

BUYING A CAR

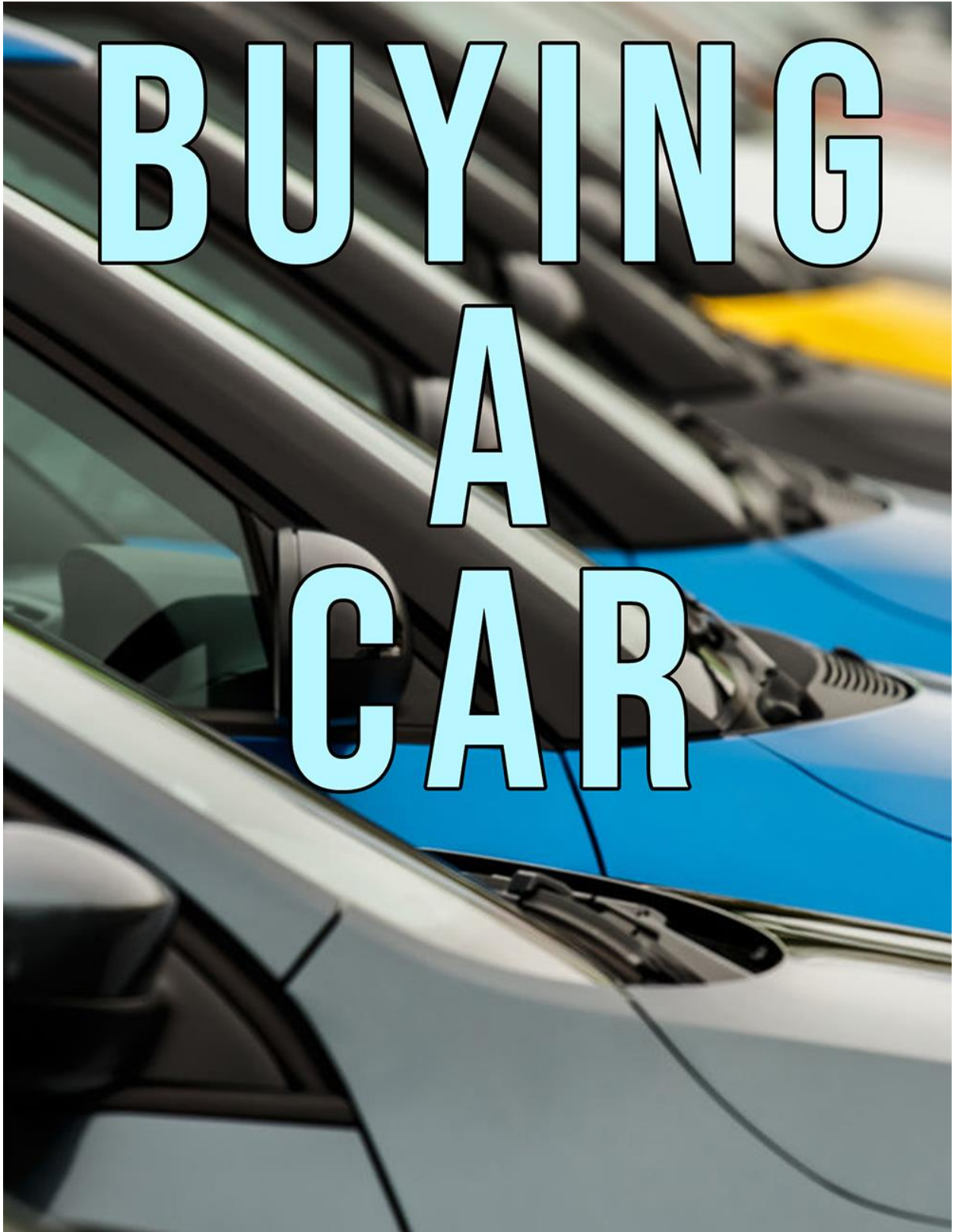


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Finding the Right Car for Your Budget

Shopping for a new (to you) car can be fun, but it can also be stressful. Regardless of whether you're purchasing a used car or a new car, it's a lot of money for a single purchase - fraught with risks and roadblocks. Making a mistake can cause financial problems, stress, and even endanger your life.

Determine the Type of Car You Need

Before even thinking of anything else, know what you need the vehicle for so that you can choose the right style of car. For example, if you have children who need car seats, you need a car that is big enough to accommodate those seats. If you need to haul things, you need a car that can handle a load. If you're just zipping along to town and back for work, you don't need as much car.

