


What was your very first car – and did you love it or regret it?






Practicing Financial Wellness through a Cultural Lens Series

CONSUMER PROTECTIONS
Car Buying & Financing

Sponsored by





Upcoming Webinar from RAISE Texas

THURSDAY, MAY 8, 12:00 – 1:30
UNDERSTANDING FINANCIAL DECISIONS WITH BEHAVIORAL SCIENCE

Register: <https://www.raisetexas.org/events>



Lenders With Loan That Meets Criteria*	Location/ Metro Area	# of Branches
Statewide		
Amarillo National Bank	Texas	33
Bank of America	National	329
Capital Good Fund	National	Online
Financial National Bank Texas / First Convenience Bank	Texas	268
Frost	Texas	203
Huntington Bank	National	Online
Navy Federal Credit Union	National	32
OneMain Financial	National	Online
Oportun	National	Online + 120
PNC	National	310
Regions Bank	National	88
Truist	National	43
Upstart	National	Online
US Bank	National	Online
Wells Fargo	National	475
Woodforest	National	216

PATHFINDERS
Auto Purchasing

Eliminating poverty from our community by empowering individuals and families to find their path to social and financial well-being

Session Objectives

What we will discuss today:

- Understanding the financial footprint of an auto purchase/auto debt.
- Traps to avoid when buying a car.
- Car buying finance "formula".

PATHFINDERS

Ice Breaker

What is the national average price for a new vehicle?

- A) \$39,856
- B) \$47,401
- C) \$49,000
- D) \$52,995



Understanding the financial footprint of an auto purchase/auto debt.



Example : Sherri

2019: Sherri just got her first big girl job and wants to upgrade her car to a new car (\$34,077 Finance amount).

Her car loan:

- \$34,077 Financed
- 4.63% Interest Rate
- 72 Months = \$542.98/Month



Example : Sherri

It is now 2025 and Sherri just finished her last payment on her car.

Car loan final totals:

\$34,077 Finance amount

\$5,017 Interest

\$39,094 In total

-\$12,000 Current car value



\$27,094 loss / \$4,515 cost per year.

Not including gas, maintenance and insurance.



Auto Sales Associate and Customer Dynamics



Deciding to Buy a Vehicle

- Answer basic questions and do your research before shopping.
- New or used? (Vehicles can depreciate up to 20% in the first year and about 10-15% each year after depending on the type of vehicle).
- Total cost of ownership (monthly payments, insurance, fuel costs, maintenance history of vehicles under consideration).
- Kelly Blue Book and Consumer Reports can be good resources.



Tips for Buying a Car

- Take it for a full test drive
- Go to multiple car dealers and make them compete for your business
- Know what a fair price is (for car dealers vs. individual sellers)
- Be careful about paying too much for dealer add-ons (e.g. paint protection, fabric protection, pinstripes, etc.)



Additional Considerations for Used Cars

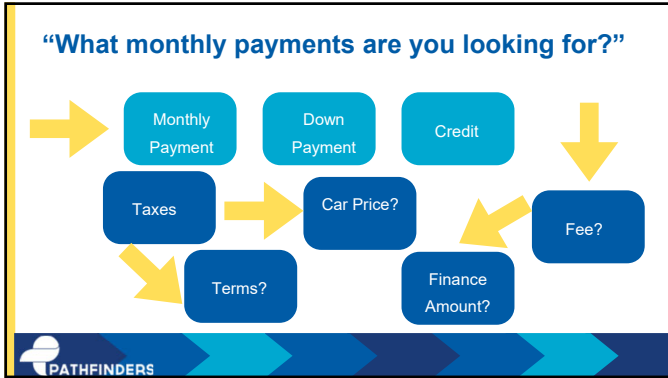
- Ask for the Carfax for a used vehicle (wrecks, maintenance records).
- Consider paying a mechanic to inspect a used car (\$100-\$200)



Tips for Buying a Car

- Don't be in a rush. Be willing to walk away from the dealership
- Best times to buy from a car dealer can be at the end of a month/quarter.
- Get pre-approved for financing to have options.

