

# USED CAR

BUYING

GUIDE



# Sales are on the Rise

**U**sed-car sales continue to upswing into uncharted territories of popularity. Many factors are contributing to the sales increase, which reached a five-year high in 2012.

An uncertain job market, tightened purse-strings and a more reliable car force have all helped catalyze the surge — and it doesn't look to be dipping anytime soon.

According to the analyst firm CNW Research, about 41 million used vehicles changed hands in 2013, which was a 12.5 percent increase from 2012. Early projections for 2014 showed consumers scooping up 500,000 additional used cars.

## CERTIFIED PRE-OWNED

Sales of certified pre-owned (CPO) cars by franchised dealers represented only 4.5 percent of the total used market, according to the CNW research findings. This equaled about 1.8 million sales.

CPO cars typically have an extended factory warranty and are supposed to have been inspected more closely, and have seen an upturn due to a lagging supply of lower-mileage dealer trade-ins available, according to the National Automobile Dealers Association.

## MOST POPULAR

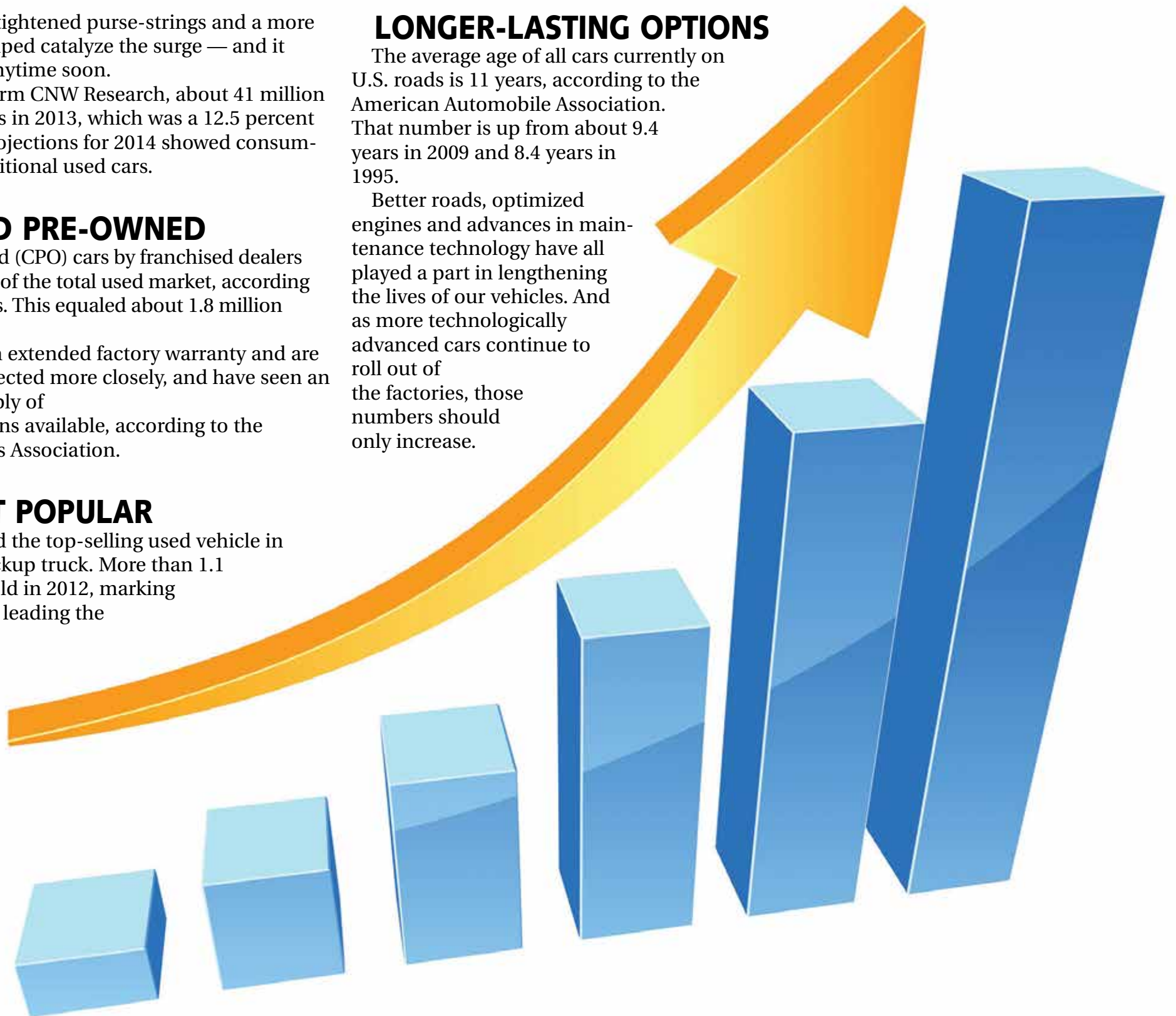
The CNW research showed the top-selling used vehicle in 2012 as the Ford F-Series pickup truck. More than 1.1 million used models were sold in 2012, marking the truck's 13th straight year leading the used market.

