

Managing Your Money



Credit, Loans and Debt



Scams and Identity Theft



Toolbox

Credit, Loans and Debt

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Car Title Loans

What It Is

What To Know

What To Do

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What is a car title loan?

A car title loan is a loan for a small amount of money and for a short time.

To get a car title loan, you give the lender the title to your vehicle – for example, your car, truck or motorcycle. You also pay the lender a fee to borrow the money. You usually have to repay the loan in 30 days.

Car title loans can be very expensive. If you cannot repay the money you owe, the lender can take your vehicle.

What are some other ways to borrow money?

You might be able to borrow money from:

- family or friends
- a bank or credit union
- your credit card

You might ask for more time to pay your bills. You can talk to a credit counselor to get help.

[Read more](#)

Car Title Loans

What It Is	What To Know	What To Do
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How do car title loans work?

You can get a car title loan online or at a store. This is how they work:

- **Step 1:** You show the lender:
 - your application
 - your car
 - the title to your car
 - your photo ID

Some lenders require an extra copy of your car keys or make you buy a roadside service plan.

- **Step 2:** If the lender approves your loan, he gives you the money and keeps the title to your car.
- **Step 3:** When it is time to repay the loan – usually in 30 days – you pay the lender the amount you borrowed – plus a monthly fee.



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A car title loan is a loan for a small amount of money and for a short time – usually 30 days. They can be very expensive. If you cannot pay back the lender, you might lose your car.

What should I do before I get a car title loan?

Before you get a car title loan, consider other choices:

- Can I get a loan from a bank or credit union?
- Can I get more time to pay my bills by talking with creditors or a credit counselor?
- Do I have any money saved that I can use?
- Can I borrow money from family or friends?
- Can I use a credit card instead?

How do I choose which way to borrow money?

Compare the costs, if you have more than one option. For each choice, find out:

- what is the APR?
- what are the fees?
- how soon must I repay the money?
- what happens if I cannot repay?

Write the answers to these questions. Decide which choice is best for you.