

Financing Guide

We have created this quick guide because we want to make the financing process and options understandable for our customers. The information was put together at our best ability so please use this guide as a starter to understand procuring a vehicle loan.

Credit Check

We recommend that everyone has an idea of where their credit score stands. Checking your credit score from time to time is a good practice and you may catch an error that needs to be disputed. When getting ready to purchase a vehicle, your credit score may play a role in how you go about the purchase. When checking your credit make sure a soft pull is done. This will not affect your score. When a lender checks your credit they are doing a hard pull. For most people, one additional (hard pull) credit inquiry will take less than five points off their FICO Scores.³

Tip: When shopping for a car loan, do your research and apply for financing as little as possible. If you decide to apply to more than one place and choose the better rate, time the applications as close as possible so they do not pick up on each other's hard pull.

How to figure out your where your credit is at:⁴

- A growing number of credit card issuers now offer scores for free as a way to entice new customers. They include American Express, Bank of America, Barclaycard, Chase, Citibank, Discover, and Wells Fargo.
- Credit Sesame, Credit Karma and Quizzle are some of the better-known providers [for credit score estimates]. Some others include Credit.com, Lending Tree, myBankrate, Mint, WalletHub and Creditcards.com. These provide you with an estimate of your FICO score which is still useful.
- Pay for your credit score at myFICO.com
- You can get your actual credit report for free from the government website www.annualcreditreport.com however your score does not come with the free report. However, it is a good idea to double check the information on your report.

Two types of financing for vehicles: *Direct* and *Indirect*

- *Direct finance* is a method of financing where borrowers borrow funds directly from the financial market without using a third party service, such as a financial intermediary.⁵
 - In this case a credit union, bank, or other financial institution will help you through the loan process. Most have online applications. We will give you the vehicle details and purchase agreement to submit to your lender. We have not covered direct financing banks and other financial institutions in this guide but they are options.
- *Indirect finance* is where borrowers borrow funds from the financial market through indirect means, such as through a financial intermediary.⁶
 - In this case Mongeon's Auto & Truck Corp is the financial intermediary. We work with a local investment bank by providing them your credit application and collecting the stipulations (W-2, proof of insurance, etc).

³ <https://www.myfico.com/credit-education/credit-reports/credit-checks-and-inquiries>

⁴ <https://www.investopedia.com/articles/personal-finance/073015/free-credit-score-it-really-free.asp>

⁵ https://en.wikipedia.org/wiki/Direct_finance

⁶ https://en.wikipedia.org/wiki/Indirect_finance

Pros and cons of direct/indirect financing:

	Credit Union (Direct)	Investment Bank (Indirect)
Pros	<ul style="list-style-type: none"> • Lowest interest rates • The goal of credit unions are to offer great customer service, dividends, and low fees 	<ul style="list-style-type: none"> • We can coordinate the financing (one less thing you have to manage)
Cons	<ul style="list-style-type: none"> • May need to meet eligibility and join • Branch locations limited • May have restrictions on type, year, or mileage of vehicle 	<ul style="list-style-type: none"> • Higher interest rates but still within the national average

Interest difference direct/indirect financing:

	Credit Union (Direct)	Investment Bank (Indirect)
Estimated Lowest interest that we think is possible on a 10 year old used vehicle	3.5%	9%

Credit Unions - Direct Financing

Credit unions are nonprofit and tax-exempt. They therefore usually provide more-competitive rates, lower fees, and an easier loan process. We have made this guide to help customers who want to look into credit union financing. All this information was found online and may change so please give them a call or look at their website to confirm. We recommend credit unions for direct financing. Since the loan is directly from the financial institution to a customer we will provide you the vehicle information and purchase agreement to pass along to your financier.

Some of our observations over the last couple of years:

- Our customers have received rates as low as 3.5% on vehicles older than 10 year
- It appears that many Credit Unions have lowered their minimum financial credit score to 600 and may consider applicants with lower scores
- Credit Unions have been rolling back their restrictions of age and mileage of eligible vehicles. Many are allowing any vehicle to be financed.
- Some Credit Unions offer service contracts, warranties, and/or gap coverage options.

Black Stone River Federal Credit Union

Auto loan page: <https://www.blackstoneriverfcu.org/loans/auto-loans/>

Rates page: <https://www.blackstoneriverfcu.org/personal/current-rates/>

Branch locations: Lincoln and Woonsocket

Joining requirements:

Anyone who lives, works, worships, or attends schools in

- | | | |
|---------------------|------------------|-----------------|
| • Burrillville, RI | • Cumberland, RI | • Glocester, RI |
| • Central Falls, RI | • Foster, RI | • Lincoln, RI |

(401) 767-1990

Online Application!

- North Providence, RI
- North Smithfield, RI
- Pawtucket, RI
- Scituate, RI
- Smithfield, RI
- Woonsocket, RI

Digital Federal Credit Union (Popular With Our Customers!)

