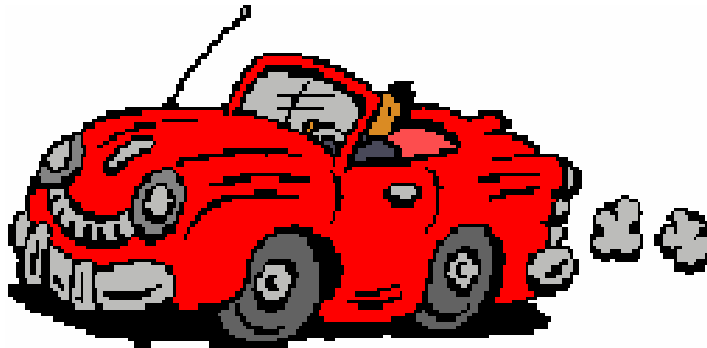


The Art of Buying a Car



**Pittsburgh IAP/ARS
2475 Defense Ave
Brought to You by Your Family Support Office**



SO YOU WANT TO BUY A CAR!

PURPOSE

The purpose of this paper is to familiarize the prospective auto buyer with some information and knowledge that can be used in purchasing a privately owned, new or used vehicle from an automobile dealership.

A. CONSIDERATIONS BEFORE BUYING

1. CHOOSING THE RIGHT CAR

- a. Narrow down the type, size, make and model of the car to match your life-style (married or single). What is this car going to be used for?
- b. Find out all you can about the car you are interested in through publications such as Consumer Reports or on-line websites. Study the features and prices offered.
- c. Find out if the car you are interested in has a good re-sale value.
- d. Check the annual operating costs.
- e. Check fuel economy.
- f. Check safety features like anti-lock brakes and air bags. These may qualify for an insurance discount.

- g. Check the crash test performance. Call Department of Transportation AUTO SAFETY HOTLINE at 1-888-327-4236 for results on cars tested or check <http://www.crashtest.com/>
- h. Check insurance costs. Compare the insurance rates on the car you are interested in with at least three (3) different insurance companies. Website <http://www.insure.com/> provides cost comparison by state and county.
- i. Ask someone who has a car like the one you are interested in what they like/dislike about the car. Try renting the make and model you want for a week to get a "feel" for the car.

2. HOW MUCH CAN YOU AFFORD?

- a. The maximum recommended monthly payment for a single person is 25% or less of monthly take home pay.
- b. The maximum recommended monthly payment for a married person is 18% or total monthly net (take home) pay.
- c. Visit your bank or credit union and get a pre-approved loan before going out shopping. This will ensure you don't buy more car than you can afford.
- d. Don't forget to consider your TOTAL cost for transportation. The purchase of a vehicle has to consider the car payment plus insurance, fuel costs, maintenance and upkeep.

3. FINANCING - Shopping for financing is as important as shopping for the car. A typical 5 year, 7.5% loan for \$14,000 will add more than \$2,800 to the total cost of the car.

- a. The basic sources of financing are:
 1. Credit Unions - member owned, usually loan money at lower rates
 2. Banks
 3. Dealers
 4. Cash
- b. When shopping for an auto loan, compare the annual percentage rate (APR) and total financing costs.
- c. When shopping for the money to borrow find out if there are penalties for paying off the loan early or if you make late payments.
- d. If the dealership offers "Easy Credit" you will probably be paying a higher interest rate.

CAUTION

Beware of long-term financing. Five, six and even seven year loans are available for many vehicles. During the first two years of the car loan you are paying nothing but finance charges. If you had to sell the car or decide to trade it in you may find that you still owe more on the car than its book or trade in value. If the car is stolen, or declared a total loss following a collision, your insurance will only pay the present value of your car; not the amount you still owe on the car.

- B. **BUYING A NEW CAR. IMPORTANT TIP** - You have the most important weapon in the car bargaining process - "The 180% turn" - be prepared to walk away from a deal that you are not completely happy with.

1. LEARN THE PRICE TERMS

- a. Base Price. The cost of the car without options. Includes standard equipment, factory warranty, and freight/destination and delivery charges. This is printed on the Monroney Sticker (see "b").
- b. Monroney Sticker Price. Appears on a label affixed to the car window of passenger vehicles only. The Monroney sticker shows the base price, the manufacturer's installed options with the manufacturer's suggested retail price, the manufacturer's transportation charges and the fuel economy (miles per gallon). By federal law, the label may not be removed by anyone other than the purchaser.
- c. Invoice Price. The manufacturer's initial charge to the dealer. This is usually higher than the dealer sticker price because dealers often receive rebates, allowances, discounts and incentive awards. Be cautious on buying a car based on the invoice price, such as "at invoice", "\$100 below invoice", or "2% over invoice".
- d. Dealers Invoice. The price that the dealer actually paid for the car.

2. KNOW THE DEALER'S COST

- a. Never negotiate for a new car until you know how much the dealer paid for the car. The dealer's cost.
- b. The best source to find the dealer's cost is on-line (no cost) at <http://www.autovantage.com/>. You can also pay for this service from

Consumer Reports Auto Price Service
P.O. Box 8005
Novi, MI 48050

Fees are \$11 for one car quote, \$20 for two cars and \$5 for each additional quote requested. You will need to state the make, model and options for the car(s) that you are interested in.