Set a Realistic Budget

Knowing the type of car that you want, take a quick look at online sales for these types of cars to find out the "going rate" for them. Checking the Kelly Blue Book for the value of a used car is also helpful for figuring out this information. Once you know the budget, try to save that amount in cash to get the best deal.

Never Buy a Brand-New Car

There is no real point in buying a new car. The moment you drive it off the lot, it becomes "used" and you cannot get as much out of it. Buying a used car can save you thousands of dollars, but you'll end up with the same amount of use from it. Buying a car that is one or two years old is usually the sweet spot.

Understand Maintenance Costs

Every choice will have a different average upkeep cost. Find out what maintenance is required per the warranty information, plus what is recommended by the manufacturer, to work out what your costs for keeping the vehicle in tip-top shape is. If you do the repairs and keep it in shape, the car will last longer - thus saving you more money.

Know What It Will Cost You for Insurance

Different vehicles can have very different costs to keep them insured. Don't call an insurance company that does not have a good record. Getting the "cheapest" insurance isn't the same as getting the least expensive. If the insurance company has a bad record, it won't help you in the long run.

Check the Mileage Information

One factor in operating costs is knowing how much gas mileage it gets if you're not getting an electric vehicle. And even if you are getting an electric vehicle, make sure you know the cost of battery replacement and whether you'll have issues charging it up where you live and where you want to travel.

Check Consumer Reports for Information

Once you have narrowed down the vehicles you like and can afford, be sure to check Consumer Reports for information about the vehicle. One caution here is that any three-cylinder vehicle will not gain a very good rating with them, but that doesn't mean it's a bad vehicle; it still depends on how it'll be used.

Get the Carfax

Since you're buying a used car, knowing the information about the car is helpful. By using Carfax and entering the vehicle identification number (VIN), you can find out if that car has been in any accidents or has other problems.

Choosing the right type of car for your budget takes time. Don't be in a rush or get tired of looking. When you get tired of looking is when you could make a significant financial mistake based on wants and desires instead of needs, and that can be a recipe for disaster.

New Cars: The Good and the Bad

There are good points and bad points for buying a new car. The truth is, in most cases you're going to save a lot of money buying used. However, for some people buying new is what they need. Let's go over some pros and cons of buying a new car to find out what will work best for your needs.

It Has a Warranty

You can find used cars with limited warranties too, but most of the time, the one that comes with the new car will be better. Often, they'll include a limited warranty for up to one hundred thousand miles to the first person who purchases it. However, do read all the fine print.

It's New

Of course, this is a good thing for most people. Buying a new car feels great because it smells good and no one has mistreated it. It might be worth the loss of 20 percent of its value when you drive it off the lot after buying it, or it might not.

You Will Have More Choices

When you buy a new car, you automatically have many more choice as to the type of vehicle you're going to buy. After all, you can even order the precise car you want online these days.

The Interest Rate Will Be Lower

Banks tend to favor new car buyers with lower interest rates. Often, someone with stellar credit can buy a car for 3 percent interest, which is almost as good as the zero interest which places also advertise but rarely actually offer.

You'll Get the Best and Latest Technology and Features

Buying a new car affords you the opportunity to get the best and latest technology and features that you find important. For example, Wi-Fi, Bluetooth, OnStar, self-driving features, and more that people enjoy might not be available in older cars.

Depreciation Is Steep on a New Car

The one major con of a new car is really the fact that the moment you buy it and drive it off the lot, it will lose at least 20 percent of its value. For this reason, buying a new car is more beneficial if you plan to keep the car for a long time - more than five or six years.

Insurance Will Cost More for a New Car

When you buy a new car, one of the added expenses has to do with car insurance. Insurance companies charge more for new cars because they cost more to repair. Most used cars will be "totaled" out and not fixed while a brand-new car may be fixed even if it costs almost as much as the car to fix it.

Potentially Higher Resell Value

This comes with the caveat that you keep the car for five to six years before you sell it. Typically, the value won't drop more after that time if you've taken good care of your car and not allowed it to be damaged. Since you are the only owner and can prove maintenance and have kept it in good working order, you'll get the top Kelly Blue Book value for the car.

Higher Sales Tax

Another drawback to buying a new car is that you'll pay a lot more sales tax. Of course, you're going to pay tax on any vehicle even if it's used, but new cars cost a lot more so their taxes will stay high longer.

Often a new car buyer chooses to buy new because they intend to keep it a minimum of six years, and they understand they are paying a premium to ensure that they get exactly what they want in terms of modern technology and design.

Getting a Deal When Buying a Car

Outside of buying a house, buying a car is often one of the most stressful and expensive investments most people ever make. Having said that, knowing when and how to haggle the price of a car can save you thousands of dollars and help you avoid making a mistake on this big purchase.

