



## FORT SILL LEGAL ASSISTANCE



# CAR BUYING FACT SHEET

### Educate Yourself

Most people get into trouble with the car buying process because they do not take the time to educate themselves before walking into the dealership. Just one act can save you thousands of dollars and better prepare you to effectively negotiate price. There are several important things you need to decide before you head to the dealership.

A car is one of the biggest investments you will make in your lifetime. One of the first things you need to do is decide whether you want to buy a new or used car. More importantly, do some research on the *kind* of car you want. There are several online sites you can access to help find the perfect car for you.

Next, you must look over your budget and determine what you can afford. While sports cars are appealing, do not buy a car you cannot afford! This will only cause more problems in the future. Moneylenders do not tend to care what the reason is that you did not make your car payment on time.

### Trade-Ins

If you have a car you want to trade in, you should determine its wholesale value. You can start at an automotive website like **Edmunds.com** or **Kelly Blue Book**, but be careful. Use the prices you get at these places *only* as a rough guide.

Now, take your car to the used car department of a local dealership. Tell them you are interested in selling your car, but not in trading it. Be firm and remember why you are there. All you want is an offer on your car. Then head to another dealership and repeat the process. Be sure not to tell them what the other dealership's offer was. Then get a third bid from an exclusively used-car dealership. When you have those three offers on your car, then you will know your car's wholesale value.

You will want to check local sources and see what cars like yours are selling for in the area. The average dollar amount you come up with will be your car's retail value. Now, you may want to reconsider trading your car for wholesale or selling it yourself instead. It is a little easier to trade your car, but know that you will pay for that convenience.

### Warranties

Many used car dealers are notorious for providing "dealer warranties." While the big print in these documents promises comprehensive coverage and prompt service for the vehicle you buy, it is the small print that dealers refer to when something actually happens to the car. The phrase "wear and tear items not included" is a common one in dealer warranties, and one you will hear again if your car begins to have issues.

Remember that car dealers are always trying to increase the final sales cost of your car through add-ons and features. A dealer warranty is often pitched as a vital add-on by the car salesperson, but the true value of the warranty is sometimes questionable. Make sure you clarify exactly what is covered with the car salesman and ensure it is written in the warranty. If your concerns are not explicitly answered in the warranty, ask for a signed, authorized amendment from the dealer with the correct wording that you are seeking. Beware of a salesman who will not provide you a copy of documents to read before the deal is closed.

### **If Necessary, Amend the Warranty**

After you are sure that you are getting adequate repair and maintenance coverage for the price of your warranty, you will want to make sure the following statements are somewhere on the warranty:

"THIS CAR HAS NOT BEEN RETURNED TO A DEALER OR MANUFACTURER BECAUSE OF LEMON LAW DEFECTS OR COMPLAINTS."

"THIS CAR HAS BEEN INSPECTED FOR COLLISION DAMAGE AND COLLISION REPAIRS AND HAS BEEN FOUND TO BE FREE OF COLLISION DAMAGE OR REPAIRS."

If these statements are not on the warranty, insist that they be added, acknowledged, and signed by an **authorized representative** of the dealership. Also, consider running a vehicle history check using a service like **carfax.com** or **autocheck.com**.

### **Financing**

Financing can be difficult for some. You must shop as a cash buyer. This means that when you walk onto the showroom floor, you have money in hand. The last place you want to secure financing is at the dealership where you are buying the car. Look first to your local credit union and/or bank. Do your best to walk onto the car lot with your financing already in place.

Banks almost always offer a substantially lower rate than what a used car dealership will offer. If you have a prior lending history with your bank and are in good standing, you can usually receive up to 90% financing. Car dealerships make huge profits by providing their own financing to auto buyers, so they want you to borrow from them. By securing an auto loan through your bank for an amount you can afford before purchasing a car, you will find yourself in far more control when negotiating a final price.

You want to be confident and in charge when you walk onto a car lot. Do not get enthusiastic about any car you see. You must be patient and careful not to let the salesperson take advantage of you.

**Do not be a payment buyer!** Remember, everyone buys his or her car with cash. Sometimes you take out an auto loan to get that cash, but you're still paying for that car in full when you buy it from a dealer. Don't talk about monthly payments with the dealer. For now, concentrate on getting the best price for the car you want.

Walk onto the lot with as much information as possible. Try to find out the invoice price of the car you're interested in. **Edmunds.com** can provide that information, but be careful to avoid the advertising and hyperbole on that site.

## **Negotiating**

Find more than one dealership that is selling the car you want to buy. You do not have to put up with high-pressure tactics if you have another dealership eager for your business.

Above all else, do not let a car salesman rush or cajole you into a one-day, stop and shop sale. Avoid impulse buying. It is to the salesman's benefit if the sale happens quickly. It is to *your* benefit to do as much research as possible to ensure you purchase a safe and reliable vehicle. You should be prepared to spend at least two weeks doing adequate research before making a used car purchase.

## **Getting the Best Deal**

- Always bargain up from the wholesale price of the car you are buying, not down from the sticker price.
- Never pay sticker price for a vehicle from a dealer.
- Try to come up with a fair price for the vehicle. The dealership is entitled to a small profit, and the salesperson will have earned a commission if you have driven a hard bargain.
- Be wary, though. The dealership may try to sell you extended warranties, undercoating, rust-proofing, fabric protection, etc.
- If you are trading in your car, have the dealership appraise it, but only after you've agreed on a price for your new car. If their offer doesn't match or exceed the wholesale value you determined, refuse to do business with them until they offer you a fair price.
- Read everything you are asked to sign very carefully. Do not take anyone's word for what the contract says. **Read it for yourself.**

*Updated November 2022*

**This Information Paper provides only basic information and is not intended to serve as a substitute for personal consultation with a Legal Assistance Attorney. To schedule an appointment with a Legal Assistance Attorney, please contact the Legal Assistance Office at (580) 442-5058. The Fort Sill Legal Assistance Office is located on the 4th Floor of Building 4700 (Welcome Center) at 4700 Mow-Way Road, Fort Sill, Oklahoma 73503.**