

Buying a Used Car

Buying a used car can seem overwhelming at first. You will find that breaking down the task and taking it one step at a time will be most manageable. Remember that it is best to remain flexible and not to be in a hurry when shopping for a used vehicle.

Decide How Much Money You Can Spend

Consider the features you are looking for in a vehicle. If you are financing your purchase, talk to a financial institution regarding loans and interest rates to get a better idea of what price level is affordable. The amount of a cash down payment, the interest rates offered, and the length of the loan are factors to consider. Knowing these options ahead of time will help you stick to your budget.

There are a number of ways to shop for and buy a used vehicle. You can choose from car dealerships, private individuals, auto superstores, independent dealerships (private used car dealers), as well as service stations, the local classifieds, and shopping online. It is best to be able to *see and examine the car* before making a final decision.

Stick with the price range and features you want. It can be tempting to go with something newer, more expensive, or that has more features than you really need. Keep in mind the cash will ultimately come out of your pocket. And some models will cost much more to insure than others.

Ask Informed Questions

Make a list of questions to take along when shopping. Listen carefully to how your questions are answered. If they are not answered truthfully, keep looking. The following are examples of questions you may have.

- What is the car's odometer reading?

- What are the features and options available in the vehicle?
- Was the previous owner a smoker?
- What was the car/truck used for?
- Are service records available?
- Has this vehicle been in an accident or flood?

Know the Value of the Vehicles You Are Considering

Today, it is easy to determine the value of vehicles by make and model. The information can be obtained online. Lenders may also have information in book form or posted on their credit union or bank website. Good value guides include:

- Kelley Blue Book – www.kbb.com
- Edmunds – www.edmunds.com
- National Automobile Dealers Association (NADA) – www.nada.com
- *Consumer Reports*: Used Car Price Service – www.consumerreports.org

Be careful when working with sellers who may show the value of the vehicle on the high end for the purchase car, then show the price from a different list on the low end for the trade-in value of your car.

Have an expert (auto mechanic or other knowledgeable person) check the vehicle before you buy it. The flaws the mechanic finds may be good tools for negotiating a lower price. It is okay to point out things that do not meet your standards.

The following is taken from a *Consumer Reports* checklist when shopping for a used vehicle. A mechanic or other expert can also help you.

- Check with *Consumer Reports Best and Worst Car list* to narrow your choices.
- Inspect the condition of the body, paint, trim, and tires. Check windows for broken or worn out seals as well as for cracks or chips. There may be gaps in body parts such as the trunk, hood, and fenders, which may indicate the car has been in an accident.
- Check for paint overspray on wheel wells or trim – a sure sign of body repair.
- Use a magnet to test for body filler – a magnet will not stick to body filler – taking care not to scratch the car.
- Look for cracks in the interior, missing handles, sagging headliners, and discolored upholstery or carpet.
- Check under the hood – the engine, radiator, and battery should be grease free with little or no corrosion.
- Check fluid levels, belts, air filter, the oil for grit, and the radiator for rust.
- The transmission fluid should be bright red to light reddish brown – not chocolate or mustard colored. Make sure there is no burned smell. Check the transmission fluid level *after* the car has been running at least 10 minutes.
- Are the tires worn evenly? Tires worn on the outside shoulder near the sidewall are a sign that the car has been driven hard, which is a signal that there is undue wear on the engine. Cupped tires, worn unevenly along the tread's circumference, indicate steering, suspension, or brake problems.
- Check the tailpipe for white smoke, black smoke, or blue smoke as these are signs of engine problems.
- Step on the gas to make sure the engine doesn't rev excessively before the car accelerates – a sign of transmission problems.
- Have a mechanic put the car on a lift to check for structural soundness or signs of previous accidents.

Some problems are more serious than others – for instance, problems with the engine, engine cooling system, transmission, and drive system are weighted more heavily and have a higher repair price tag than superficial problems.