Pay Cash

The best way to have a power position when buying a car is to have cash to pay. When you don't need to deal with financing or banks, you can often walk away with a much better deal.

Get Financing before Shopping

If you do need financing, always get it from your bank or credit union before going to the dealerships. You'll get a much better deal if you do it this way. You can still let them run financing options for you based on the loan you already have to see if they can do better, but you're in the power position when you have that taken care of already.

Know the Kelly Blue Book Value

If you know the type of vehicle you want before you go looking, it'll also be a lot simpler to haggle. Know the values according to the Kelly Blue Book for that type of vehicle in that type of condition. You can also check as you look using your phone, but it helps to know going in.

Check Consumer Reports

Once you know the make of the vehicle you want, checking Consumer Reports for what they say about that type of car - including selling prices, rebates, and other information that's hard to find - will help you negotiate the amount from the standpoint of knowledge.

Understand How Mileage Affects Value

One thing that really affects the value of the car, sometimes more than the year or the model, is how much mileage is on the engine. Ideally, you want a used car with low mileage so that you can get more use out of it. But, 50K miles on one vehicle may not be a bad thing when you're comparing it with another.

Understand the Seller's Profit Margin

One way to negotiate prices is to know what the dealership paid for the vehicle. When you are haggling based on what they're going to make from the sale, you usually have better footing for haggling. Consumer Reports can provide a lot of this information in their online monthly version.

Deal with Managers Only at Dealerships

If possible, don't deal with salespeople at the dealership unless they have negotiating power. The salesperson will spend a lot of time going back and forth with deals to the manager, which can really harm negotiations.

Be Ready to Walk Away

If you know you're being reasonable with your offers, don't be afraid to walk away. There are too many places to buy vehicles to have to deal with someone who won't negotiate at all.

Get a Price before Asking for Rebates

One tactic that you can use is to keep the information about the rebates you know the dealer will get (from your Consumer Reports subscription) to yourself until after you get a price. Then tell them you want to split that rebate they're going to get so that you can cut the cost more.

One way that sellers encourage buying is to make you scared of missing out on the purchase. To be fair, a good car will sell fast at the right price, so they're not lying if it is a reasonable price. However, if it's not a good price and not in your budget, don't be afraid to walk away until something better comes along.

Should You Go Eco-Friendly?

Today there are many options when it comes to buying a car. You can purchase gas, diesel, electric, and combination vehicles that offer various levels of eco-friendliness. However, like with most things, whether it's financially worth it to buy an eco-friendly car depends on your situation, where you live, and what you're going to do with the car.

How Far Do You Need to Drive?

If you have a lot of commuting to do, right now, an eco-friendly car that is fully electric might not work for you. However, you can still find a high gas mileage car if you look. Don't assume

that hybrids get better gas mileage, either. It depends on the terrain you drive on whether it's going to save you money or not.

How Much Does It Cost to Replace Batteries?

For some electric vehicles, the batteries are not only costly but they are also a pollutant in their own right. Balancing the damage to the environment with the shortage of fuel is essential in a macro environment, but in your personal life it might still be cheaper to buy a gas vehicle.

How Much Will It Cost to Set Up Your Charging Station?

If you are buying a fully electric vehicle, you won't be plugging it into a regular outlet. You'll have to get a charging station set up at home. It's important to understand that this initial expense might be prohibitive for some.

Will You Get Tax Credits?

For some vehicles, you may qualify for a tax credit. Be sure to ask your tax professional because, due to politics, these change often. Some years you may be able to get a fantastic credit, and other years you may not be able to.

What Does Consumer Reports Say about the Eco-Friendly Car You Want?

Always check with Consumer Reports to find out what they are reporting about the eco-friendly car that you are interested in buying. They offer a lot of information that you won't see elsewhere because they do not allow advertising. You can get a monthly membership online that is very affordable.

How Much Is Regular Maintenance?

Many eco-friendly cars have less maintenance than traditional cars. This is an important factor to consider in your savings quotient. Regular car care can add up to a substantial amount of money that is often not factored into the vehicle price.

How Much More Does It Cost Than a Comparable Choice That Is Not "Eco-Friendly"?

Once you've narrowed down your eco-friendly car and a comparable choice that is a more traditional car that doesn't offer an eco-friendly version, figure out their costs. Add up the vehicle price, tax credits (if any), fuel or battery costs, and maintenance costs from the research you've conducted. This will help you choose the best and less expensive choice.

How Long Will the Car Last?

Most electric vehicles last longer than gas ones due to less need for engine maintenance. Some of them have no oil and fewer moving parts. However, this also means that you'll need a professional to fix anything that goes wrong. Factor in the expected length of life with the rest of the costs.