- c. Never negotiate down from the dealer's sticker price. Negotiate up from the dealer's cost. On a national average the dealer's sticker price is inflated 13%-20% ABOVE the dealer's cost. You should be able to negotiate a deal at 2% to 6% over the dealer's cost. If you can accomplish that you have a good deal.

- d. Many dealers get a kickback from the manufacturer on most of their cars. If the car is sold at or above the dealer's cost this kickback insures a profit for the dealer - REMEMBER INVOICE PRICES ARE DIFFERENT THAN DEALER'S COST.
3. VISIT AT LEAST THREE DEALERSHIPS. If possible compare the same car at all three places.
- a. Dealerships are always in competition with one another.
 - b. Many dealers advertise that they "will not be undersold". Hold them to it. If dealer A has the car for \$750 less, but only has it in black and you want blue and dealer B has a blue car but it is \$750 more you have two choices: (1) save \$750 and take the black car (compromise on the color) or (2) pay \$750 more and get your first choice of color. If dealer B (blue car) advertises he will not be undersold you could get the color you want for the same price as the black car.
4. CONSIDER CORPORATE TWINS - Two or more cars with the same frame and drive train. Ford Contour and Mercury Mystique, Ford Thunderbird and Mercury Cougar for example. The website <http://www.autovantage.com/> provides this information.
5. BUY LAST YEAR'S MODEL CAR
- a. Choosing to buy a new car in the late fall when dealers are trying to clear their lots to make way for the newer models is an excellent option. Dealers' are more willing to negotiate during the fall.
 - b. March is the last month of the year that the manufacturer offers dealer incentive awards to dealers to sell their cars. At this time, the manufacturers are tooling up for the next year's models so the dealer has received all the cars in that particular model that he will get.

6. SOME IMPORTANT "NEVER'S"

- a. NEVER volunteer any information about yourself, other than your name, to the dealer or salesperson until you have negotiated on a price on the car you are interested in.
- b. NEVER discuss your trade-in with the dealer or salesperson until you have negotiated the price for the car you are interested in. Until then, you have no trade-in.
- c. NEVER discuss a down payment with the dealer or salesperson until you have negotiated the price for the car you are interested in. Until then, you have no down payment.

REMEMBER

If you mention your trade-in and /or down payment before you settle on a price on the car you are interested in, the dealer or salesperson can try to ADD part or the entire price of your trade-in and/or down payment in to the price of the new car. It can immediately ruin all the bargaining you have spent an hour or more doing.

7. ANSWER: "I DON'T KNOW". This is the response you give the dealer or salesperson when he wants to know if you like the car. The more you say "YES", the easier it becomes for you to say "YES" to buy the car. Expect more pressure from the salesperson if he knows you like the car. Never look too interested or eager.

8. WARRANTIES

- a. Implied or basic warranties. These are required by federal law. This warranty covers manufacturer's defects for a specific period of months or miles, such as 36 months or 36,000 miles. This is commonly referred to as a "bumper to bumper" warranty and is for new cars only.
- b. Power Train warranty. Often longer than the basic warranty. Each manufacturer's definition of this warranty is usually different. It is very important to know exactly what is covered. Usually covers the engine, transmission and the rest of the drive train.
- c. Extended Warranty or Service Contract. These are usually offered for used cars but sometimes new cars. This warranty is supposed to cover defects on the car after the basic warranty has run out. This usually covers the power train, electrical and suspension systems. Again, it is very important for you to find out exactly what is covered and for how long.

WARNING

When purchasing an extended warranty, especially for a new car, ensure that the extended warranty does not start until after the basic warranty expires.

- d. **Emission system warranty.** This is required by federal law on any repairs required during the car's first five years or 50,000 miles on materials or workmanship that causes your car to exceed federal emission standards.
- e. **Corrosion warranty.** Usually applies to actual holes in the body or frame of the car due to rust. These warranties may not cover "cosmetic" rust or bad paint. Reminder: if you have your car undercoated or rust proofed by a company other than the dealership where you purchased the car it might void your existing corrosion warranty.

C. **BUYING A USED CAR** - many of the steps in buying a new car can be applied to the purchase of a used car, especially when negotiating with a dealer. The following pertain exclusively to buying used cars.