The F-series outsold new models by nearly double. The Toyota Camry also racked up more than 1 million sales, followed by the Honda Accord, Honda Civic and Toyota Corolla.

## LONGER-LASTING OPTIONS

The average age of all cars currently on U.S. roads is 11 years, according to the American Automobile Association. That number is up from about 9.4 years in 2009 and 8.4 years in 1995.

Better roads, optimized engines and advances in maintenance technology have all played a part in lengthening the lives of our vehicles. And as more technologically advanced cars continue to roll out of the factories, those numbers should only increase.



# Picking Where to Shop

So it's time for a new-to-you vehicle. And even though you have ruled out buying a brand new car, that doesn't mean you have to settle for second-rate quality or service.

"Buying used" is a smart choice for anyone looking to come away with affordable payments or no payments at all. Depending on how much you are looking to spend, you may be able to come up with enough cash to completely pay off your vehicle before it even comes off the lot.

But research is key when purchasing a used vehicle. Knowledge of appropriate pricing and quality will help you make smart purchasing decisions.

## DEALERSHIPS AND CAR LOTS

If you're looking for peace of mind and maybe even some left-over manufacturer's warranty on a used car, then buying from a dealer or car lot may be your best option.

Used vehicles usually come with a specified satisfaction guarantee or even a parts and maintenance package that will give you confidence in your purchase.

Dealerships also offer special deals and financing packages throughout the year. The biggest deals are often around New Year's and tax time, as dealers try to start the year on a profitable track.

The Fourth of July and Labor Day also can be ideal times to land a great deal, because dealers know that more car shoppers are out in force during the summer months.

## PRIVATE PARTIES

Buying from a private party has its pros and cons. In most cases, you



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will pay the total price of the vehicle when dealing with a private owner, because financing and payment plans usually aren't an option. Many private parties also will sell their vehicles well beyond the manufacturer's warranty, so any major repairs will be pulled out of your wallet.

The pros of buying used from a private owner are the prices (usually lower than a dealer), the

buying process (often more relaxed than a dealer) and more opportunity for compromise (private parties aren't tied into corporate overhead or manufacturer restrictions).

## THE INTERNET

The great thing about finding cars online is the versatility it brings to buyers. You can search local dealers and even private parties for the

right fit. Details such as color, size, car history, engine specifications and more can be found through online filtering systems, making it easy on you to define and find what you need.

But even though you can definitely land the used car of your dreams online, it is still worth checking out in person and completing a test drive before you hand over your hard-earned cash.

# How Much Can You Afford?



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**W**alking blindly onto a car lot with no budget in mind is like strolling through the grocery store on an empty stomach. You could end up with a hefty price tag, not to mention the feeling of buyer's remorse.

Smart shoppers have a solid grasp on their monthly bills and how much they can afford to comfortably add.

