

Welcome To The World Of "Upside Down"Motorcycle Loans!

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By Jay Fran

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With the depreciation on motorcycles being so enormous after they are driven off the showroom floor, the potential for a buyer owing more on their motorcycle loan than the bike is worth it quite high. Owing more on your bike than it is worth is often referred to as the world of up side down.

Many people finding themselves in this situation discover that financial lessons are sometimes the hardest and most expensive to learn. Motorcycle loans of more than 48 months (especially without a down payment) put you in the position of owing more than the value of the bike.

Lets take a look at this phenomenon.

First, the interest calculation your lender uses can make a big difference in your situation, especially in the first 18 months. There are two primary interest calculations, pre-computed (combined with rule of 78) and simple interest.

Pre-computed interest combined with Rule of 78, is typically the worst situation for a buyer because most of the interest is paid in the first 24 months. Therefore, in the first 24 months little of the monthly payment has gone towards paying down principal. If a buyer wishes to sell or trade in the motorcycle within this timeframe they will likely find themselves owing more than the bike is worth. Statistics show that the average owner trades in every 18-24 months.

Simple interest on the other hand, is much more favorable for buyers since interest accrues on the balance of the loan. However, buyers that extend their loans for greater than 48 months can still find themselves up side down with simple interest. This is especially true if a down payment is not made. The reason this occurs is that the motorcycle depreciates faster than the principal is paid; leaving the balance owed to the lender to be more than the bike can be sold for.

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A common view that many people have is that they will just surrender their motorcycle to the lender if they are caught in an up side down position. If you are considering this option dont! Your worries do not just end after your bike is surrendered or repossessed; in fact they are just beginning. The lender will sell your bike at an auction for much less than it is worth. You will still owe the difference between the amount you owed on your loan and the amount the motorcycle sold for at auction. So if you owe \$5000 and the bike sells for \$1500, you still are responsible for owing the lender \$3500. To make it worse lenders may tack on hefty auction fees which you will owe as well. So the net result is that you are now responsible for making monthly payments on a bike you can no longer ride.

So what steps can you take to prevent from being caught up side down?

1. Find a lender that uses simple interest. Avoid lenders that use pre-computed / Rule of 78 interest calculations.
2. Always try to put money down on your purchase.
3. Try to avoid motorcycle loans that extend past 36 months.

Jay Fran is a successful author and publisher for a website that specializes in Motorcycle Loans: Poor Credit Approvals Available. A comprehensive resource on simple interest motorcycle financing, poor credit, new, used and bad credit motorcycle loans.

How To Buy A Motorcycle On Ebay

By David Riewe

If you want to buy a motorcycle or accessories then the eBay motorcycle section is the perfect place to look. You should look for eBay motorcycle listings of interest by taking advantage of the browse and search features. You can specify the make, model, year range and even color for your search within the eBay motorcycle section.

It is important to use the search functions to their maximum capability when you are looking for an item within the eBay motorcycle section. The more information you can put into your search terms the more likely you are to get the exact result that you want from the eBay motorcycle listings. For example, if you are looking for a red Honda VFR you will get the most accurate results if you search for "red Honda VFR 750 2000" rather than simply entering "Honda VFR" which may well give you a listing including decals, spare seats, owners manuals and other items for every Honda VFR that has ever been built.

Another point to consider when you search the ebay motorcycle section is to specify the location that you want the motorcycle to be near. Any eBay motorcycle that you are interested in should be close to your home address so that you can go and see the motorcycle before placing a bid. This also makes collecting the motorcycle much easier. The search function allows you to specify that you want the eBay motorcycle to be within a certain radius of a town or zip or postal code.

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The eBay motorcycle section is sub-divided into brands so it is a good idea to browse the appropriate category as you may find an item that you have never thought of. For example, if you look in "Honda" within the eBay motorcycle section you may well come across a framed print that would look great on your bedroom wall or a Honda team cap that you can wear when you take your motorcycle helmet off.

Most importantly, you need to be particularly cautious when you are searching for an item in the eBay motorcycle section to prevent you from being ripped off by unscrupulous con artists. On no account should you send an advance payment for any item in eBay motorcycle section. It is important to do your research and check the vendor's details and verify that the time for sale in the marketplace is legitimate.

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