

Private Sellers

Consider buying a used car through classified ads or from a friend or a co-worker. They can afford to give you a better deal because they don't have to pay the overhead a dealer does, and they don't have to charge 7% sales tax. Of course, you'll need to take adequate precautions for your personal safety when buying cars from private sellers who are strangers.

When You are the Seller

If you can do so comfortably, sell your old car yourself. You'll usually get a better price than from a dealer. Check Blue Books for a fair selling price, and take the same precautions you would take as a buyer.

→ QUICK TIPS ←

- No matter what anyone may tell you, **everything** is negotiable.
- **Always** take at least 24 hours to think about a deal before signing a contract.
- Don't be afraid to walk away or say no at any time.
- Try not to be in a hurry. If you are, you'll almost always pay more than you need to.
- Don't believe ads. There's usually a catch.
- If a car looks like an unbelievable deal, it probably is! Have a mechanic check over the vehicle carefully.
- Don't believe most salespeople. They're paid on a commission basis, so the more you spend, the more they make.
- If a salesperson tells you something important, write it down and be sure it's written in your contract. If it's not written in your contract, chances are you won't be able to enforce it.

- Make sure your salesperson explains every point until you understand. If he or she seems too busy, offer to come back later. He'll do anything to keep you on the lot because he knows you may never come back.
- Don't sign anything that has blank spaces. If necessary, draw lines through blanks before signing.
- Don't sign anything you don't understand. Take a copy to an attorney or a savvy friend who can explain it to you.
- Unless you buy a model with a bad repair record (car buying guides at libraries and bookstores can tell you if this is the case) think seriously about whether extended service plans ("extended warranties") are worth their cost. Remember, the major parts of a car you buy from Arizona dealers have to work for the first 15 days or 500 miles anyway, or the dealer has to fix it. If you buy a warranty, ask for a big discount. Dealers often get paid 30-80% of the cost of these contracts just for selling them to you, so they can afford to take a little less and give you a better price.
- Generally, don't buy insurance from a dealer. It's usually much more expensive than a comparable policy through an insurance agent.
- **There is no right to cancel a contract in 3 days**-- or at any other time! Once you sign a contract, you're almost always stuck with it.
- **Never** buy a "weatherproofing" package for a vehicle's exterior, no matter what it's called ("desert proofing" and "rustproofing" are two common terms).
- Buying a security alarm system from a dealer will also often cost much more than buying it from an independent company.



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VOLUNTEER LAWYERS PROGRAM

USED CAR

BUYING

TIPS



The Volunteer Lawyers Program
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Negotiating Price and Getting Full Value

Buying a used car is different from buying almost anything else because you should **negotiate** a price. If you don't, you'll almost always pay much more than you have to. The only way to determine a fair price for a used car is to check a "Blue Book" for average prices in your part of the country. NADA, Kelley, and Edmunds all publish Blue Books. You can find them at your local library, on the internet or you can purchase one for about \$10 at a large bookstore. Use **the Blue Book value to negotiate a fair price**. Argue that you shouldn't have to pay more.

Always have a **mechanic** you trust look over the car before you buy it. Used cars could have serious



mechanical and structural problems you can't see. You will probably have to pay \$50-100, but it may save you \$1,000s later on. Whether a car is being sold by a dealer or by an individual, the seller should allow your mechanic to check the car over and test drive it. If the seller objects, don't buy the car. Ask the mechanic to estimate how much it will cost to fix any problems he finds. **Use that information to negotiate a lower price**. Ask that the amount you're going to pay to fix the vehicle be deducted from the amount you pay to buy the car.

Most used cars are sold "as is". In Arizona, that means **no matter what a salesperson may tell you, the dealer doesn't have to fix the car if it breaks -- unless (1) the purchase contract says so, or (2) a major component of your car breaks before the earlier of 15 days or 500 miles** after you buy the car. And, if a major component breaks within the 15 days or 500 miles, you'll still have to pay up to \$25 for the

first two repairs. Otherwise, the only way to be sure a dealer will fix your car if it breaks is to buy an "extended service plan" or "extended warranty". If you decide to pay extra for a service plan or warranty, be sure to negotiate the price. Dealers make a lot of money selling warranty plans.

Buying, Selling, Financing - Separate Transactions

Treat buying your new car, selling your old car (if you have one), and financing your new car as three separate transactions.

Dealing with Dealers

Always negotiate your new car's price first. You should only negotiate the monthly payments after the sales price is settled. Ask how much the price and monthly payments would be without the warranty and any other "add-ons" like disability insurance. **Ask the dealer to put all of the figures in writing and keep a copy for yourself**. Some dealers will try to make you give them a check or sign a credit card receipt before talking prices "to show that you're serious". **Don't do it!** Walk away from any dealer that insists. Some dealers will try to add preprinted fees to the price you negotiate (document fees, weatherproofing, destination charges, dealer preparation, etc.). Always negotiate the dealer's "out-the-door" price. Ask the salesperson to include every charge except the tax, title and license fees the dealer will actually have to send to government agencies. Before you shop for a used car, decide how much you can afford to pay. Know what down payment and monthly payment you can afford. Don't forget you'll usually have to pay tax, title and license fees in addition to your down payment. **Stick to your decision!** Don't let excitement about a car make the decision for you. If you do, you'll lose your judgment and pay for your mistake for years. Make sure any repairs the salesperson agrees to are written in your contract. Take a notepad, pencil and calculator with you. Use them to take notes about the deal you've agreed to. **Be sure the deal you agree to with the salesperson is the deal that's written on the contract you sign!** Unscrupulous dealers may agree to one deal when they talk to you, but the worker who writes the contract may change it.

Financing - Advance Planning Pays

If you are going to finance the purchase, look for the best down payment and interest rate available in advance. Call several lenders (banks, credit unions, finance companies) before you go to a dealer. If you can, prequalify for a loan before you go to the dealer. Dealers often get paid by lenders for placing your loan with them, so they can afford to give you better terms. Unless the dealer financing arrangements will save you money over the duration of the loan, stick with the loan you've arranged. If you finance through a dealer, don't take your new car home or leave your trade-in with the dealer unless the dealer tells you in writing that your financing has received final approval from the lender. If you do, you may learn only months later that the financing didn't go through. At that point, the dealer will often want the new car back and money for every mile you've driven. He won't have your trade-in any longer and may agree to pay you only a fraction of its worth. **Remember that you do not have to sign another contract if the financing falls through on the first one.** Don't feel bad if you have had credit. There are still lots of dealers who want your business. Finance companies lend money every day to people with credit histories you wouldn't believe! The only difference should be that you may have to put more money down and you may have to pay a higher interest rate. Because of that, your monthly payments may be higher -- but the sale price should be the same.