1. **DETERMINE THE USED CARS VALUE.** Consult the National Automobile Dealer Association's (NADA) official Used Car Guide or "Blue Book". Check the libraries or book stores. Consumer Report is another reference. Most auto insurance offices have the same references. The "blue book" is updated quarterly.
2. **FIND OUT WHAT THE DEALERSHIP PAID FOR THE CAR.** If the car you are interested in is at a dealership, you can write down the VIN number (usually located at the top of the driver's side dash, under the windshield). Take this number and contact the department of motor vehicles and ask for the person's name that last had this car registered in their name. Contact the person and in 5 minutes you can learn a lot about this car that maybe the dealer is not willing to tell you.
3. **SALVAGED TITLE.** When an automobile is in a wreck and the insurance adjuster classifies the automobile as "TOTALED", the title of the vehicle is also "TOTALED". The insurance company will list this vehicle's VIN as "TOTALED" in a central data base. On occasion, some shady auto body shop may take this "TOTALED" vehicle and rebuild it and "Salvage the Title"; or reinstall a new title into the data base system. The problem that

may exist is that the repair to get this totaled vehicle back into a road-worthy condition may not conform to the manufacturer's specifications. The worst thing that could happen to this newly rebuilt vehicle is that it falls apart after you have hit the first pothole. If you have any indications that the car you are interested in may have a salvaged title ask the dealership to find out. They have the capability to find this information and demand it IN WRITING.

4 AVOIDING ODOMETER FRAUD

- a. Compare the cars age to total number of miles on the odometer. Average car mileage per year is 12,000 miles - 15,000 miles.
- b. Check the rubber pads on the driver's pedals. If the odometer reads less than 20,000 miles, the pedals shouldn't show excessive wear.
- c. Check to see that the odometer numbers are all lined up
- d. Look at the car's title. Odometer mileage on the title should be legibly recorded and should be pretty close to what is on the odometer itself.

5. INSIDE CHECKLIST

- a. Check to see that the pedals, windows and seat adjustments move and slide freely and smoothly without binding.
- b. Check under the carpet for holes and rust.
- c. Check the operation of all the features on the dash. With the ignition key "ON", but not the engine; check that the alternator and oil pressure lights are "ON". These lights should go out when the engine is started.
- d. Check for any unusual odors.

6. OUTSIDE CHECKLIST.

- a. Be cautious of new paint jobs. Look for obvious body repairs.
- b. Check under the car for obvious coolant, engine oil and transmission fluid leaks.
- c. Check the tires for uneven wear.
- d. Check the inside surfaces of the wheels for brake fluid leaks.
- e. Test the shock absorbers by pushing up and down on each corner to the car until it starts bouncing. When you let go, the car should bounce no more than once.

7. INSIDE THE TRUNK CHECKLIST

- a. Check under the carpet for rust and holes.
- b. Check for the car jacking equipment
- c. Check the spare tire for uneven wear, especially if the car is equipped with new tires.

8. UNDER THE HOOD

- a. Check the radiator. While the engine is cool, remove the radiator cap and check the coolant. The coolant should have a clear and greenish appearance. Oil in the coolant indicates that the engine is leaking internally. Rust in the coolant can indicate a possible radiator replacement is required.
- b. Oil. After the engine has been running for a while, check the oil on the dip stick. The oil should appear dark brown and clean. If the oil appears dirty or gritty it probably has not been changed in a long time. If it is milky brown or has bubbles on the dip stick, there is an indication of water from the cooling system leaking internally into the oil. Very thick oil on the dip stick indicates that an oil additive (like STP Oil Treatment) was added to quiet failing engine valve lifters.
- c. Check the rest of the engine compartments for other obvious leaks.
- d. Check the fan belts for wear and tension.
- e. Check the fan belt pulleys by pulling for and aft. Any looseness indicates worn pulley bearings.
- f. Check the electrical wiring. Numerous splices indicate possible electrical problems, past and present.

9. THE TEST DRIVE - HINT: When you test drive the car, drive it the way you normally drive; don't baby the car.

- a. First, check the brakes. After car is warmed up, push the brake pedal down as far as it will go. It should not go closer than $\frac{1}{2}$ inch from the floor. Keep your foot on the brake pedal for at least one minute. If the brake pedal seems to sink lower, the car has a brake problem. While driving the car on a road with no traffic, stop the car as fast as you can from a speed of about 35 mph without skidding. The car should come to a stop without veering to the left or right.
- b. Next, check the steering. While the car is not moving, turn the steering wheel to the left or right. The front tires should move instantly and in the direction that you turn the steering wheel. If power steering is equipped (and the engine is running), turn the steering

wheel all the way to the left and then to the right. The front wheels should move smoothly, without any loud screeches.

- c. Check the transmission. Transmission should shift into each gear quietly and smoothly.
- d. Check the heater and air conditioner. The heater should operate after the engine is at operating temperature. The air conditioning should operate at all control settings without any loud noises from under the hood.
- e. Check for exterior leaks. Run the car through a car wash and see if water leaks into the car through the windows or doors.
- f. The engine stress test (for automatic transmission cars only). With the car at idle, turn the air conditioner on "HIGH", turn the radio on, turn the rear window de-fogger on and put your foot on the brake. Put the transmission in "Drive" and turn the steering wheel all the way to the left and then to the right repeatedly. Everything should continue running smoothly.

D. MORE CAR BUYING TIPS (NEW AND USED)

TIP 1. Never shop for a car alone.

TIP 2. Always shop for a car during the daytime especially when shopping for used cars.

