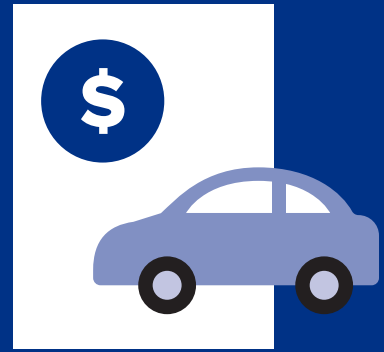


# Car Title Loans Explained

A car title loan is a loan for a small amount of money for a short time. Car title loans are based on the value of your car. These loans can be very expensive. If you can't pay back the lender, you might lose your car.



## How do car title loans work?

### Step 1:

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You show the lender:

- ▶ your car (or truck or motorcycle)
- ▶ proof of insurance
- ▶ the title to your car
- ▶ your photo ID

Some lenders also want a copy of your keys, or make you buy things like a roadside service plan.

### Step 2:

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The lender gives you the money and keeps your car title.

### Step 3:

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You usually have 15 or 30 days to repay the money you borrowed, plus a finance fee. The lender may add other fees, too. The fees can add up to a lot of money.

Before you sign a loan agreement, the lender has to give you the cost of the loan in writing.

The finance charge shows the cost of the loan in dollars. The annual percentage rate, or APR, shows how much it costs you to borrow the money for one year. Be sure you know how much each will cost you. And if you can, borrow only what you can repay by the due date.



## What happens if I can't repay the loan?

It could cost you a lot more money.

The lender might let you borrow the money for another 30 days. This is called a rollover. You'll pay another finance fee, plus any other fees the lender charges.

If you keep rolling over the loan, it adds more interest and fees to the amount you owe.

If you can't repay the money you owe, the lender might take your car. This is called repossession. The lender might sell your car and keep the money.

## What other options do I have?

Before you decide to get a car title loan:

- ▶ If you can't pay your bills, ask for more time to pay them.
- ▶ Try borrowing money from family or friends, a bank or credit union, or your credit card.
- ▶ Talk to a credit counselor to get help.

Read **Getting Help When You're in Debt** at [consumer.gov/debt](https://consumer.gov/debt) for more information on credit counseling.

If you're in the military, the law gives you other rights and protections. Visit [MilitaryConsumer.gov](https://MilitaryConsumer.gov) to learn more.

### How do I report problems with car title loans?

If you think a car title lender has been dishonest about the loan terms or how much they're charging you, contact your state attorney general at [naag.org/our-work/center-for-consumer-protection/consumer-file-a-complaint](https://naag.org/our-work/center-for-consumer-protection/consumer-file-a-complaint).

Then tell the Federal Trade Commission:

- ▶ Go online at [ReportFraud.ftc.gov](https://ReportFraud.ftc.gov)
- ▶ Call **1-877-382-4357**