From financing interest rates to the added expenses of insurance, you should calculate exactly how much your new purchase is going to impact your bottom line. Doing so will help keep you in the black, as well as eliminate the potential for unpleasant surprises as you continue through the buying process.

## MONTHLY BUDGET

The first step in figuring your target price tag is calculating the monthly bills you are already paying.

Sit down with all of your bills and make a spreadsheet or list of your monthly expenditures. Don't forget to add items such as gasoline, eating out and entertainment that aren't considered "bills."

Now add up all of your monthly earnings. Subtract

your bill total. Now you have a figure you can work with in determining how much you can afford in new car payments.

## MONTHLY PAYMENT

A monthly car payment is a big responsibility, mainly because it can be one of the largest within your household. Also, it generally

comes attached with it a payment for insurance that you will be responsible for setting up on your own.

Depending on what type of coverage you are seeking — full coverage all the way down to basic liability coverage — insurance can easily run an additional \$100 per month off of your earnings. Consider these additional costs when running your calculations.

## PURCHASE PRICE

Now that you have a handle on how much you can realistically afford, you can walk into any negotiation with confidence and knowledge of your price range.

Keep this information close to the vest so you can make an informed decision without any pressure. This will help you avoid overpaying for that vehicle that is a bit out of your price range.

# Negotiate a Better Deal

**E**ver hear the phrase, “Everything is negotiable?” Well, that doesn’t ring any truer than in the vehicle-purchasing process. With so many aspects to buying a new car, many parts are fair game for a little back-and-forth — and not just related to pricing.

Warranty protection and maintenance plans are add-ons that you can decide to go with or without. Even the due date for your first payment can often be a point of negotiation.

## NEGOTIATION BASICS

Successful negotiation comes from equipping yourself with strong knowledge. Do a little research on particular used vehicles you may be interested in. Check their most common prices for specific years. Know about their mileage “life expectancy” and how long it usually takes certain parts to start wearing down.

Any and all vehicle-specific information you possess entering a negotiation will help you in reaching a fair and balanced price.

## NEGOTIATION TIPS

Follow these guidelines when negotiating:

- Know who you’re negotiating with. Is it a reputable dealer? Is it a family friend? A complete stranger? These types of questions will let you know how much you can trust your co-negotiator.
- Don’t be afraid to make the first offer. And if you do, make it a low one. Stay in the ballpark of the original price point, but let it be



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known that you won’t be paying full price.

- Also, don’t be afraid to walk. There are some things you can’t compromise on, and if you feel like you are being disrespected, take your business elsewhere.

## PAY ATTENTION

Negotiation skills work well, but you have to remember the details once the closing process gets under way. Once you have a deal, make sure the transaction is completed properly.

Some salespeople are great at adding extras near the end of a deal. This can completely wipe out any gains you may have made in the negotiation process. Hold firm to your position and come out satisfied in the end.

# Close the Deal

Once the hard part is over and the negotiation process comes to an end, it's time to close the deal. If you are at a dealership, don't get comfortable yet. There is still a long way to go.

In fact, the buying process can sometimes take hours, depending on how long it takes to find a vehicle, negotiate a price and hammer out the closing details.

If you're buying from a private owner, the process is generally faster and involves less paperwork. You want to make sure the payment is final, sign any contractual documentation to make sure the sale is legally binding and make sure the seller properly transfers the title and registration into your name.

## ADD THE EXTRAS?

After your work with a car sales person comes to an end, it's time to get to you know the dealership's finance manager. This professional is required to explain all financial details and insurance stipulations before you drive away. Again, in the case of buying from a private owner, there will likely be no such involvement.

Another role of the finance manager is to up-sell additional products and services, including extended warranties, alarms, anti-theft services and more. You may consider such offerings if they are important to your peace of mind or needs.

## KNOW YOUR FEES

In many states, a vehicle closing contract will contain the cost of the purchase, a documentation fee, a processing fee, a smog fee and license fees.