TIP 3. Question, "If I buy a car with CASH will I get a better discount". That depends. Only after a price has been negotiated, then and only then, do you reveal that you are paying cash. Remember, dealerships received commissions from financial lenders for arranging the financing. Smaller dealerships may have their own financing and charge a higher interest rate. Dealerships make more money on a financed sale. A private seller would probably want to deal with cash in any instance.

TIP 4. Dealer installed options (radios, luggage racks, special trim packages) are inflated as high as 50% by the dealer. If possible, get these items elsewhere and add them yourself. You'll save a lot of money.

TIP 5. Buy a car at the end of the month. Dealership sales people are anxious to meet monthly sales goals and may be more willing to come down on the price.

TIP 6. When you are presented the sales contract for the first time **DON'T SIGN IT**. Tell the dealership that you want to take the contract home with you and sleep on it and that you will be back tomorrow or the next business day. On the way home, you take the contract over to the base legal office. Ask the legal office to look over the contract for anything wrong. They may also explain anything that you may not be sure of. If the dealership doesn't want to let you take the contract home with you, perhaps it is because there is something wrong or even illegal with the contract that they don't want you to know about. Say goodbye. If the dealership is honest they should have no problem with letting the contract go home with you before you sign it.

TIP 7. QUESTION: If you negotiated the dealer's price down from \$19,500 to \$14,850, which price should be used to figure the sales tax? You are only obligated to pay the sales tax on the final, negotiated price.

E. HIGH-PRESSURE SALES TACTICS

1. **Put to riding.** When the car sales person lets you drive the car home overnight. This lets you become more attached to the car.
2. **Low-balling.** The car salesperson quotes you a price on a car that is lower than the going market price. This is done to assure that you return to his dealership before you buy from another. When you return, he tells you that his sales manager won't let him sell the car at the original quoted price because it's too low. You say, goodbye.
3. **High-balling.** The car salesperson quotes you a higher price on your trade in. The same scam as low-balling - before the deal is done you will be told that the sales manager won't authorize that high of a trade in.
4. **Bait and Switch.** When a car that you are interested in is advertised at a very low price but when you show up at the dealership there are no more of those cars in stock but you are offered a more expensive car.
5. **Mutt and Jeff Routine.** When the salesperson plays the "good guy" and his sales manager plays the "bad guy" to enhance the image of

the salesperson. Once you believe that the sales person is on your side, you drop your guard and you're an easy mark for them.

6. **Your Car.** When a salesperson refers to the car as "Your Car" or tells you that this car was made "just for you". This is to condition you mentally, to accept ownership of the car before you agree to it.
7. **The Confusion Factor.** "Your down payment of \$500 plus the special bonus rebate of \$392.23 plus the difference from the factory incentive and the option package you have chosen add up to the best deal you'll ever find - understand?" Keep the deal simple. If you don't understand completely any portion of the sales contract keep asking questions until you are totally satisfied.
8. **Numbers Game.** "I talked to my sales manager and if you can give us \$253.35 more - the car is yours". Odd numbers are supposed to make you believe that the salesperson is fighting for every penny. Don't believe it. Tell him that your original offer is firm.

6. YOUR TRADE IN

1. Know the value of your trade-in. Check the "Blue Book" (available at most banks and credit unions or on-line at <http://www.kbb.com/>). Determine a fair price for a trade-in and stick to it.
2. If you are still making payments on your trade in figure out exactly what you owe (the pay off) on your trade-in. What you owe and what your trade-in is worth will be calculated in with the car purchase. If your trade in is worth \$3,000 and the pay off is \$1,000 then the total value of your trade-in is \$2,000.
3. Be aware that the inspection steps that are performed prior to buying a used car will be performed on your trade in.
4. Spend the extra money to have the car professionally cleaned and detailed prior to taking it to the dealer.

Do not rely upon the general restatements of background information presented here without discussing your specific situation with a legal professional.

Fact Sheet on Buying a Used Car

This year, more than 16 million Americans will buy a used car. If that's what you are planning, this brochure may help you. It explains your protections under the Federal Trade Commission's (FTC) Used Car Rule and offers some shopping suggestions, even if you are not buying from a used car dealer.

Before you begin looking at used cars, think about what car models and options you want and how much you are able (and willing) to spend. You can learn about car models, options, and prices by reading newspaper ads, both display and classified. Also, your local library and book stores have magazines that discuss and compare car models, options, and costs, as well as provide information about frequency-of-repair records, safety tests, and mileage. The U.S. Department of Transportation Auto Safety Hotline (800-424-9393) will tell you if a car model has ever been recalled and send you information about that recall.

Before You Look For a Used Car, Consider

Costs: Remember, the real cost of a car includes more than the purchase price: it includes loan terms, such as interest rates and the length of the loan. If you plan to finance the car, you need to know how much money you can put down and how much you can pay monthly. Dealers and lending institutions offer a variety of interest rates and payment schedules, so you will want to shop for terms. If, for example, you need low monthly payments, consider making a large down payment or getting financing that will stretch your payments over five years, rather than the usual three. Of course, this longer payment period means paying more interest overall and a total higher cost.

Reliability: You can learn how reliable a model is by checking in publications for the frequency-of-repair records. Find out what models have repair facilities in a location convenient to you and if parts are readily available at the repair facility.