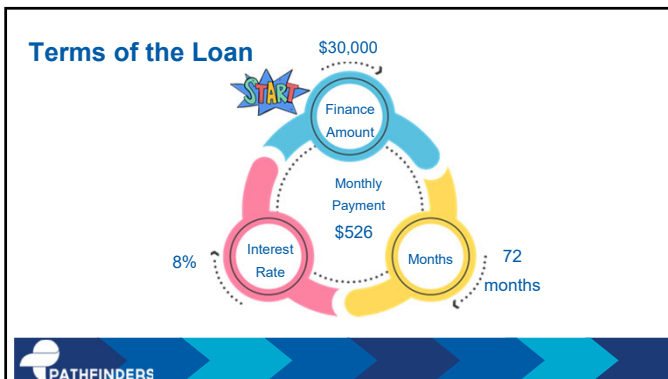


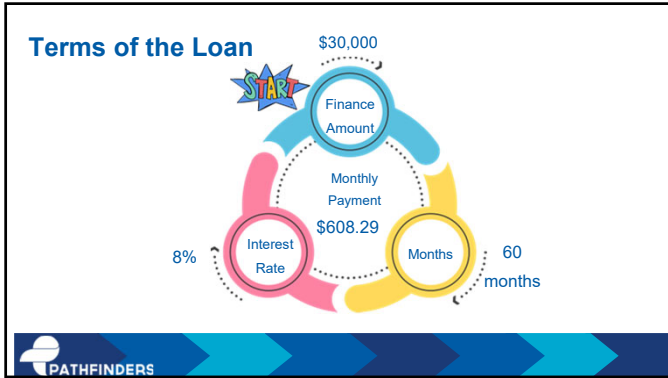


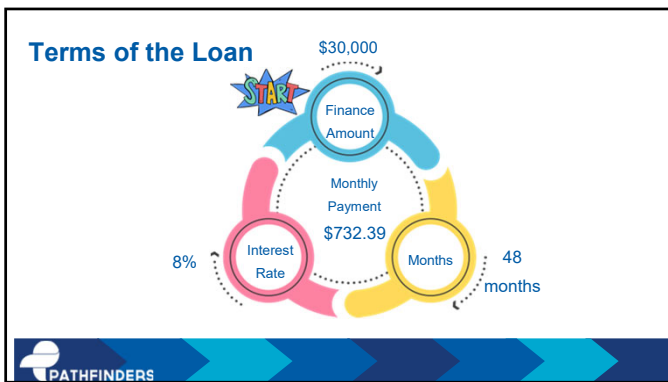
Financing

Car Price:	\$25,000	Car Price:	\$25,000
Monthly payment:	\$531.18	Monthly payment:	\$463.15
Interest rate:	10%	Interest Rate:	10%
Term:	60 months	Term:	72 months
Total Paid:	\$31,870	Total Paid:	\$33,346

PATHFINDERS







Loan Calculator

Calculator.net FINANCIAL FITNESS

home / financial / loan calculator

Loan Calculator

Amortized Loan: Paying Back a Fixed Amount Periodically

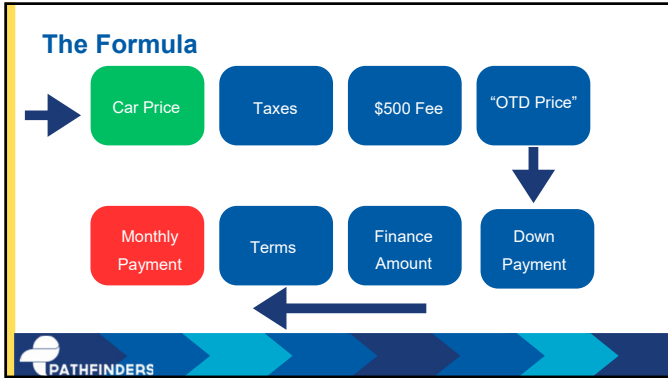
Use this calculator for basic calculations of common loan types such as [mortgages](#), [auto loans](#), [student loans](#), or [personal loans](#), or click the links for more detail on each.

