

WHAT YOU SHOULD KNOW WHEN BUYING A USED CAR

Before you begin looking at cars, you should think about the car models, options and how much you are able to spend. You can learn about cars by looking through newspaper ads or magazines that compare and discuss car options. Many of these magazines are available at your local library.

Buying a car, whether used or new, can be a very difficult process:

- you must look at your budget to determine how much you can and are willing to spend on a car;

- you must choose an honest car dealer with a good reputation for dealing fairly with its customers;
- you must determine if the car will be reliable, meets your needs and fits within your budget;
- you will need to bargain with the sales-person who is trying very hard to sell you a car (some dealers have “no haggle” policies);
- you must read and sign several documents that are often difficult to understand.

HOW MUCH CAN YOU SPEND IN CASH OR PAYMENTS?

Before you go looking for a car, figure your monthly income and expenses to determine how much you can afford each month for car payments and insurance. Remember that Florida law requires a minimum amount of insurance on your car. Check around with the various insurance companies to find out how much your insurance will cost.

Buying a car with cash can save you money in interest rates, but nowadays that is not easy to do. Credit can be hard to get. If you have good credit with a bank or loan company, you should be able to get a lower interest rate than from a “**Buy here-Pay here**” dealer. Make sure to shop around for a lower cost loan and do it before you sign any papers with a dealer.

Buy Here - Pay Here Dealers - Many car dealers advertise “Buy here-Pay here.” This dealer will sell you a used car for weekly or monthly payments made at the dealership. This may seem very easy, but it can lead to many problems.

- Even though no interest may be charged, the total cost of the car is often much higher than the car is worth.
- Usually the “Buy here-Pay here” dealer keeps the title until you make the last payment. This makes it easier for the dealer to repossess your car if you are late or miss a payment. With most other car sales, the title is transferred to your name and the dealer has a “lien” on the car (keeping you from selling it before it is paid off).
- Sometimes cars sold at a “Buy here-Pay here” dealership have been repossessed from other buyers and need major repairs.

Remember that used car dealers often charge higher rates of interest and the older the car, the higher the interest rate might be.

HOW TO CHOOSE A REPUTABLE DEALER

Remember that car dealers are in the business of making money. Be careful and be aware. Look into a dealer’s reputation before you decide to buy from him/her and you will increase your chances of purchasing a good car. Ask people you know where they bought their cars and if they were pleased with their dealer. You can check for complaints against a dealer by contacting the Consumer Affairs Office of the Department of Agriculture at 1-800-435-7352. You can also check with your local Better Business Bureau.

Even if you do not find complaints against a dealer, take your time and determine whether you can trust him/her. You cannot always rely on what a dealer tells you. Florida does NOT have a Used Car Lemon Law and you are NOT protected from defects in a used car. If a dealer tells you something that is important, make sure to have him/her put it in writing.

Do not let a salesperson pressure you or rush you. If a salesperson tries to do either, it is probably a bad sign about the deal!

**Remember ...
a car that looks good is not
necessarily a car that runs well!**

DOES THIS CAR COME WITH A WARRANTY?

A warranty is an agreement that provides for certain repairs to the car without the buyer paying the full cost. Whether a car has a warranty and what is covered should be posted on the car window. A “**Buyers Guide**” must be on the car window as required by the Federal Trade Commission. The “**Buyers Guide**” will tell you if the vehicle is sold with a warranty or is sold “as is.”

“**As is**” means that there is NO warranty on the car and the buyer must pay for any needed repairs. You might wish to take a car sold “as is” to a qualified mechanic for an inspection before you agree to buy it. (Ask the qualified mechanic in advance what the charge will be and, if the dealer will allow, take the car for the inspection.) You should reconsider the purchase if the dealer will not allow you to take the car to a mechanic. *You should assume that an “As is” car has mechanical problems.* You can ask if the dealer sells separate used car warranties. If so, the following information applies.