While you can save a lot of money on fuel costs, it's important to consider all the factors involved and your own lifestyle. If you like buying new cars every two or three years, the advantages quickly fade. If you're willing to keep your car for the long term, the savings will add up if you purchase an eco-friendly vehicle.

Other Costs When Buying a Car

Buying a car, whether it's used or new, is an exciting time. It's always exciting to buy a car because regardless of what anyone says, cars are not just a means of transportation. Sometimes they're a means of self-expression too. However, you don't want your individualism to break the bank. Watch out for these hidden costs of buying a car when you start shopping.

Financing Charges

While not really a secret, if you do finance a vehicle, you'll be paying most of the interest upfront. Car loans are "front-loaded," which means your first couple of years of making payments is going mostly to the interest tacked on to the loan. Besides "interest" there are often other charges for financing such as loan origination fees and so forth.

Sales Taxes

No matter where you buy a car in the USA, you'll be paying taxes. It's either going to happen in your home state or where you buy the car. Often you cannot choose even if you want to. You'll need to check the rules and regulations for your area.

Title and Registration Fees

Every state requires that you register your vehicle and get a tag that proves you registered it. The cost for this varies widely from state to state. Registration is typically based on the amount you paid for the car, while the tags are a standard cost based on the type of tag you get.

Dealership Fees

Most dealerships like to tack on various dealer fees, from shipping to docking fees. They all like to call it something else. Many times, this fee can be negotiated away but is often the same amount the salesperson will make for selling your car, while the dealership might get other money from the sale too.

Car Insurance

How much car insurance costs depends on the type of car you buy, the price you paid, the price the insurance company believes it's worth, and other factors. Calling your insurance company to get a bid before you get a final price can be very helpful when you are negotiating, as the insurance company can give you more info about what the car is worth.

Maintenance Costs

You cannot really know for certain how much it's going to cost to keep a vehicle in tip-top shape. For most people, this is not a factor they ever consider. However, if you do your research on the make and model of the car before buying it, you can go in with your eyes wide open in terms of this cost.

Fuel Costs

While also not hidden since it's listed with the vehicle how much it should get in terms of gas mileage, it's also something most buyers fail to consider. You cannot know future costs for sure since fuel prices fluctuate so much.

Initial Technology Costs

If you buy an electric car, for example, you may need to have a charging station installed in your garage. That can be pricy if it's not included in your purchase price and if there are no more tax credits. Plus, there can be monthly charges for some features you may like, such as OnStar and other technology you may want to use.

One way to combat some of these fees is to ask your dealer for the price "out the door," which means tags, registration, dealership fees, and some of these hidden costs can be included upfront. However, the main thing is to be aware of all the costs associated with buying and maintaining your car purchase.

Used Cars: What to Look For

When you buy a used car - especially if you're buying it from an individual, it's imperative that you do your due diligence to ensure that you are buying what you think you're buying. Even if you're buying from a dealer, always check out these ten things before buying the used car.

1. Get the Carfax – You can order a Carfax for the vehicle you think you want to buy by getting the vehicle identification number. The car faxes aren't very expensive and are a good way to

avoid problems with purchasing a lemon or a car that has been refurbished after floods and other natural disasters.

2. Ask for Maintenance History – Responsible car owners often keep all their maintenance records. The reason is that it's the only way to prove what was done to maintain the car in case of warranty issues. But it's also a great way to get top dollar for a trade-in or private sale to prove regular maintenance.

3. Check for Paint Damage – Especially nowadays with the awesome paint and materials that most cars are made with, paint damage is often a sign of a previous accident. If there is paint damage, make sure you find out why.

4. Check for Rust – Like other types of damage, the existence of rust can be a sign of a severe problem. Most cars don't rust these days. If there is rust, you need to know why so that you can negotiate a fair price.

5. Frame Issues – You often cannot check this yourself, but if you get your car inspected before buying it, a good mechanic can tell if there is frame damage. This can happen from wrecks, so if there is an unreported wreck or problem with the vehicle, you want to avoid it.

6. Look under the Hood – Even if you know nothing about a car, look under the hood to check for cleanliness. Look around the battery to see if there is corrosion or rust inside that you can see. Also, check for leaks, taped up hoses, and other signs. Take it to a mechanic before buying once you feel that you want it.

7. Check the Tire Condition – Buying tires is a significant expense that you don't want to have right after buying a car. Check the tires to ensure they have some life on them. If they have a receipt that shows when they bought the tires, they may still be under warranty, so that info is useful to know.

