

BUYING A USED CAR

Buying a used car is a great way to stretch your dollar, but...

you'll want to learn these used car facts BEFORE you shop.

Finding the Best Used Car



GET THE USED CAR FACTS FIRST

Thinking about buying a used car?

The price of new cars has steadily climbed over the past few years making used vehicles more attractive than ever. Because new vehicles lose so much of their value as soon as they're purchased, car shoppers are increasingly turning to previously owned cars as a smart financial alternative. Today, thanks to manufacturing and maintenance advances, used vehicles are better than ever and still a great value.

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WHICH CAR IS RIGHT FOR YOU?

The first step to buying a used car is a detailed assessment of your transportation needs. It's a good idea to answer the following questions.

How will the car be used? The first thing to do is to decide on a class of vehicle that best fits your lifestyle.

Who will be driving the car? And where? If you're concerned about taking your kids to soccer practice, you're probably going to need a car with lots of seating and storage capacity. If you're planning to use the car for commuting, gas mileage and comfort may be your biggest considerations.

What features best suit your needs? If there are features you simply must have--like air conditioning, lumbar supports or adjustable controls--make a list.

What are some vehicle safety features you are looking for? Are you interested in anti-lock brake systems, integrated seat belt systems, head injury protection, or child protection equipment?

How much can I afford to spend? Think about how much you're willing to spend, how much of a down payment you can make, and how much you can afford per month, long before you start the process. Refer to the section on "Paying for Your Car."



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ONCE YOU'VE DECIDED ON TYPE

After you narrow your search to a few makes and models, analyze the pros and cons for each. There are many excellent resources available to help you do your research including websites, dealerships, and your local library. Read Consumer Reports magazine - online or hard copy - for reliability and repair ratings as well as general advice. The website www.edmunds.com offers pricing information and comprehensive advice on buying a used car. In addition, refer to the list of websites included in this publication.

Look at individual used vehicles. Gather as much information as you can on the different makes and models. Check out the retail value, available options, performance, and track record for repairs.

For information about car safety features, recalls, crash tests, and other auto safety topics, go to the National Highway Traffic Safety Administration's (NHTSA) website at www.nhtsa.dot.gov. You can also call NHTSA's toll-free Auto Safety Hotline at 888-DASH-2-DOT (888-327-4236) and have information sent to you.



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FINDING THE CAR OF YOUR DREAMS

You can purchase your new previously owned car from an independent used car lot, a new-car dealership, an auction, a used car superstore or a private seller. Wherever you decide to buy your car, there are some important things you need to know.

While your heart will play a big role in your decision, don't lose your head. Be willing to walk away from the car if the deal doesn't meet the criteria you laid out earlier. Your ability to negotiate a great deal will increase by magnitudes.

Always know the market value of any car you're considering and make your first offer lower. It's always easy to go up from your initial offer, but you probably won't be able to negotiate down from there. Several websites offer pricing information to help you determine the value of the car.

You should always be concerned about buying "someone else's problems." Make sure you get a detailed vehicle history report and service records from the person selling the vehicle. A vehicle history report can identify major problems including past accidents, flood damage, and odometer

discrepancies. When you decide to buy a car, make sure you get it checked out by a trusted mechanic before you give the seller any money.



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TEST DRIVING YOUR CAR

Most of us know it's a good idea to insist on test driving any car before buying. But what's the right way to test drive a car and for what should you be looking? You should first plan on spending as long as possible on your test drive. This will give you a chance to thoroughly examine the car and even have a mechanic check it out.

In addition to a mechanical inspection, you should:

Take a look. Make sure the body parts line up, the paint matches, doors open and close easily, and the tires show even wear.

Lift the Hood. Check under the hood for leaky hoses, worn belts, and dirty oil. Automatic transmission fluid should be clear and reddish, and not smell burned. Radiator water should have a light yellow or green color.

Take a seat. Turn the ignition key to accessory and make sure all of the warning lights and gauges work. Start the car and check all lights and accessories and make sure no warning lights remain lit on the dashboard. Pay close attention to the airbag indicator lights. If these lights fail to illuminate as you start the car, or stay lit after the car is running, it is a warning that the car's airbags are not functioning correctly.

Perform a Safety Check. Try on the seat belt and take a test drive to ensure that you are comfortable while driving the vehicle. Make sure head restraints, roof structures, and windshield designs do not interfere with your ability to see clearly. Test the vehicle at dusk or early evening to determine your comfort with the visibility provided by the headlamps. If you already have a child safety seat, install it to check for compatibility.

Hit the Road. Take the vehicle up to 35-40 MPH. Make sure shifting is smooth and steering is straight. When braking, a pull to the left or the right could indicate a brake problem. The steering wheel should not shimmy at high speeds and cornering should be smooth.

Check the Sources. Buying through the classifieds? Check the name on the title and match it to the name on the seller's driver's license. Many individuals disguised as private sellers are actually unlicensed, unregulated curbstoners, who may pass problem cars on to unsuspecting buyers.



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POTENTIAL PROBLEMS/WARNING SIGNS

The most sought after used cars are probably less than five years old and have less than 50,000 miles on the odometer. When you're looking for a used car, you'll probably want to find one that has been driven no more than 15,000 miles per year. But you can't assume that a low-mileage car is necessarily in great shape.

One major concern is odometer tampering. The National Highway Traffic Safety Administration (NHTSA) estimates that consumers lose billions of dollars a year to odometer fraud. Odometer readings may be rolled back or documents can be forged. Making miles disappear helps increase the car's value to the seller, but can mean increased maintenance and repair costs to the buyer.

