

USED CAR Buying Guide



What to look for

MILEAGE, UPKEEP CRITICAL

The first and most important step in picking a used car is determining its condition.

But how can you tell a good car from a bad one? Unfortunately, you can't simply judge based on the appearance. A car with gorgeous, shiny paint might just be hiding the fact that it's never had an oil change. And, on the flip side, you might find a car with some body dings that's actually been maintained impeccably, potentially saving you thousands of dollars.

Aside from obvious appearance issues, there are really only two ways to judge a used car: the number of miles it's been driven and how well it's been maintained.

MILEAGE

All things equal, you should always pick the car with the lowest mileage you can find.

Cars are essentially tools that wear down over time. Even perfectly maintained, well-designed vehicles are going to break down occasionally, but the fewer miles that have been put on a car, the fewer problems you can expect to encounter.

MAINTENANCE

The other thing that is critical when picking a used car is determining how well it has been maintained over time.

Ideally, the seller will have kept receipts showing exactly what service has been performed over the life of the vehicle. You can compare these receipts to the recommended

service schedule in the owner's manual. If the service has been performed on time, that's a great sign.

If there are no records of service, you've got to assume it hasn't been done, even if the seller tells you otherwise. Factor this into the price of the car.

If you really want to do your homework, get price quotes from local mechanics for performing the major service milestones like changing the timing belt or chain.



How do you know if the odometer has been rolled back?

While today's high-tech odometers make it harder for car sellers to be dishonest about their mileage, you can take steps to keep yourself safe.

One is looking closely at the condition of the car. If a very low-mileage car has lots of rock chips in the paint, that's a sign that you should be cautious.

More importantly, you should look at any official records that showed the car's mileage in the past — vehicle inspections, registration or tax receipts, for example — to see if the numbers match up.



Always get an inspection



PHOTO: DIEGO_CERVO / YAYMICRO.COM

A PROFESSIONAL'S ADVICE GIVES YOU BETTER INSIGHT

One important rule of thumb, especially for people who aren't mechanically inclined, is to have a professional give the car a thorough inspection before you buy it.

No matter how good you think you are at judging cars, it's always a good idea to get a second opinion before making a major purchase.

There are also lots of things that can go wrong in a car without showing obvious signs.

Automatic transmissions, for example, are one of the most complicated

parts of a car, which means they can be extremely expensive to repair or replace. They can also sometimes break with little warning, or with symptoms so minor that it takes a trained ear to detect them.

That's one of many reasons a professional mechanic should look at the car before you make a purchase.

NEGOTIATING ROOM

Chances are the mechanic is going to find something that needs attention on the vehicle. Few cars are totally problem-free.

The important thing is knowing the precise condition of the car before going back to the negotiating table.

If the mechanic finds a major prob-

lem, you may want to walk away from the car. But if it's a minor issue — say, the car will need a brake job within the next 5,000 miles — you might be able to get the seller to knock an extra \$100 off the price.

No matter what, having a professional's advice will put you in a much more comfortable position as a buyer.

Is 'certified pre-owned' worth it?

COMPARE PROGRAMS TO FIND ONE THAT FITS

One of the fastest growing parts of the used-car market is the "certified pre-owned" vehicle.

These heavily advertised programs are typically offered by a new-car dealer when selling their own used models. A BMW dealership, for example, may offer a selection of "certified" used BMWs that have been thoroughly inspected for defects.

Are these top-notch cars worth the premium dealers charge for them, though?

It depends.

PROGRAM SPECIFICS

Every used-car certification program is different. You want to find out who performed the inspection and what extras come with it, such as low-interest financing or an extended warranty.

There are generally three types of inspections offered.

The first, factory inspections, are performed by the vehicle manufacturer — the company that actually built the car. The second type, dealer inspections, are performed by the in-house experts at the car dealership. And the third, independent inspections, are performed by third-party

companies that inspect used cars and certify the best ones.

WARRANTY AND FINANCING

Finally, compare the fine print to see what differences a certified pre-owned car has compared with a non-certified one in the same condition.

Typically certified cars will come with longer warranties and better financing terms than non-certified cars. If you shop around, you may find that you're actually getting a better deal when you buy a certified pre-owned car.

Likewise, you can and should get the vehicle inspected by your own independent mechanic before buying it, so shop around and see if you can find better deals elsewhere.

The goal of every certification program is to give the buyer peace of mind. You should pick the car that gives you confidence, both in terms of reliability and price, and the best certification programs will do that.



Do your homework

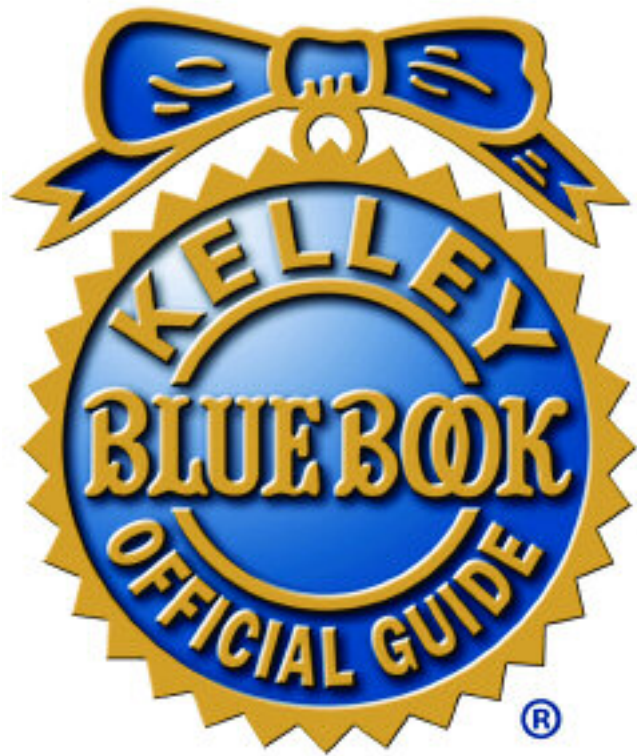
WHERE TO FIND PRICES AND RELIABILITY RATINGS ONLINE

Solid information is the key to making an informed decision about which used car to buy.