If the Warranty block on the “Buyers Guide” is checked, the following must be listed:

- * terms
- * coverages
- * exclusions

This means that you should see **in writing** how long (miles, months) the warranty applies, what repairs are a part of the warranty and what is **not** covered under the warranty. Some warranties cover more repairs than others. You must read the terms carefully to see what your repair costs will be.



The Florida Bar Foundation, with funds provided by Florida’s Interest on Trust Accounts Program, provides support for this program.



MAKING SURE YOU GET A GOOD PRICE

Compare your price with what other people have paid for the same model car.

Getting information to compare for a fair price is not difficult. You may have heard of the used car “blue book” Its official name is Southeastern Edition N.A.D.A. Official Used Car Guide (www.nada.com). The Kelly Blue Book (which really has a yellow cover) is found at the reference desk of most public libraries or on-line at www.kbb.com.

Many librarians will give you the information that you need over the phone. To get a blue book value, you will need to know:

- | | |
|----------------------------|--|
| 1. Car manufacturer’s name | 4. Body style (2 dr., 4 dr., sedan, station wagon) |
| 2. Year made | 5. Extras (air cond., auto trans., etc.) |
| 3. Model name | 6. Odometer mileage (can affect price) |

With this information, the blue book will provide two prices — 1) the average trade-in value (what the dealer pays for the car) and 2) the average retail price (what the customer pays for the car). If the dealer asks for more money than the average retail price, you should bargain for a better deal. *If the dealer will not bargain, you can always walk away and buy a car from someone else!*

READ BEFORE YOU SIGN

Reading and understanding the sales papers is the most important and difficult part of buying a car. These papers describe your duties and the seller’s duties. Read them very carefully and do not rely on any statements the dealer makes which are not in the documents.

You do not get three days to think about your purchase or take the vehicle and then cancel or return it if you change your mind. Make your decision **before** you sign. *If you have doubts, DON’T SIGN ANY PAPERS.*

Specific papers are required by law to be a part of a used car sale.

- The Buyers Guide, in the next section, will become a part of the contract to buy a used car.

- If you will have to make more than four monthly payments, you must receive a Truth-in-Lending Disclosure which will tell you how much you are borrowing, the interest rate and how the loan will be repaid.

- The Odometer Statement states the number of miles read on the odometer. This statement tells you whether the odometer works or has been repaired, altered, turned back or disconnected. It should state: *1) the reading is the actual miles; 2) the reading shows mileage since it has turned over once; or 3) the reading does not show actual miles and cannot be relied upon.*

Make sure you understand the odometer statement and ask any questions you have BEFORE you sign it.

DON’T SIGN A CONTRACT BEFORE IT IS FILLED IN!!

- Florida law requires the dealer to give you another document called a Notice to Buyer. This notice warns you against signing the contract if there are any blank spaces. It also says that you get an exact copy of the contract you sign.
- The final document that you will get is the contract itself, often called a Security Agreement or Retail Installment Sales Contract. Some contracts combine some of the other forms mentioned into this form. The contract will contain all of the terms to which you are agreeing.

The salesperson may ask you if you would like to buy credit insurance (life or disability), which will pay the finance company for the car if you die or become disabled. Often this insurance is not worth the cost and should not be purchased.

You are not required to purchase credit insurance (life or disability) from the dealer. If you do not want it, make sure you sign at the line that says you do not want to buy it.

The contract becomes legal when you and the dealer sign it. It does not have to be notarized.

You should always keep copies of the documents you sign. Some dealers will tell you to keep the documents in the car ... DON’T DO IT!! If the documents are in the car, and the car is stolen or repossessed, you will lose them. Keep these important papers in a safe place in your home.

If you have any questions about the purchase of your car, DON’T SIGN ANY PAPERS. Instead, contact an attorney. If you cannot afford an attorney, contact an attorney or someone you can trust to go over the contract with you.

What you should know before BUYING A USED CAR

Three Rivers Legal Services

- Free Legal Help •

Serving 17 Counties

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Madison, Suwannee and Taylor Counties
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