Dealer Reputation: Find out from experienced people whose opinions you respect which dealers in your area have good reputations for sales and service. You may wish to call your local consumer protection office and the Better Business Bureau to find out if they have any complaints against particular dealers.

If You Buy a Used Car from a Dealer

If you go to a dealer for a used car, look for a "Buyer's Guide" sticker on the window of each car. The Buyer's Guide, required by the Federal Trade Commission's Used Car Rule, gives you important information and suggestions to consider. The Buyer's Guide tells you:

- Whether the vehicle comes with a warranty and, if so, what specific protection the dealer will provide;
- Whether the vehicle comes with no warranty ("as is") or with implied warranties only
- That you should ask to have the car inspected by an independent mechanic you buy;
- That you should get all promises in writing; and
- What are some of the major problems that may occur in any car.

The Used Car Rule requires dealers to post the Buyer's Guide on all used vehicles, including automobiles, light-duty vans, and light-duty trucks. "Demonstrator" cars also must have Buyer's Guides. However, Buyer's Guides do not have to be posted on motorcycles and most recreational vehicles. Individuals selling fewer than six cars a year are not required to post Buyer's Guides.

Whenever you purchase a used car from a dealer, you should receive the original or an identical copy of the Buyer's Guide that appeared in the window of the vehicle you bought. The Buyer's Guide

must reflect any changes in warranty coverage that you may have negotiated with the dealer. It also becomes a part of your sales contract and overrides any contrary provisions that may be in that contract.

“As Is – No Warranty”

About one-half of all used cars sold by dealers come “as is”, which means there is no express or implied warranty. If you buy a car “as is” and have problems with it, you must pay for any repairs yourself. When the dealer offers a vehicle for sale “as is,” the box next to the “As Is-No Warranty” disclosure on the Buyer’s Guide will be checked. If this box is checked but the dealer makes oral promises to repair the vehicle, have the dealer put those promises in writing on the Buyer’s Guide.

Some states (Connecticut, Kansas, Maine, Maryland, Massachusetts, Minnesota, Mississippi, New York, Rhode Island, Vermont, West Virginia, and the District of Columbia) do not permit “as is” sales for most or all used motor vehicles.

“Implied Warranties Only”

Implied warranties exist under all state laws and come with almost every purchase from a used car dealer, unless the dealer tells you in writing that implied warranties do not apply. Usually, dealers use the words “as is” or “with all faults” to disclaim implied warranties. Most states require the use of specific words.

If the dealer makes oral promises, have the dealer put those promises in writing. If it’s not in writing, it is not binding on the dealer and you cannot enforce it.

The “warranty of merchantability” is the most common type of implied warranty. This means that the seller promises that the product will do what it is supposed to do. For example, a car will run, a toaster will toast.

Another type of implied warranty is the “warranty of fitness for a particular purpose”. This applies when you buy a vehicle on the dealer’s advice that it is suitable for a particular use. For example, a dealer who suggests that you buy a specific vehicle for hauling a trailer warrants, in effect, that the vehicle will be suitable for hauling a trailer.

If you buy a vehicle with a written warranty, but problems arise that the warranty does not cover, you may still be protected by implied warranties. Any limitation on the duration of implied warranties must appear on the written warranty.

In those states that do not permit “as is” sales by dealers, or if the dealer offers a vehicle with only implied warranties, a disclosure entitled “Implied Warranties Only” will be printed on the Buyer’s Guide in place of the “As Is” disclosure. The box next to this disclosure would be checked if the dealer chooses to sell the car with implied warranties and no written warranty. A copy of the Buyer’s Guide with the “Implied Warranties Only” disclosure is shown on page 7.

Dealer Warranties

When dealers offer a written warranty on a used vehicle, they must fill in the warranty portion of the Buyer’s Guide. Because the terms and conditions of written warranties can vary widely, you may find it useful to compare warranty terms on cars or negotiate warranty coverage.

Dealers may offer a full or limited warranty on all or some of the systems or components of the vehicle. A “full” warranty provides the following terms and conditions:

- Warranty service will be provided to anyone who owns the vehicle during the warranty period when a problem is reported.
- Warranty service will be provided free of charge, including such costs as returning the vehicle or removing and reinstalling a system covered by the warranty, when necessary.

- At your choice, the dealer will provide either a replacement or a full refund if the dealer is unable, after a reasonable number of tries, to repair the vehicle or a system covered by the warranty.

- Warranty service is provided without requiring you to perform any reasonable duty as a precondition for receiving service, except notifying the dealer when service is needed.

- No limit is placed on the duration of implied warranties.

If any one of the above statements is not true, then the warranty is “limited.” A “full” or “limited” warranty need not cover the entire vehicle. The dealer may specify only certain systems for coverage under a warranty. Most used car warranties are “limited”, which usually means you will have to pay some of the repair costs. By giving a “limited” warranty, the dealer is telling you that there are some costs or responsibilities that the dealer will not assume for systems covered by the warranty.

