



FINANCING

Loan Offer Comparison Worksheet

Line up every offer on the same terms, and let the total cost, not the monthly payment, pick the winner.

A NOTE FROM OUR TEAM

The finance office is where good deals quietly get expensive. We built this sheet so you can lay a bank, a credit union, and the dealership's offer side by side and see the truth in thirty seconds. Bring it with you, fill it in as quotes come in, and don't sign anything until one column clearly wins.

— The Auto Advocate Team

A loan offer has seven numbers that matter, and the dealership will usually talk about only one of them: the monthly payment. That number can be made to look good on almost any deal by stretching the term. This worksheet forces every offer onto the same page so you compare what each loan *actually costs*.

1 The Four Numbers in the Federal Box

Under the Truth in Lending Act, your lender must give you a completed disclosure, usually a boxed section at the top of the contract. The CFPB recommends asking for it **before you sign**, not with the stack of signatures. These four terms are the heart of it:

Annual Percentage Rate (APR)

The yearly cost of the credit, including the interest rate plus certain required fees. The CFPB notes the APR is not the same as the interest rate and can be higher once fees are added.

Finance Charge

The dollar cost of borrowing: total interest and certain fees you'll pay over the life of the loan if every payment is made on time. This is the number to make small.

Amount Financed

The amount of credit you're actually receiving. If it's higher than you expect, something was added: a product, a fee, or a rolled-over balance from your trade.

Total of Payments

Everything you'll have paid when the last payment clears. Amount financed + finance charge = total of payments. Check that math yourself.

2 Prepayment Penalties and the Fine Print

The CFPB explains that a prepayment penalty is generally used to discourage you from paying the loan off early, and that whether you can do so without one depends on your contract and state law. If an offer has one, you can ask to have it removed before you sign. It matters more than you'd think: refinancing later means paying the original loan off in full.

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| ☐ Ask each lender: "Is there any prepayment penalty?" | ☐ Ask: "Were there other offers with a lower rate?" |
| ☐ Get the answer in writing on the offer | ☐ Check the amount financed for anything you didn't approve |
| ☐ Confirm the TILA box matches the quote you were given | ☐ Ask whether financing is final before you take delivery |

3 Why a Longer Term Costs You More

A longer term lowers the payment because you're spreading the same debt across more months. But you pay interest on the balance for every one of those extra months. The CFPB's auto loan guide says the best way to compare loans is the **total cost**, and notes some financial advisers recommend keeping auto loans to five years or less (a common guideline, not a rule).

THE PAYMENT FORMULA LENDERS USE

$M = P \times r \div (1 - (1 + r)^{-n})$ where **P** = amount financed, **r** = APR $\div$ 12 (as a decimal), **n** = number of monthly payments. Example: \$35,000 at 7.00% APR for 60 months $\rightarrow r = 0.07 \div 12 = 0.005833 \rightarrow M = \$693.04$.

SAME \$35,000 AT 7.00% APR	MONTHLY PAYMENT	TOTAL OF PAYMENTS	FINANCE CHARGE
48 months (4 years)	\$838.12	\$40,229.69	\$5,229.69
60 months (5 years)	\$693.04	\$41,582.52	\$6,582.52
72 months (6 years)	\$596.72	\$42,963.50	\$7,963.50
84 months (7 years)	\$528.24	\$44,372.48	\$9,372.48

Going from 48 to 84 months drops the payment by about \$310, and raises the cost of the loan by **\$4,142.79**. That's before any rate increase a lender may attach to a longer term. Illustrative math only; your lender's exact figures will differ slightly with rounding and fees.

4 Dealer Rate Markup, in Plain English

When the dealership arranges your loan, it sends your application to lenders. The CFPB says dealers generally reach out to roughly five lenders and present one loan to you. The lender quotes the dealer a **buy rate**. According to the CFPB, the rate offered to you may be higher to compensate the dealer, and dealers and lenders are not required to offer you the best rate available. That difference is the markup.

SAME \$35,000 FOR 60 MONTHS	MONTHLY PAYMENT	FINANCE CHARGE
Lender's buy rate: 6.00% APR	\$676.65	\$5,598.88
Rate presented to you: 8.00% APR	\$709.67	\$7,580.43
What two points of markup cost you	\$33.02 / mo	\$1,981.55

FROM THE INSIDE

Our team has spent years on the dealership side of the desk. In the finance office, "\$33 a month" is an easy sell. Almost nobody hears it as two thousand dollars. Dealer financing isn't automatically bad: manufacturer-incentivized rates through the dealer can be the best offer on the table. The point is to **know**. When you walk in holding a written pre-approval, the conversation changes from "here's your rate" to "can you beat this?"

WATCH OUT

"What payment are you comfortable with?" is the question that lets a deal be built backward from a payment. Answer with the APR and term you already hold. The FTC also suggests considering waiting to sign, and keeping your current car, until the financing is fully approved. See **No. 36, Did I Overpay?** for what can happen when it isn't.

5

Side-by-Side Offer Comparison

Get every quote for the **same amount financed** and the **same term** whenever you can. Otherwise you're comparing apples to a fruit basket.

WHAT TO RECORD	BANK	CREDIT UNION	DEALER-ARRANGED	OTHER
Lender name				
Date quoted / offer expires				
Amount financed	\$	\$	\$	\$
APR (%)				
Term (number of months)				
Monthly payment	\$	\$	\$	\$
Total of payments	\$	\$	\$	\$
Finance charge (cost of the loan)	\$	\$	\$	\$
Prepayment penalty? (Y / N)				
Fees or products included in the loan				
Conditions (down payment, vehicle age, mileage)				
Rank by finance charge (1 = lowest)				

Quick check: Total of payments = monthly payment × number of months. Finance charge ≈ total of payments – amount financed.

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Your Decision

Lowest finance charge offer

Its APR / term

Rate the dealership must beat

Offer expires on

Why I'm choosing this offer

WALK IN WITH THE MONEY ALREADY LINED UP

Make the dealership beat a number you already hold.

This worksheet shows you which offer is best. Walk-In Ready makes sure you have a strong one in hand before you go. We locate the vehicle, tell you who to ask for and what to say, list the documents to bring, and can make optional lender introductions, so the finance office has a real rate to compete against.

Walk-In Ready **\$399**

(405) 761-3390 • autoadvocacy.net
THE DEALERSHIP HAS EXPERTS. NOW YOU DO, TOO.

SOURCES

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Federal Trade Commission (FTC), Consumer Advice, buying a car: consumer.ftc.gov/articles/buying-new-car

Payment examples calculated by The Auto Advocate using the standard amortization formula; illustrative only.

This worksheet is an educational planning tool, not legal, tax, or financial advice. Verify all figures with your lender, insurer, and the dealership before you sign.