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Make sure you understand the charges and feel empowered to question the appearance of any that seem a little off to you. Most dealers are extremely reputable and trustworthy, but it never hurts to know exactly what you are signing your name to.

## BUYING FROM PRIVATE PARTY

Private parties may ask that you pay with a cashier's check or in cash. This is common practice and serves as a way for them to protect their assets.

You have to protect yours, too. Make sure the owner can provide the title before any money changes hands. Without it, you are not the rightful owner of the car and will not be able to legally take it to the streets.

# A Look at Warranties



**W**hile the purchase of many new cars include a long-term warranty for parts and services, most used-car transactions do not. That doesn't mean you can't add one; it just means that it will cost you.

But for the comfort of knowing you are protected in the instance of sudden damage or breakdowns, buying one may be worth it. There are a host of warranty options on the market, so do your due diligence to make sure you can afford one and that you are adding the correct option to your policy.

## **AS IS**

Not every vehicle you purchase is required to come with a warranty. When the dealer or private party offers a vehicle "as is," you must weigh both the risks and rewards of the situation.

On one hand, you are not paying any extra for an extended warranty and will be able to put more money into general maintenance.

On the other, you are taking a risk in not knowing exactly what might be affecting the vehicle, if anything. Dealers are required to mark a specific disclosure box on their buyers guide to let consumers know which vehicles come without a warranty.

## **FULL OR LIMITED**

Buyers in most cases can choose a full or limited warranty on all or some

of a vehicle's motor, parts or systems. A full warranty includes the following terms and conditions, according to the Vehicle Protection Association. If any of these statements do not apply to the warranty in question, it is limited.

- Anyone who owns the vehicle during the warranty period is entitled to warranty service.
- Warranty service will be provided free of charge, including removing and reinstalling a covered system.
- You have the choice of a replacement or a full refund if the dealer can't repair the vehicle or covered system after a reasonable number of tries.

## **WARRANTY REVIEW**

You have the right to see and receive a copy of the dealer's warranty before you buy. Take your time in reviewing all of its components. The warranty will detail how to get repairs for certain systems and who is legally responsible for fulfilling the warranty terms.

Look up reviews online for whatever company is responsible for insuring all involved third parties. Finally, check with your consumer protection agency for final review.

# Accessorize Your Ride

Cars are about a more than mere transportation. They're also an extension of our personalities. Just like the clothes you wear and the hairstyle you pick, the car you drive says a lot about who you are as a person.

And, unless you have a boring, off-the-shelf type of personality, you probably don't want to drive a boring, off-the-shelf vehicle. That's why it can be fun to customize your car after you purchase it.

## GO CUSTOM

To stand out from the crowd, find a local expert who offers a wide variety of options to customize your car or truck.

The best, most head-turning custom cars are true works of art, so look for a store staffed by people who are passionate about what they do — meaning knowledgeable about their products and capable of doing creative, quality installations.

For a permanent, high-impact and affordable change, consider adding graphics to your vehicle.

From stickers to vinyl applications, along with pin striping, lettering and racing stripes, the options are near limitless.

For a temporary change in style, magnetic signs can be a great way to turn your vehicle into a billboard without permanently altering its look.



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## PERFORMANCE LOOK

Driving enthusiasts love fast cars. Many people will buy a fast car, then add modifications in the garage to make it go even faster — everything from cold air

intakes to nitrous oxide and turbochargers.

If you want to make your car look as fast as it drives, though, you've got to make changes to the body.

Look for a shop that has plenty of experience in body modifications, including everything from rear spoilers

to aerodynamic changes such as rocker panels, fenders and front air dams.

## BRAND NAMES

Finally, since car and truck accessories can vary in quality, ask the shop about what brands it carries.

Good stores offer only the best products that will give them a good long-term reputation with their customers. While some people try to save money with off-brand products, it's best to stick with the manufacturers you know because they're more likely to stand behind what they build.