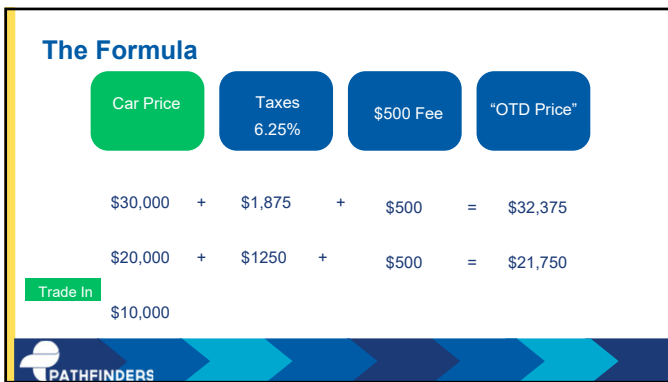
Loan Amount
 Loan Term
 Interest Rate
 Compound
 Pay Back

Results:
 Payment Every Month **\$526.00**
 Total of 72 Payments **\$37,871.80**
 Total Interest **\$7,871.80**

[View Amortization Table](#)

The Pathfinder logo is at the bottom left.






Trade-In Considerations

- Research the value of your trade-in (e.g. Carmax, Carvana, Kelly Blue Book, etc.)
- Decide whether you want to sell the car yourself or trade in
- Can lose the value negotiated for the newer car by not negotiating well on the trade-in
- Will pay less in taxes at the car dealership if you trade

The icon shows two blue cars with circular arrows indicating a cycle or exchange between them. The Pathfinder logo is at the bottom left.

Down Payment (Not a lender fee!)



OTD Price	Down Payment	Finance Amount
\$32,375	- \$2,375	= \$30,000



Three Transactions



There can be three separate transactions in the car-buying process:

- 1) Negotiating the price of the vehicle you are trying to purchase
- 2) Financing
- 3) Negotiating the price for your trade-in



Summary

- Do your homework (research) in advance
- Know that this process takes some time and try to avoid a situation where you have to have a car quickly
- Make dealerships compete and don't be afraid to walk away without a deal
- Approach the car buying process as three separate transactions








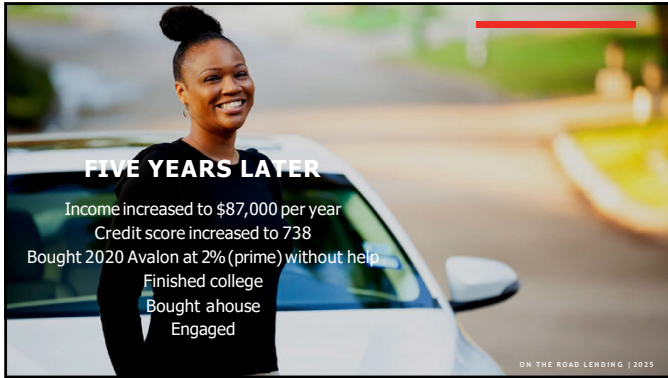
TORRIE 2014

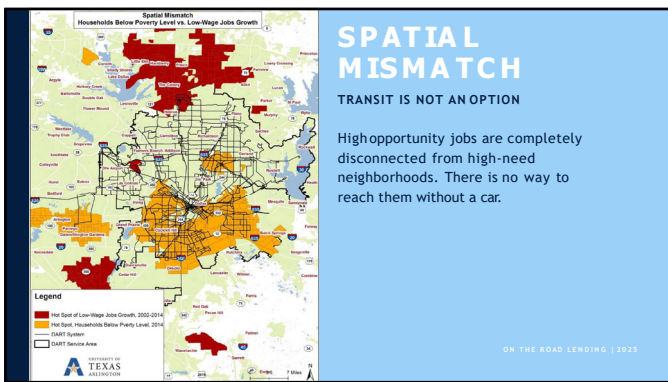
Single mom outside transit area
Earning \$28K per year
Credit score of 528
Imminent job loss with broken down car