In addition to odometer fraud, there are other significant events in a car's past that unscrupulous sellers may try to hide. Every state has laws designed to protect consumers from buying used cars that may not be road worthy. Consumers should be direct when asking sellers about a vehicle's past, and they should get a detailed vehicle history report. The person selling you a used car should provide a detailed vehicle history that answers questions to your satisfaction.

If the seller cannot provide a detailed vehicle history report, you can use the 17-digit vehicle identification number (VIN) to secure a history from either the state or a private vehicle history company. These companies have compiled data from multiple sources to help you get a better picture of the car's past. You can search the web to find the companies providing this service by looking under the topic of "vehicle history."



OTHER PROBLEMS

Other problems you may want to avoid include:

Damage Disclosure, Salvage & Rebuilt Titles. These titles are issued by states when the vehicle has sustained damage as a result of one or more incidents. States issue salvage titles when an insurance company takes possession of a vehicle as a result of a claim. This generally occurs after a vehicle has been declared a total loss. A state may issue a rebuilt title if a vehicle sustained damage and was rebuilt or reconstructed, then placed back on the road. States issue junk titles to indicate that a vehicle is not road worthy and cannot be titled again in that state.

Lemon Laws (Manufacturer Buyback Titles). "Lemons" are sometimes resold to consumers as used cars. The lemon laws were enacted to protect consumers from having to keep a new car that has recurring problems. If someone buys a new car with major problems, and the manufacturer fails to repair the defect in a certain amount of time, the manufacturer may be required to refund the consumer's money by buying the vehicle back. Unfortunately, some of the vehicles which are bought

back are subsequently resold as used cars.

Flood Damage Title. States issue flood titles when a vehicle has been in a flood or has received extensive water damage.

A NOTE ON CURBSTONERS

Most states limit the number of cars that an individual can sell without a dealer's license or only allow the selling of one's personal car. Curbstoners are people who ignore these laws and sell multiple cars that frequently have hidden problems in their pasts -- problems that can affect both the safety and the value of these vehicles. Before buying any used car, you should research both the vehicle and the seller. Be wary of sales conducted from the side of the curb or a vacant lot. Often these vehicles are sold by con men posing as private individual sellers.



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PAYING FOR YOUR CAR

It's a good idea to have all your questions about paying for your car resolved before you start to shop. The most difficult part about buying your used car will probably be figuring out what you can afford. So how do you determine what you can afford?

A good rule of thumb: your monthly auto loan payment should not be more than 20% of the money you have available each month after you pay for your usual living expenses -- rent or mortgage, utilities, food and transportation, credit card payments, etc. When reviewing your budget, you should also take into consideration other associated costs including fuel, license, registration, personal property taxes and insurance. Call your insurance company before you purchase your car to determine what the monthly insurance cost will be.

If you're taking out a car loan, figure on a down payment of at least 10 percent. Lenders might be skeptical otherwise. If you have enough cash available to boost that percentage, do so. Cutting the principal of your loan will do more to slash payments than getting a lower interest rate.

If you have ailing credit, which can result from a pattern of late payments, you may find yourself in the "subprime" financing arena. If you have credit problems, you should first try to work with a consumer credit counselor or other advisor. It may be possible to consolidate debts or come up with a workable repayment plan. If you show a loan officer that you are taking action to overcome the problems, they may be more willing to grant a loan at a reasonable rate.

In addition, be sure to check out alternate sources for loans such as the credit union at your workplace, your bank, or other organization with which you are affiliated. As a last resort, dealers may offer special financing packages for those with credit problems. However, you might pay as much as four percentage points more for a loan.



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HAPPY DRIVING

Buying a used car involves some uncertainties, but the market has improved over the past few years. Cars are better made, have much improved safety systems, and, with proper maintenance, can last for many years. You can avoid many of the common pitfalls by taking a few steps early in the process and answering certain questions before you start to shop. More importantly, new technologies being used by manufacturers and mechanics combined with the availability of easy to access vehicle history information go a long way towards leveling the playing field for today's used car shopper.

USED CAR BUYING CHECKLIST

PRINT AND USE THIS CHECKLIST WHEN YOU'RE LOOKING FOR A USED CAR

- 1 Be an educated consumer.
- 2 Determine your needs and wants first, make a list, and prioritize.
- 3 Establish a budget and determine the class of vehicles that fit it.
- 4 Narrow selection by makes and models and learn all you can about them.
- 5 Research dealerships and sellers.
- 6 Know the fair market value and vehicle history of any vehicle you're considering.
- 7 Obtain Vehicle Identification Numbers (VINs) and research cars online; obtain vehicle history reports.

Write VINs here to look up later:

- 8 Take test drives and have cars checked by a mechanic.

WHEELS ON THE WEB



Finding Help on the Internet

- [AutoTrader](#)
- [Better Business Bureau](#)
- [Carfax, Inc.](#)
- [Consumers' Checkbook - CarBargains](#)
- [Edmunds.com, Inc.](#)
- [Federal Consumer Information Center](#)
- [Kelly Blue Book](#)
- [National Automobile Dealers Association \(NADA\) Guides Online](#)
- [National Highway Traffic Safety Administration](#)



9 ASK QUESTIONS, and consider all loan options.

10 If you feel hesitant, walk away. There's always another deal.



VEHICLE HISTORY REPORTS

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