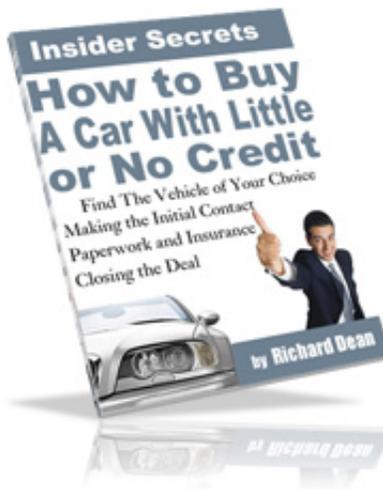


# How To BUY A CAR With Little Or NO CREDIT



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## Table of Contents

### Introduction

Step 1: Where to Find The Vehicle of Your Choice

Step 2: Making the Initial Contact (Common Questions and Answers)

Step 3: The Face to Face Presentation

Step 4: Closing the Deal

Step 5: Paperwork and Insurance

### Definitions 17

Suggested "Assignment Agreement"

Telephone Information Sheet

Assignees Responsibilities

Power of Attorney

Uniform Commercial Code, Article 9, Section 311

## ***INTRODUCTION***

### **THE CONCEPT**

PROBLEM: A person has a car he no longer can afford. It may be about to be repossessed.

PROBLEM: Another person has a "Bad Credit" history and cannot buy a car, but can well afford to make the payment on a recent model vehicle.

SIMPLE SOLUTION: Put these two people together. One person will assume the other persons payments and insurance.

### **NEW COMPANIES EMERGED**

A few years ago an industry emerged that served the needs of individuals who have had past credit problems, but can now afford monthly car payments. These companies helped people with past credit problems such as:

Bankruptcy

Repossession

Judgments

Divorce

Medical Bills

No Past Credit History

Late Payments

Many Other Problems

These setbacks are held against these individuals by lending institutions for up to seven years.

### **WHAT THESE COMPANIES DO**

These companies would find vehicle owners who can no longer afford their monthly payments. These owners would gladly allow someone to take over payments on their vehicle in order to save their credit, with no credit check.

### **SAVE \$1,500/\$3,000**

These companies charge the Buyer/Assignee between \$1,500.00 and \$3,000.00 for their services just to put these two parties together, without doing a credit check.

This information package gives you all the simple secrets on how these companies perform their services. You can save the \$1,500.00 to \$3,000.00 fee that they would typically charge.

## **PERSISTENCE**

With your persistence and guidelines in this information package, you can get the recent model vehicle that you want, without paying any fees or down payment.

(NOTE: This information will not assist you in going to a new or used car dealership to get a car. This information is intended to target individuals wishing to sell their vehicles to an individual buyer, one on one.)

## **THE SELLERS DIFFICULTIES**

Ideally, these sellers would like to sell their vehicle for the bank payoff amount. Several factors may be preventing them from doing this:

- A. They have high mileage.
- B. They are unable to show their vehicle to a prospective buyer (because of work, school or other conflicting situations).
- C. They are in an area experiencing a soft used car market.
- D. They put very little money down when they bought the car and still owe more than the book value amount indicated.
- E. They financed their car for a long period of time (6072 months) and have not built enough equity in the vehicle.
- F. The biggest reason is they cannot sell their vehicle because they simply owe more on the vehicle than the vehicle is worth.

## **THE OWNERS CHOICES**

- A. They can sell their car for market value, then pay the lien holder the difference of what they owe, (in cash). This could cost the owner several thousands of dollars up front.
- B. The second choice, which has recently gained in popularity, is letting the car go back to the lien holder.

(If the dreaded repossession choice is used, the owner will have a seriously damaged credit history for seven years.)

## **YOU AND THE OWNER CAN HELP EACH OTHER**

You help the owner by taking over his or her monthly obligations (car payments and insurance), and the owner helps you by putting you into a recent model vehicle. You both help the lien holder because you will be making the payments on time and the lien holder will not have to take a big loss on the vehicle by repossessing it.

## **SUGGESTED ASSIGNMENT AGREEMENT**

The Suggested Assignment Agreement included in this information package is a suggested agreement only. There may be provisions added to or deleted from the agreement between you and the assignor (owner) to make the transaction acceptable to you both, but remember, it is intended for you to use as a guideline only. The Assignment Agreement is between you and the owner of the vehicle. The vehicle remains titled in the owners name until all payments are made and the original loan is paid off. At this time, according to your Assignment Agreement with the owner, he/she has to sign the title over to you within thirty (30) days after the car is paid off.