While buyers in the past may have been stuck with leafing through old magazines for advice or simply relying on the word of friends and fami-

ly, today's shoppers can be far more savvy if they know where to look.

Here are some online resources to help you make a decision:



KELLY BLUE BOOK: kbb.com

For many years, the Kelly Blue Book has been the place used-car dealers turned to find out how much they should pay for vehicles at auction. Now it's become much more famous as the place where car shoppers can look online to see price estimates for used cars.

At kbb.com, you can find the average prices for thousands of used cars based on what equipment they have, how many miles are on the odometer, and the overall vehicle condition.

This easy-to-use site is free for consumers, letting you get a rough estimate of the fair price for any given model.



CONSUMER REPORTS: consumerreports.org

This magazine has long been the most reputable place to find unbiased, data-driven information about new and used cars. It remains that way online.

One of the things that sets Consumer Reports apart from most publications is that it actually purchases the new vehicles it tests. It gets cars the same way you do.

For used cars, Consumer Reports has extensive information based on surveys of actual owners of the vehicle you are considering. While it charges for premium content, this information can be extremely valuable when deciding on one used car over another.



EDMUNDS: edmunds.com

Edmunds.com has quickly emerged as one of the most authoritative online sites for car shoppers.

For people looking for used cars, one of the most important tools on their site is called the "True Cost to Own." It calculates the actual cost of driving a late-model used car.

It factors in things such as depreciation, taxes, insurance, repairs and fuel economy to figure out the real cost of driving any particular model. You may be surprised at just how high that number can be — and how much it can vary between two otherwise similarly priced models.

Depreciation: Why it matters

One of the biggest expenses related to your used car isn't something that comes directly out of your wallet. It only shows up when you sell your car later on.

It's called depreciation, and if you're not paying attention to it before deciding which vehicle to buy, you're making a big mistake.

WHAT IS DEPRECIATION?

Depreciation is the difference between what you pay for a car and what you will sell it for in a few years.

Every car will lose value over time as it ages and racks up more mileage, but some cars drop in value much faster than others. That's why you should factor in the depreciation of a vehicle before you decide to buy it.

EDUCATED GUESSES

Calculating depreciation isn't something that can be guessed perfectly. For example, if gas prices skyrocket next year, that's going to cause big trucks and SUVs to lose their value faster. And if gas prices go lower, cheap economy cars may lose their value more quickly.

The truth is that no one has a crystal ball that shows the precise future price of cars, but based on historical pricing, you can see which vehicles maintain their value and which ones don't.

Look for which brands and vehicles tend to hold their value the best over time. You can search online for "car depreciation calculator" to get some estimates of which vehicles are predicted to be worth the most when it comes time for you to sell.



PHOTO: YURI_ARCURS / YAYMICRO.COM

Want to maintain value? Keep it in stock condition

As a general rule, one of the fastest ways to decrease the value of a car is to modify it from its factory condition. No matter how hot body kits, engine modifications and flashy wheels may look to you, they're quite likely to not match the taste of buyers in the future.

So if you want to keep depreciation to a minimum, maintain your car according to the recommended schedule, keep detailed maintenance records, and don't spend money on modifications that will reduce buyer interest in the future.

Financing choices

A LOOK AT OPTIONS FOR PURCHASING CARS

Consider insurance

Insurance policies should be a major consideration in which vehicle you purchase. This can make a big difference in the total cost of owning any particular vehicle, so it's a good idea to get insurance quotes before making your final decision.

There are plenty of good choices for coming up with the money to pay for a great vehicle.

From banks and local credit unions to the dealership, or even your very own checkbook, here are some time-tested ways you can finance your dream car.

DEALER FINANCING

One of the easiest ways to finance a used car is by looking for a dealership that offers in-house financing.

Many dealerships, especially the larger ones, have financing departments to help you pay for their cars. They probably do a lot of volume and approve financing for people with all types of credit — from good to awful — so they're generally quick, friendly and thorough.

The big advantage of dealer financing is convenience. You can get your dream car and your dream loan under one roof, and dealers are usually eager to extend financing because it keeps the sales process smooth. That's good for both the shopper and the dealership.

THE BANK

While many people assume the easiest way to get a car loan is through a dealership, you may be able to find



PHOTO: KZENON / YAYMICRO.COM

financing through your local bank.

Depending on your credit condition and what type of car you want to buy, banks frequently lend money to people for buying vehicles. This means you can negotiate a "cash" price at the dealership while getting that cash from your local bank.

CREDIT UNIONS

An increasingly popular option is getting a loan through a local credit union. The process is similar to bor-

rowing money from a bank, except you may have to be a member of a credit union to take out the loan.

The advantage to credit unions is that they are owned by their members and are typically setup as a not-for-profit institution. That means they might be able to offer better terms and lower interest rates than a traditional bank.

CASH

Finally, while this isn't possible for

everyone, one of the wisest ways to buy a car is by paying cash for it so you avoid any interest charges.

Some people who pay cash for cars start out driving inexpensive vehicles and work their way up to nicer ones over time. That's why it's a good idea to find a good, reputable dealer that you can develop a long-term relationship with.

When you're writing a check with your hard-earned money, you want to make sure you're doing business with the most trustworthy dealer possible.