If the dealer offers a full or limited warranty, the dealer must provide the following information in the “Warranty” section of the Buyer’s Guide:

- The percentage of the repair cost that the dealer will pay. For example, “the dealer will pay 100% of the labor and 100% of the parts...”;

- The specific parts and systems, such as the frame, body, or brake system that are covered by the warranty. The back of the Buyer’s Guide contains a list of descriptive names for the major systems of an automobile where problems may occur;

- The duration of the warranty for each covered system. For example, “30 days or 1,000 miles, whichever occurs first”; and

- Whether a deductible applies.

Under another federal law, the Magnuson-Moss Warranty Act, you may have a right to see a copy of the dealer’s warranty before a purchase. Examine the warranty carefully before you buy to see what is covered and what is not. It contains more detailed information than the Buyer’s Guide, such as a step-by-step explanation of how to obtain repairs if a covered system or component malfunctions. Also check who is legally responsible for fulfilling the terms of the warranty. If a third party is responsible, the best way to avoid potential problems is to make sure that the third party is reputable and insured. You can do this by asking the company for the name of their insurer and then checking its performance record with your local Better Business Bureau.

But if you buy a service contract covering the engine, you automatically get implied warranties on the engine, which may give you protection beyond the scope of the service contract. Make sure you receive a written confirmation that your service contract is in effect.

Spoken Promises

The Buyer’s Guide warns consumers not to rely on spoken promises. Oral promises are difficult, if not impossible, to enforce. Make sure all promises made to you that you want to enforce are written into the Buyer’s Guide and keep the Buyer’s Guide.

Pre-Purchase Independent Inspection

The Buyer’s Guide also suggests you ask the dealer whether you may have the vehicle inspected by your own mechanic. Some dealers will let you take the car off the lot to get an independent inspection. Others may have reasons, such as insurance restrictions, for denying this request. In such a case, the dealer may permit you to bring an independent mechanic to the used car on the lot. A dealer who refuses to allow any independent inspection may be telling you something about the condition of the car.

Remember, a good-looking car, or a car that comes with a warranty, does not necessarily run well. An independent inspection lets you find out about the mechanical condition of the vehicle before you buy it. Although an inspection fee by a mechanic may seem high, when you compare it to the price of the car, it can be worth the cost.

Vehicle Systems

The Buyer's Guide includes a list of the 14 major systems of an automobile and some of the major problems that may occur in these systems. You may find this list helpful to evaluate the mechanical condition of the vehicle. The list also may be useful when comparing warranties offered on different cars or by different dealers.

Dealer Identification and Consumer Complaint Information

On the back of the Buyer's Guide, you will find the name and address of the dealership. In the space below that, you will find the name and telephone number of the person at the dealership to contact if you have any complaints after the sale.

Spanish Language Sales

If you buy a used car and the sales talk is conducted in Spanish, you are entitled to see and keep a Spanish-language version of the Buyer's Guide.

If You Buy a Used Car From a Private Party

Many cars are available privately, such as through classified ads in a newspaper. If you are shopping for a car from an individual, you should understand several differences between sales made by individuals and by dealers.

- Private sellers generally are not covered by the Used Car Rule and therefore, do not have to use the Buyer's Guide. However, you still can follow the Guide's suggestions. For example, you can refer to the list of potential problems displayed on the back of the Buyer's Guide shown in this brochure. In addition, ask the seller whether you may have the vehicle inspected by your own mechanic and whether you may take it on a test drive.

- Private sales usually are not covered by the "implied warranties" of state law. So, a private sale probably will be on an "as is" basis, unless your contract with the seller specifically provides otherwise. If you have a written contract, the seller must live up to the promises stated in the contract. An independent inspection lets you find out about the mechanical condition of the vehicle before you buy it.

Depending on its age, the car also may be covered by a manufacturer's warranty or a separately purchased service contract. However, warranties and service contracts may not be transferable, or there may be limitations or costs for a transfer. Before you purchase the car, ask the seller to let you examine any warranty or service contract on the vehicle.

*Many states require that dealers, but not individuals, ensure that their vehicles will pass state inspection or carry a minimum warranty before they offer them for sale. Ask your state's attorney general's office or a local consumer protection office about the requirements on individuals or dealers in your state.

Before You Buy Any Used Car

If you are interested in a particular car, ask the dealer or owner if you can take it on a test drive. Try to drive the car under many different conditions, such as on hills, highways, and in stop-and-go traffic.

You also may want to ask the dealer or owner whether the car has ever been in an accident. Find out as much as you can about the car's prior history and maintenance record. Getting an independent inspection by an experienced mechanic is a good idea before purchasing any used car.

Be prepared to negotiate. Many dealers and individuals are willing to bargain on price and/or on warranty coverage.

If You Have Problems

If something goes wrong with your car and you think that it is covered by a warranty (either express or implied) or a service contract, refer to the terms of the warranty or contract for instructions on how to get service. If a dispute arises concerning the problem, there are several steps you can take.

Try To Work It Out With the Dealer

First, try to resolve the problem with the salesperson or, if necessary, speak with the owner of the dealership. Many problems can be resolved at this level. However, if you believe that you are entitled to service, but the dealer disagrees, you can take other steps.

