Tips To Help New Car Buyers Avoid "Upside Down" Trend

(NAPSA)—Car buyers now have a growing number of choices when it comes to selecting the perfect vehicle model. But shoppers may want to pay equal attention to a less exciting, but potentially expensive trend—taking out a car loan that turns their wallet upside down.

In recent years, more and more consumers have become "upside down" on their auto loans—meaning, they owe more on their vehicle than it's worth in trade when the time comes to buy a new one. Studies show that almost 40 percent of recent new car buyers were upside down on their existing car loans—up from 25 percent of buyers in 2001.

What's driving the trend? Among the biggest culprits are longer-term loans. The average length of a car loan is now about 63 months—up from an average of 48 months just five years ago.

"Car buyers tend to automatically focus on the affordability of monthly payments, but that's only one part of the financing equation," said Brian Reed, vice president with Capital One Auto Finance. "You also need to look at your APR, the total amount financed and the length of your loan."

Experts say consumers can take a number of steps to help guard against becoming upside down on their next car loan.

Comparison shopping for a car loan can help consumers avoid a troubling financial trend.

- **Comparison shop for loans.** Explore rates at your local bank, credit union or online at sites like www.capitaloneautofinance.com. Capital One offers consumers a no-hassle auto lending program with nationally competitive rates. Secure your own no-obligation loan before you go to buy, to increase your leverage.
- **Buy a car that retains value.** Check out Web sites to see which vehicle makes and models best hold their value. By choosing a lower-depreciating vehicle, you'll be protecting your equity when you go to sell.
- **Match length of loan to length of ownership.** Select your loan term based on how long you plan to own the vehicle—and stick to that term.