

### **CAR BUYING**

## **Three Deals of Car Buying**

### DEAL NO. 1

# THE PURCHASE

### **HOW MUCH CAN YOU AFFORD?**

- Total amount
- Down payment
- Monthly amount
- Prepare a spending plan
- Calculate debt-to-income ratio
- Check your credit report

### WHAT TYPE OF CAR SHOULD YOU BUY?

- New or used
- Size and style
- Safety and performance
- · Cost to insure

### WHERE SHOULD YOU BUY?

- Dealership
- Private seller
- Internet
- Car-buying service

### WHAT IS A FAIR PRICE?

- Invoice versus MSRP
- Library and Internet
- New and used car cost guides

### **EXERCISE YOUR LEGAL RIGHTS**

- Read all the contract details
- Do not leave any blanks
- Do not buy unnecessary and unwanted items
- Use the power of the pen
- Have Legal Assistance Office review the contract before signing
- Take action if you have a complaint

### DEAL T NO. 2 F

## THE FINANCING

### WHERE WILL YOU FINANCE?

- Credit unions
- Bank
- Dealership
- Finance companies

### **HOW MUCH WILL THE MONEY COST?**

- Simple interest
- Add-on interest

### **AVOID COMMON PITFALLS**

- Know your credit rating
- Know what current interest rates are
- Get pre-approved
- Know the best deal available
- Do not be rushed or pressured

### **NEGOTIATE A GREAT DEAL**

- Do your homework
- Take your time
- Limit the information you give out
- Shop twins
- Ask for discounts
- Take a road test
- Avoid unnecessary add-ons
- 180-degree Turn

### KNOW THE "TRICKS OF THE TRADE"

- Put to ride
- Lowballing and highballing
- Bait and switch
- Padding
- Mutt and Jeff routine
- "Your car"

DEAL NO. 3

THE TRADE-IN

#### TRADING VS. SELLING

## WHAT IF YOU OWE MORE THAN THE CAR IS WORTH?

#### WHAT IS A FAIR PRICE?

- What is the dealer willing to pay?
- Only negotiate after you are done with your purchase and financing on your new vehicle.