If your warranty is backed by a car manufacturer and you have a dispute about either service or coverage, contact the local representative of the manufacturer. This local or “zone” representative has the authority to adjust and make decisions about warranty service and repairs to satisfy customers.

Some manufacturers also are willing to repair certain problems in specific models free of charge, even if the manufacturer’s warranty does not cover the problem. Ask the manufacturer’s zone representative or the service department of a franchised dealership that sells your car model whether there is such a policy.

Other Approaches You Can Try

If you cannot get satisfaction from the dealer or from a manufacturer’s zone representative, contact the Better Business Bureau or a state agency, such as the office of the attorney general, the department of motor vehicles, or a consumer protection office. Many states also have county and city offices that intervene or mediate on behalf of individual consumers to resolve complaints.

You also might consider using a dispute resolution organization to arbitrate your disagreement if you and the dealer are willing. Under the terms of many warranties, this may be a required first step before you can sue the dealer or manufacturer. Check your warranty to see if this is the case. If you bought your car from a franchised dealer, you may be able to seek mediation through the Automotive Consumer Action Program (AUTOCAP), a dispute resolution program coordinated nationally by the National Automobile Dealers Association and sponsored through state and local dealer associations in many cities. Check with the dealer association in your area to see if they operate a mediation program.

If none of these steps is successful, you can consider going to small claims court, where you can resolve disputes involving small amounts of money for a low cost, often without an attorney. The clerk of your local small claims court can tell you how to file a suit and what the dollar limit is in your state.

The Magnuson-Moss Warranty Act also may be helpful. Under this federal law, you can sue based on breach of express warranties, or a service contract. If successful, consumers can recover reasonable attorney’s fees and other court costs. A lawyer can advise you if this law applies to you situation.

For additional information concerning your specific situation, you should seek counsel from an attorney. If you have any questions, please stop by the legal office. You may also visit the Federal Trade Commission’s website at <http://www.ftc.gov/bcp/online/pubs/autos/usedcar.htm> or call their consumer hotline at 1-877-FTC-HELP (1-877-382-4357).

USED CAR BUYING CHECKLIST EVALUATING A USED CAR

Use the checklist below to evaluate the purchase of a used car.

EXTERIOR	YES	NO
1. Is the paint color on the inside of the door or engine compartment different from the paint on the rest of the car.		
2. Are there different paint colors on the outside of the car?		
3. Is there a lot of chipping paint and rust? Check for rust spots around body edges, behind bumpers and inside the trunk. Probe with a finger to see if the rust is only on the surface or is working through from beneath. Shun cars that are excessively rusty.		
4. Does the exterior look as if it has just been repainted or repaired? Be suspicious of new paint. Rippled areas and grainy patches suggest an accident. (NOTE: Use a magnet to help you detect any repair work in the metal body of the vehicle.)		
INTERIOR		
1. Are the seats badly worn? Check for signs of wear on “rubbing points” – seats, floor mats, and pedals. Wear is a better clue to mileage than an odometer, a most untrustworthy gauge.		
2. Is it hard to roll the windows up or down? Operate all switches and controls. Try door handles, window cranks, vents and seat adjustments. Such minor items can be costly to repair.		
3. Is the door, hood, or trunk hard to close tightly?		
4. Are the floor mats very worn?		
5. If the floor mats are new, is there a hole in the floor, or is the floor badly worn?		
6. Is the brake or clutch pedal worn? Press the brake pedal down hard. If it continues to sink instead of stopping, there is a leak most likely in the master cylinders, possibly in wheel cylinders or lines.		
UNDER THE HOOD		
1. Start the engine with the hood up and listen for unusual hissing, squealing, grinding or grating noises.		
2. Are there wet spots on the radiator?		
3. Does the water in the radiator look rusty or dirty?		
4. Are the hoses cracked or flaking?		
5. Is the air filter dirty?		
6. Is the electrical wiring frayed or cracked?		
7. Is the oil on the dipstick very heavy or dirty?		
8. Has the engine been freshly painted? Don’t be fooled by a new looking engine; most dealers steam clean the engine, some even repaint it.		
UNDER THE CAR		
1. Do either of the front wheels make a clanking noise when turned or shaken? Grab a front wheel at the top and give it a good shake. If you hear clanking noises or discover unexpected looseness, the wheel bearings and ball joints may need replacement. (Make this check while the car is off the ground.)		
	YES	NO
2. Are there any holes in the muffler or exhaust pipes?		
3. Does the car bounce a lot after you rock it? If the body oscillates more than once, you can bet the car will need new shock absorbers soon.		
BEHIND THE WHEEL		
About one out of three used-car buyers commits him or herself even before driving the car. This can be a grievous error, for no inspection is thorough without a road test. If the dealer will not let you try the car out, go elsewhere. And do not buy from him if he insists on a down payment first. On the road, make these checks:		
1. Listen for odd noises. For comparison’s sake, drive a well-tune car and listen carefully.		