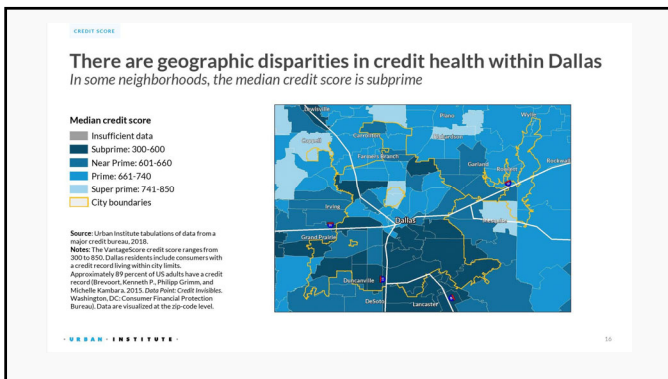


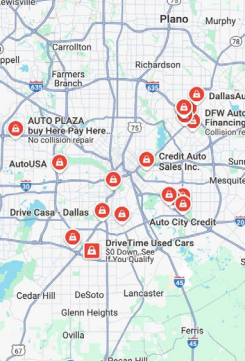
Made her a loan on a 2-year old Corolla

ON THE ROAD LENDING | 2025









PREDOMINANT SOURCE FOR CAR LOANS - BUY HERE PAY HERE


PROLIFERATE IN LOW-INCOME AREAS

More than 60% of auto loans nationally are to nonprime borrowers (NY Fed)


TYPICAL DEAL: 28% interest, \$5,000 in fee markup, 7-year loans on 10+ year old, unreliable cars that have been repossessed multiple times, no warranty.

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LAST MILE PROBLEM
Getting ahead requires having a car



Good Jobs are Far From Home



Mass Transit Doesn't Reach Them






Poor Credit Makes it Hard to Buy a Car

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THEORY OF CHANGE

AFFORDABLE LOANS ON CLEAN, RELIABLE CARS + FINANCIAL KNOWLEDGE = ECONOMIC MOBILITY

-  Safe, low-emitting, and fuel-efficient car
-  Low cost loan using CHARACTER-BASED LENDING
-  Long-term financial education and mentoring

Average income increase of 50%
Approximately \$21,500

Largest income increase observed 3X

Average wealth-creation of over \$20,400 within five years

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Our Business Model

RECYCLING CAPITAL FOR SOCIAL GOOD

Using Impact Investment



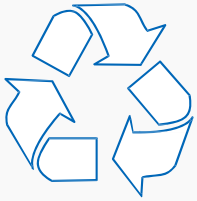
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OUR PROCESS

Building a Sustainable Business

Long-term commitment from investors - 2014 capital is now on its 3rd turn.

Character-based loan payments



Principal gets reinvested in more loans


Provides investors returns and covers costs

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LOW LIFETIME LOSS RATE

Over 14 years, only 6% of loans have defaulted.

6.0 %



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INVESTMENT OPPORTUNITY

\$20 million new equity from foundations, impact investors (added to current \$3.2 million)

3-5% annual fixed return to investors

leverages \$70 million in debt/other on top of existing \$12 million to make 4,367 new loans to low-income borrowers.

Recycling 3x (a 15-year investment) helps 13,100 families (original \$104 million yields \$301.3 million in car loans).

6% loss rate uses \$18 million of capital; 50% grant split lessens to \$9 million

Over \$20,400 in client wealth gains and average income increase of \$21,500 over five-year loan period =nearly \$550 million in economic impact.



ON THE ROAD LENDING | 2025





Coaching Insights

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