



## 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 NO. 2

### 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.