## **LIEN HOLDER PURCHASE AGREEMENT**

This type of transaction is very common with Real Estate. Typically, the owner of a house will rent his property and still be solely responsible for the monthly mortgage payments. The payments are being made even though the owner is not living in the house. The renters have a contract between them and the owner, not involving the mortgage company. Some purchase agreements from the lien holders may have provisions against subleasing or assignments, claiming it would be a default of contract. Many disregard this provision and do not contact the lien holder for their approval, claiming that as long as the payments, insurance and vehicle maintenance were maintained, the assignment of the vehicle would fulfill the lien holders requirements, and it would not be necessary to inform the lien holder of the transaction. We recommend that you contact the lien holder in writing to inform him about your agreement.

## **YOUR SUCCESS IS GUARANTEED**

Using this system, an individual can obtain a vehicle on merits such as character and ability to pay, rather than credit history. There are no turn downs. Everyone qualifies because a credit check is never run. Your success is guaranteed.

Remember, you must be persistent, make several calls, and always project a good image over the telephone and in person. This information is not intended for purchasing a vehicle from a new or used automobile dealership. It is not our intent to give legal advice. Each state has different laws. If you have any questions pertaining to state or local requirements, contact your State Department of Motor Vehicles or your attorney.

## **UPSIDE DOWN OR NEGATIVE EQUITY**

Let us take this opportunity to explain what is meant by upside down or negative equity. Lets use the following as an example: Say the owner of a car owes \$12,000 to the bank for the payoff of his car. The average retail value of the car (what a car lot would sell the vehicle for) is only \$10,000. If the vehicle is selling at a car lot for \$10,000 then few people would be willing to pay them the \$12,000 that they owe. The loan value on this car (what the bank will loan someone with good credit) may be only \$8,000. This means that if a person with good credit wanted to buy this car for \$12,000, they would have to borrow

\$8,000 from the bank and would have to come up with another \$4,000 in cash to satisfy the lien holder.

**EXAMPLE:**

Payoff to Lien Holder \$12,000

Average Loan Value \$ 8,000

Average Retail \$10,000

Difference or negative equity (in cash) \$4,000

The seller will have a difficult time finding someone who is willing and able to put \$4,000 in cash down for a used car. A buyer with good credit can go to a dealership and get a new vehicle with only a few hundred dollars down. So, the chances of the owner selling the car to a person with good credit are very slim.

By explaining upside down or negative equity to the owner, you will let him know why he is having problems selling the car and that he may only have three (3) options left at this point. The owners options are:

**Option #1:** Sell the car for market value of \$10,000 and pay the bank \$2,000 out of his own pocket.

**Option #2:** Turn the car back to the lien holder for repossession and not pay the lien holder the difference of \$2,000. This option will ruin the credit status of the owner for seven (7) years.

**Option #3:** He can let you assume his responsibilities of payments and insurance, save his credit status and not have to pay the negative equity of \$2,000.

**LISTED ARE THE "FIVE (5) STEPS" YOU WILL NEED TO FOLLOW CLOSELY**

***STEP 1: WHERE TO FIND THE VEHICLE OF YOUR CHOICE***

You can find the vehicle of your choice in the auto want ads of your local newspaper, auto trader advertising magazines, or any other publications that list vehicles for sale.

(NOTE: Finding an individual who is upside down or in a negative equity situation on their vehicle loan is easy. Most cars within the first three years of their finance contract are in this situation. You may even have a friend or family member in this situation. It goes without saying that a friend or family member would be ideal under these circumstances).

**NADA BOOK (NATIONAL AUTOMOBILE DEALERS ASSOCIATION)**

Your local library will carry a NADA book. This book will give you the average retail price of any particular car model. The NADA book is published monthly. It also gives you the amount that most banks will finance on those models. If the payoff amount on a car is more than the NADA retail book value, then you will know this seller is in an upside down position and will be very interested in talking to you.

## **THE EASIEST PEOPLE TO WORK WITH**

The easiest owner to work with is one who is considering letting his car go back to the lien holder for repossession. You can find these owners in your local newspaper or local car magazine. Best results are obtained in aging these issues for two or three weeks before calling. The owners will always become more flexible the longer they try to sell their vehicles if you focus on ads proclaiming "Take over payments" or "Down and take over payments". These are individuals who realize that they are in a negative equity situation and can't sell their vehicle outright. Even though their ad requests a down payment, they will almost always waive it.

Most lenders who recommend to the seller that he finds someone to take over his payments will still hold this individual liable for the payments if there is a default. Many of these lenders will request an application to be submitted from the assignee.

If the seller (assignor) has been making his payments on time, the lien holder may want to keep him in this vehicle. They will want the assignee to have a stronger credit rating than the assignor, before they will give their approval at all.

Traditionally, the companies mentioned earlier do not even contact or go through the lien holder. The assignor still remains liable for the payments, whether or not an application is submitted.

This arrangement allows the owner to monitor his own payments so he is actually more secure, as is the lien holder.