Check for recalls and the history of the vehicle – there are a number of places available to check on the history of the vehicle. All you will need to know is the Vehicle Identification Number (VIN #).

- CarFax - www.carfax.com
- Experian Automotive - www.autocheck.com
- National Highway Traffic Safety Administration - www.nhtsa.dot.gov

Know Your Rights and Responsibilities as a Consumer

Before signing on the dotted line, check out your consumer rights and responsibilities. According to the Attorney General of Texas, every car buyer should know these important facts (see http://www.oag.state.tx.us/AG_Publications/txts/usedcar.shtml for complete guidance):

- All used car dealers are required by federal law to tell buyers whether a used car is being sold with or without a warranty. Dealers have to display this information **CLEARLY** on a side window of each used car.
- If a car is being sold “as is,” it means there is no warranty, and the seller is under no obligation for repairs.
- If the car has a warranty, then the window form must list **EXACTLY** what parts and services are covered and for how long. The buyer's guide becomes part of the contract at the time of sale, and any guarantees listed on it override any restrictions in the contract. If the sale is being made in Spanish, then the buyer must be provided with the buyer's guide and contract terms in Spanish.
- Do not sign a contract for a vehicle unless it has a Certificate of Title – a dealer is required to give you a title in your name within 20 working days of your purchase. As soon as the vehicle is registered in your

name, the dealer should provide the original receipt from the Tax Assessor-Collector's office. If you owe money on the car, a non-negotiable duplicate original title will be mailed to you. Do not sign anything you do not understand, and do not sign anything that has blank spaces.

- If the contract has additional clauses or terms you did not agree to, ask for a satisfactory explanation.
- Make sure you receive a copy of the odometer statement when you sign the contract. Federal law prohibits rolling back or changing the number of miles on an odometer. And Texas law requires the seller of any used vehicle to state on the title assignment the total number of miles the vehicle has traveled.
- *Obtaining liability insurance is a must* under Texas Law. Additional insurance may be required by your lender if you have borrowed money to buy your vehicle.
- After the sale, make sure you keep all receipts and documents in a safe place at home. *Do not keep important papers in the glove box.* If the car is stolen or if a

dishonest dealer illegally repossesses the car, you will have no records of ownership or payment.

What Happens If I Bought a Lemon?

If you've bought a lemon from a franchised dealer, you may be eligible for mediation through the National Automotive Dealers Association's Automotive Consumer Action Program (AUTOCAP). For more information, call NADA at 800-252-6232 or visit www.nada.com.

From a private seller, your options are much more limited. If the seller has made any written guarantees about the condition of the vehicle, you can use them as the basis for filing a lawsuit. You can resolve disputes involving smaller amounts of money (usually less than \$2,000) without an attorney through small claims court.

Taking the time to research before you go used car shopping can possibly save you hundreds or even thousands of dollars. You can then be confident that you got the best value for your money. Happy shopping!

References

- "Buying a Used Car." June 29, 2004. Attorney General's Office of Texas. July 2007.
http://www.oag.state.tx.us/AG_Publications/txts/usedcar.shtml.
- "Pros and Cons of Buying a Used Car." February 2007. Consumer Reports.org®. July 2007.
<http://www.consumerreports.org/cro/cars/guide-to-used-car-buying/buying-a-used-car/pros-and-cons-of-buying-used/index.htm>.
- "Where to Shop for a Used Car." February 2007. ConsumerReports.org®. July 2007.
<http://www.consumerreports.org/cro/cars/guide-to-used-car-buying/buying-a-used-car/where-to-shop-for-a-used-car/index.htm>.
- "How to Spot a Lemon." February 2007. Consumer Reports.org®. February 2007.
http://www.consumerreports.org/cro/cars/guide-to-used-car-buying/buying-a-used-car/how-to-spot-a-lemon/0406_spot-lemon.htm.

Written by Vita Roth, Extension Assistant, Texas AgriLife Extension Service, Texas A&M System, August 2007.