

What to Know About Car Title Loans and How It Works

Get to know what is a car title loan and how it works.

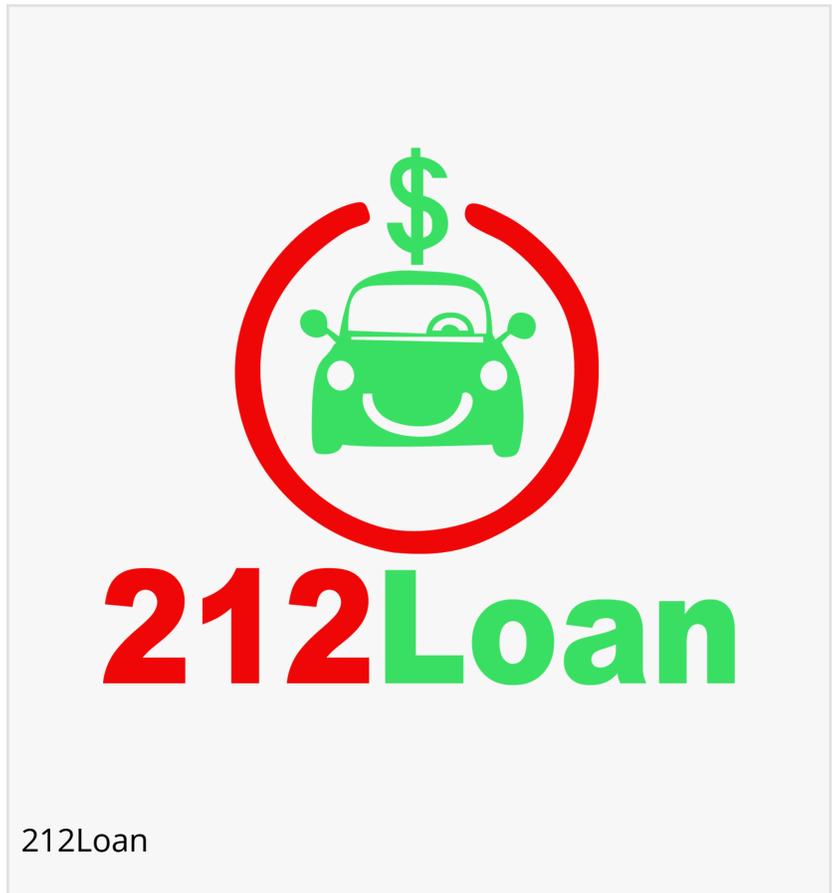
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/EINPresswire.com/ -- Need quick cash to pay rents, bills, or sort out any emergencies? Then, a car title loan might be the answer to your money problems.

A car title loan is a short-term loan where the borrower uses the title of their car, truck, motorcycle, semi-trucks, or any vehicle as collateral. In simple words, a car title loan is where a borrower gives the lender the title to their vehicle in exchange for quick funds. Just like Payday loans, car title loans usually last for 15-30 days, and you can get up to \$10,000 to deal with any unexpected emergencies you might have.

Car title loans are appealing because they are quick, don't require a credit check, have less paperwork, and you can get the money in less than one hour of walking into the lender's shop. All you have to do is take your car to the lender, get their approval for the loan, give the lender the title of your vehicle, get the money and repay the loan on the due date. But before applying for a car title loan, you must ensure that your vehicle is clean, free from payments, and is in good condition. A vehicle with outstanding payments or repair issues will reduce your chances of getting the loan.

The exact amount you get from a car title loan is based on the current market value of the vehicle used as collateral. And the loan limit is usually between 25%-50% of your vehicle's current market value.



Before getting a car title loan, you must know that there are two kinds of car title loans – and the one you get depends on the agreement between you and the lender. The types of car title loan available to you are:

1. Single-payment loans: This car title loan requires you to repay the money owed including the monthly finance fee of 25% (interest rate) and other charges fees at once after 30 days. Multiple payments are not accepted in this kind of car title loan, and borrowers are expected to pay everything in one big sum or risk losing their vehicle.

2. Installment Loans: This car title loan allows you to make multiple payments spread over 3- 6 months. Most installment loans also have an annual percentage rate (APR) that tells you how much it costs to borrow money for one year. The APR is based on:

- The amount borrowed
- Monthly interest rate
- Duration of the loan
- And how much you pay for the additional charge fee.

How It Works

Getting a car title loan is very simple as lenders don't care about proof of your source of income or credit score. They only need your car and a few documents to show you are who you are and that you own the car. Your application can be completed at the lender's website, but you will need to take your car to the lender's physical store for document verification and vehicle inspection.

This is how a car title loan works:

Step 1: You fill the application form either online or at the lender's physical store.

Step 2: You show the lender your car and other necessary documents like your photo ID, and proof of the title of your car, car insurance, and driver's license.

Step 3: The lender checks the vehicle condition, confirms the documents, and approves the loan.

Step 4: You get the money, and he keeps the title to your car

Step 5: You repay the loan plus the interest fee after 30 days and get back the title to your car. Additionally, a lender can also require a borrower to install a GPS tracker or a device that disables a car's ignition in the vehicle in case of potential repossession. This extra detail is put in place to protect the lender's interest since there is a higher than average default risk with this short-term loan.

A Real-World Example of How to Get a Car Title Loan

Travis is low on cash and cannot afford his daughter's medical bills. He decides to borrow money from a lender by using his vehicle as collateral for a car title loan. He gives the lender the necessary documentation, and he gets up to a 50% loan based on the current market value of his vehicle. He pays back after 30days and reclaims the title of his vehicle again.

How to Find a Trusted Lender

If you are looking for a place to find a trusted lender, we suggest you try out 212Pawn. 212Pawn is a search website that gives you access to the best lenders in your region. All you have to do is input your vehicle details, and they connect you to the best lenders.

Now that you know how a car title loan works, why not apply for one and sort out your emergencies!

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