2. Go forward and backward several times from a full stop to make sure the transmission works smoothly.		
3. Accelerate rapidly from 20 to 60 mph. If the car gains speed smoothly without sputtering, you can be fairly confident that the engine is in fair shape.		
4. Does the car shift gears roughly?		
5. Is there a lot of black smoke during acceleration? Race the engine and have a friend check the exhaust. Blue smoke means burning oil. Could mean that major engine repairs are needed.		
6. Does the car swerve when braking? At 50 mph, brake hard. Brakes should hold equally on all four wheels, without grabbing or causing the car to pull to one side or the other.		
7. Are there grinding noises when braking?		
8. Does the car vibrate when braking?		
9. Does the car vibrate during acceleration?		
10. Does the car overheat?		
11. Does the car make a lot of noise on bumpy roads?		
12. Is steering difficult on bumpy roads? Drive at medium speed over a rough stretch of road to check for any looseness in the steering mechanism. Also check for the bounce and sway that reveals worn shock absorbers.		
13. Do the wheels wobble? Few dealers leave tires untouched, but it is easy to Spot recaps; the tread is new while the sidewalls are slightly grazed. Grab a front wheel at the top and give it a good shake. Look to see how well the rear wheels line up with the front ones. Better still, have the salesperson drive the car slowly away from you (or have a friend follow behind you) and check to see if the car crabs, that means a bent frame – and a car to be skipped.		

If you answered YES to most of these questions, forget the car. If you answered NO, the car might be a good buy. Take the car to a diagnostic center or garage for an impartial appraisal. The professional check-up should include the engine (for compression), brake linings, frame, cooling system, exhaust system, and front end (for alignment). If you can persuade the mechanic to test-drive the car for a professional analysis of its transmission and drive shaft, you will have done as much as you can.

INSURANCE

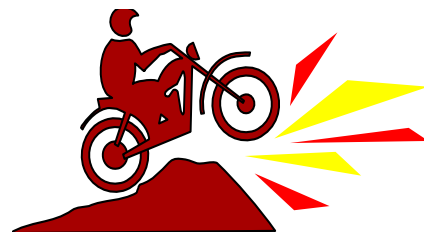
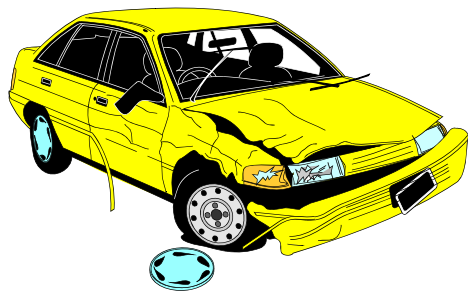
Vehicle insurance is required in order to register your privately owned vehicle on a military installation. Each state has a regulatory board that establishes minimum insurance requirements for that state.

As a military member, you must comply with the insurance regulations established for the state to which you are assigned. Even though you are a legal resident of Texas and assigned in Maryland, your vehicle insurance must be changed to comply with the regulations of the state in which your vehicle is "garaged" or operated.

Since the military lifestyle is mobile, it is often best to get vehicle insurance with a national or nation-wide insurance provider. Your family insurance agent "back home" is probably not able to issue coverage for any state but your home state.

Below we have listed some well-known, nation-wide insurance providers. This is not a complete list and is only intended to be a guide for you to use in shopping and comparing insurance for your vehicle.

<u>INSURANCE COMPANY</u>	<u>PHONE NUMBER</u>	<u>INTERNET</u>
Allstate Insurance	local agents listed in the yellow pages	
GEICO Washington, DC 20076	1-800-645-4827 **Not available for Massachusetts or New Jersey	www.geico.com
State Farm	local agents listed in the yellow pages	
USAA Attn: Auto Insurance 9800 Fredericksburg Rd San Antonio, TX 78288-0001	1-800-531-8080	www.usaa.com
American International Group (AIG)	1-800-334-9641	www.aigonline.com
Progressive Insurance Co.	1-800-AUTO-PRO	www.progressive.com



AUTOMOBILE INSURANCE COST COMPARISON

PURPOSE: To research and compare companies, coverage, and costs for automobile insurance.

INSTRUCTIONS: Contact three insurance agents to obtain the information

Automobile (year, make, model, engine size) _____

Driver's age _____ Sex _____ Total Miles Driven a Year _____

A. Full time or part time driver? _____ Number of miles driven (one way) to work _____

B. Driver's education completed? _____

C. Accidents or traffic violations within the past three years? _____

	Company A	Company B	Company C
Company			

Agent's name, address, phone

Policy length (6 months, 1 year)

Coverage:	Premium	Premium	Premium
<i>Bodily Injury Liability</i>			
_____ per person			
_____ per accident			
<i>Property Damage Liability</i>			
_____ per accident			
<i>Collision</i>			
_____ deductible			
<i>Comprehensive</i>			
_____ deductible			
<i>Medical Payments</i>			
Per Person \$ _____			
<i>Uninsured Motorists Liability</i>			
Per Person \$ _____			
Per Accident \$ _____			
<i>Other coverage</i>			

<i>Service Charge or Fees</i>			
TOTAL ANNUAL PREMIUM			