people often saved up and bought a car with cash. The trend in easy financing and available credit of the past decade has made auto loans more acceptable and accessible. Consumers could literally drive away with a car, having put down zero money. In the wake of the credit crisis, though, lenders are tightening lending standards, requiring bigger down payments and offering fewer loans. For consumers shopping for a new car, there are certainly great deals to be had, given the current state of the auto industry. Car buyers will need to determine if obtaining auto loans makes sense for their budgets, or if they should buy discounted models with cash.

The path of least resistance when purchasing a new car is to purchase it with cash. This allows you to be debt free. You also do not have to be concerned with owing more on a loan the car is worth. You do not have to send in monthly payments. The car is yours. Ideally, if you cannot pay for it in cash, you should save up until you can. But if you need a car now and are shopping for auto loans, make sure you have a handle on what the loan will cost you in the long run. Examine your budget and do not buy a car that puts a strain on your finances. Keep in mind that you will also have to pay for licensing, registration, insurance, maintenance and repairs on the car. Downsize to something more reasonable, if the payments will be tight for you. Regardless of the amount in auto loans you can obtain, do not buy something that will put a strain on your finances. The loan and payments will be in your name. You know what you can handle financially, so do not spend a penny more.

See here also [Affordable auto insurance](#) . [Affordable auto insurance](#) . [Car insurance quotes](#) . [Auto insurance quotes](#) . [Car insurance quotes](#) .

About the Author

Information on [auto insurance quotes](#), see www.insurancetree.com/auto-insurance.

Source: <http://read4me.net>