

Types Of Auto Loans

To purchase a new vehicle, you must be aware about the lending options available . Understanding the main concepts can help you to decide which type of loan is better for you. Read on to know the two types of auto loans and their advantages.

Secured Auto Loan

A secured auto loan requires you to keep one of your existing assets as collateral.

Quick And Easy

Lesser risk assessment is involved in a secured auto loan. If you are sure you can repay the loan without any hassle, this is the best option to choose. All you need to do is present your collateral.



Less Credit Requirements

A number of restrictions are eased out by the lender in this type of loan. Since you are being given the loan against collateral, the formalities are generally relaxed.



Lower Rate Of Interest

The guarantee in case of a secured auto loan is generally the vehicle itself. Having a guarantee minimizes the risk for lender and this eventually brings down the rate of interest on the loan.



Lower Risk For The Lender

If you default in loan repayments, the lender can seize your collateral and recover his money. So, overall there is a decreased risk for the lender in case of a secured auto loan.



An unsecured auto loan is based on your credit history.

Unsecured Auto Loan

No Need For Collateral

There is no need to risk any of your assets in order to get an unsecured auto loan. If you are unwilling to part with your collateral, you must opt for this loan option.



Less Processing Time

Unsecured auto loans are processed in a lesser time. This eventually means you can get a loan at a much quicker pace if you have all the requisite documents ready beforehand.



Best For Small Amounts

It is an optimum choice if you want a loan of a small amount. You can even use the loan amount for down payment if you have the rest of finances already sorted out.



Additional Benefits

An unsecured auto loan is generally accompanied by additional benefits such as discounted vehicle inspections, breakdown cover and reduced rate for car parts etc.



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