(800) 328-8797

Auto loan page with rates: <https://www.dcu.org/borrow/vehicle-loans/auto-loans.html>

Online Application!

Branch Locations:

- Acton, MA
- Andover, MA
- Burlington, MA
- Fitchburg, MA
- Framingham, MA
- Franklin, MA
- Leominster, MA
- Lexington, MA
- Littleton, MA
- Lowell, MA
- Marlborough, MA
- Marlborough, MA
- Methuen, MA
- Tyngsborough, MA
- Waltham, MA
- Westborough, MA
- Worcester, MA
- Worcester, MA
- Worcester, MA
- Hudson, NH
- Manchester, NH
- Merrimack, NH
- Nashua, NH

Joining Requirements:

Live, work, worships, attends school, or own a business in

- Chelmsford – Northern portion of the community
- Lowell – Entire city
- Tewksbury – Western portion of the community
- Worcester – Entire city
- Or you or a family member has worked or retired from one of the thousands of participating employers in this list: <https://www.dcu.org/about/member-eligibility.html>
- Or you are a spouse, domestic partner, child, sibling, parent, grandparent, or grandchild of a member (includes stepchildren, stepparents, step siblings, and adopted children.)
- Or belong to an organization in this list: <https://www.dcu.org/about/member-eligibility.html>
- Or live in one of the 15 condominiums located throughout Massachusetts and New Hampshire in this list: <https://www.dcu.org/about/member-eligibility.html>

Navigant Credit Union (Popular With Our Customers!)

(401) 233-4700

Auto loan page with rates: <https://www.navigantcu.org/personal/lending/vehicle-loans>

Online Application!

Joining Requirements: Not on website, but should be pretty broad

Branch Locations:

- Central Falls, RI
- Cumberland
- Chepachet
- East Greenwich, RI
- Cumberland, RI
- Greenville, RI
- Lincoln, RI
- Manville, RI (right down the street)
- Pawtucket, RI
- Riverside, RI
- East Providence, RI
- Scituate, RI
- North Smithfield, RI
- Smithfield, RI
- South Kingstown, RI
- Warren, RI
- Warwick, RI
- Woonsocket, RI

Pawtucket Credit Union

(800) 298-2212

Auto loan page: <https://www.pcu.org/personal/autos/>

Online Application!

Rates page: <https://www.pcu.org/rates/auto-loans/>

Branch Locations:

- Bristol, RI
- Cranston, RI
- Cranston, RI
- Cumberland, RI
- East Greenwich, RI
- East Providence, RI
- East Providence, RI
- East Providence, RI
- East Providence, RI
- East Providence, RI
- North Kingstown, RI
- North Providence, RI

- Pawtucket, RI
- Pawtucket, RI
- Pawtucket, RI
- Smithfield, RI
- Warwick, RI
- Warwick, RI
- Foxboro, MA

PGE Federal Credit Union

(401) 421-2436

Auto loan page with rates: <https://www.pgecu.org/loan-center/new-auto-loans>

Online Application!

Joining Requirements:

- Federal employment:
<https://www.pgecu.org/membership/2-uncategorised/98-government-employee-eligibility>
- Providence Teachers Union or Rhode Island Interscholastic League

Branch Location: Providence, RI

Rhode Island Credit Union

(401) 751-7440

Auto loan page with rates: <https://www.ricreditunion.org/lending/auto-loans/>

Online Application!

Joining Requirements:

- Anyone who lives or works in Rhode Island or within 50 miles of the Rhode Island border

Branch Locations:

- Providence, RI
- Cranston, RI
- Bristol, RI
- Pascoag, RI
- Kingston, RI

Wave Federal Credit Union

(401) 781-1020

Auto loan page: <https://www.wavefcu.org/banking-loans#auto>

Joining Requirements: Anyone who lives, works, attends school or worships in

- Charlestown, RI
- Coventry, RI
- Cranston, RI
- East Greenwich, RI
- Exeter, Hopkinton, RI
- North Kingstown, RI
- Pawtucket, RI
- Providence, RI
- Richmond, RI
- South Kingstown, RI
- Warwick, RI
- West Greenwich, RI
- West Warwick, RI
- Westerly, RI

Branch Locations: Warwick (Greenwich and Warwick Ave), RI

Investment Bank - Indirect Financing

Please stop by our dealership to fill out a loan application. The application will be submitted at close of business and a reply will come in the following morning.

Will consider credit scores of 620 or better. If no credit history a cosigner with a 640 or better is needed.

No straw deals. The customer taking out the loan must be the primary user and insurance holder of the vehicle.

\$200 administration fee charged by the investment bank.

\$125 vendor single interest (VSI) insurance (protects the lender if vehicle is damaged) fee charged by the Investment Bank.