The companies contend that under **the Uniform Commercial Code, Article 9, Section 311**, the owner of a vehicle has the right to assign his property regardless of provisions in the original purchase contract by the lien holder (which might claim such a transaction to be in default). The lender will always hold the original owner primarily liable for payments. Even though the payments are submitted by the assignee, the lender will still acknowledge the assignor/owner as the driver and owner of the vehicle. This because, the assignment agreement is between the assignee/buyer and assignor/owner, and not between the assignee/buyer and the lender.

## ***STEP 2: MAKING THE INITIAL CONTACT***

When you have identified several cars that you have an interest in, you are ready to make the initial contact with the owner. Throughout this conversation your goal will be to find out if the owner is in a negative equity position (or upside down) on their vehicle. Best results are obtained if the owner is just asking for what he owes on the car.

### **A TYPICAL PHONE CONVERSATION MAY GO AS FOLLOWS**

Caller: Hello, I'm calling about the car you have advertised in the paper. Is it still for sale?

Owner: Yes, it's still for sale.

Caller: Can you tell me about it, what color, mileage, options, etc. , (refer to your telephone information sheet). Are there any nicks or scratches?

Owner: (The owner will normally give you all the information, except for the price of the vehicle.)

Caller: How much are you asking for the car?

Owner: \$12,188.00

Caller: Is that what you owe on it?

Owner: (Answer) Yes or No

Caller: (If the answer is Yes, ask how long he has been trying to sell the car). The reason Im asking these questions is because I would like to take over the payments on this type of car. How much are your monthly payments? (Try to get a feel for how badly he wants to get out of the car. If this vehicle sounds appealing to you, and you sense the owner is flexible, set up an appointment to look at the car).

(If the answer is No, the owner may have put a large down payment on the car, and it may not be in a negative equity situation, or he may not owe anything on the vehicle at all.)

### **BE PERSISTENT**

You will typically have to make twenty or more phone calls to find a vehicle owner willing to assign his vehicle. One very important thing to remember, be persistent keep calling. There are thousands of desperate people needing to get out of their vehicles in every area of the country. Its also a good idea to call the owner back a week or so after your first contact. The longer he sees that he cant sell his vehicle, the more eager he will be to work with you.

### ***STEP 3: THE FACE TO FACE PRESENTATION***

The owner will normally want the car out of his name. His credit is riding on your making the payments. You will need to show him that he is secure and protected in dealing with you. When meeting face to face, it is extremely important that you present yourself in a professional manner. Treat this meeting as you would a job interview. This person is essentially giving his approval of you to assume his \$12,000.00 to \$17,000.00 investment. Look Sharp.

Once you have seen the car and feel that it is what you want, you are ready to make a proposal. Explain to the owner that you earn more than enough income to afford this car payment, but you cannot get financing from a bank because of some credit problems that you had in the past. Tell the owner strengths about yourself that show your stability and credibility, such as:

Length of residence in your house or area

Length of current employment

Job description or job title

Home ownership if applicable

The reason for your credit problem

If you paid back past creditors

What your income level is with bonuses, future pay raises or possibly a job promotion

Describe what makes you a good risk. Let the owner know that you are building his equity in this vehicle, until you pay it off. The more payments you make, the less will be owed on it. Give him a copy of the enclosed credit report, personal references and a copy of your drivers license. Allow him to verify your employment and that you make your rent or mortgage payments on time. Show them a copy of the suggested Assignment Agreement.

### **COMMON QUESTIONS ASKED BY THE OWNER OR ASSIGNOR AND ANSWERS TO THOSE QUESTIONS**

#### **Question: What if you wreck the car?**

Answer: The insurance company will issue a check with both your name and the lien holders name on it. This check will be applied towards repairing the vehicle.

#### **Question: What if you get a ticket while driving this car?**

Answer: Any points are charged to my individual drivers license, not to the car.

#### **Question: What if you hit someone?**

Answer: The Suggested Assignment Contract states that I am driving the vehicle, and am responsible for all liabilities. Your liability is limited because I will carry 100/300/50 liability coverage or whatever your Purchase Agreement with the lien holder requires, which will protect you. As the owner of this car, you are put in the same position as an independent leasing company or car rental agency. You own the car, but you are not driving it.

#### **Question: How do I know that youll make these payments?**

Answer: Youll receive a cashiers check or money order made out to the lien holder at least ten days before your payment due date. If Im late, you have the legal right to take the vehicle back. Believe me, I dont want to lose it. The agreement basically states that I will make the remaining payments or pay it off early. As long as I do this, you are under contract to sign over the title to me. Nothing hidden, no surprises, its fair and legally binding.

#### **Question: Why do my tags stay on?**

Answer: You are still the legal owner, just as leasing companies and rental agencies are. I am the one who is primarily liable for what happens while its in my possession.

#### **Question: What if you move and cannot be located?**

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