8. Double Check the Mileage – For one car, 50K miles is going to be acceptable, but for another make and model it might not be so great. Always understand how the mileage affects the value of the car that you are looking at. Also make sure the number matches other information you have.

9. Ensure All Technology Works – Double check the windows, the window washers, the headlights, tail lights, the radio, Bluetooth, the lighter, and every bit of tech inside the vehicle. Don't assume it works; check each thing.

10. Look at All the Upholstery and Interior – You can often tell how well a car was cared for by looking at the interior and the upholstery. If it's stained, ripped, smelly, and so forth, did the person care for this car as much as they could have for the price that they're asking?

Buying a used car is exciting because usually you can get a much better deal than if you buy new. However, you should always act with caution and double-check any facts by doing your research on the make, model, and actual vehicle by getting the Carfax.

Getting the Most Out of Your Old Car

When you are ready to sell your old car, you naturally want to get top dollar for it. To maximize the money you get from your old car you'll want to start doing the right thing from the day you buy it. But even if you haven't, you can pull it together now as long as you've taken good care of your car.

1. **Sell Your Car Privately** – You'll generally make more money selling it to a private individual than you will if you trade your car in. Sometimes you can sell it to a dealer and get enough to make it worth it due to the ease of doing it. But most of the time in terms of actual dollars, selling it yourself to a private individual will garner more money.
2. **Get Your Car Detailed Inside and Out** – When people buy used cars, they often get discouraged because many of them are not clean. To stand out, clean it and detail it just like the dealer would do. You can pay someone to do it or you can do it yourself, but make sure every bit of that vehicle is cleaned and made "as new" as possible.
3. **Get Any Maintenance Done** – If your car needs maintenance or will soon, go ahead and get it done so that you can show the buyers how well you've cared for the car. Plus, it will elevate the new owner from having to do anything to the car right away.
4. **Collect All Maintenance Records** – If you have saved the receipts from all maintenance, put them in a nice folder and keep in the car. Offer them to see that information when they're looking at the car; don't wait for them to ask.
5. **Take Great Photos** – When you list the vehicle online, take awesome pictures from many angles in good lighting for your car. You'll want to show them all parts of the car that are important for making a choice. If someone asks for a different picture, go ahead and take it and add it. It'll only help.
6. **Show Them the Carfax** – Get an updated Carfax for your vehicle and put it with the rest of the receipts for your car. Letting them see this will make them trust you more.
7. **Show Comparable Options** – It can also help to be able to talk about other cars that are like yours or close to yours that are for sale in your area right now. Usually, a dealer will also do this, but you can do it too by looking up other sales in your area.

8. Let the Buyers Inspect the Car – Don't shy away from making the car available for a pre-purchase inspection by the mechanic of their choice. This is a great way to get the car sold for the best price.

9. Find Out What a Dealer Will Pay – If you're not sure how to price the vehicle, take the car around and find out how much dealers in your area will pay for your car. You can almost always sell it for at least five hundred to a grand more than that, depending on the dealer markups and other information.

10. Answer Questions Freely – If you really want to sell the vehicle, don't shy away from answering the questions that come in when you list the vehicle online. Even if people are fishing, add your answers to your listing to help others who are looking.

Getting top dollar for your car will take patience and perseverance because most people who are buying used cars are looking for a deal. You can offer a deal while also getting top dollar by being a gracious and open individual during the showing and buying process. Let them inspect it, don't rush people, and don't lie about anything.

Choosing Good Insurance

One thing you cannot skip when you buy a car is automotive insurance. It's the law that you have it, and it will protect you from potential financial disaster too. However, it's essential to do your research before buying insurance.

1. Know How Much Coverage You Need

Every state has a minimum coverage law. Find out what that is so that you know what the minimum you need is. However, also consider the ramifications of only having the minimum coverage amount in your personal situation.

2. Consider Local and Regional Choices

While there are many nationally owned companies, there are also some regional choices that are legit. The only way to know for sure, though, is to do your research into those local companies to find out how honest they are. However, plenty of regional options are legit and affordable.

3. Where Do You Get Other Insurance Now?

If you already buy life insurance, medical insurance, or renters or homeowners insurance, you may be entitled to a discount if you bundle all your insurance needs with one company.

4. Ask Your Bank or Credit Union

If you use a bank and especially a credit union, they likely offer insurance too. You may get a discount with them due to them having so many people using that insurance. There is a discount because everyone is paying in the group.

5. Check Your Memberships

If you're a member of any club or organization from shopping clubs like Costco to AARP and others, you may be entitled to a discount on your insurance through them.

6. Ask Friends Which Company They Like

Your friends and family are the perfect people to ask to find out what car insurance company they use. Ask them why they like them or what they'd change if they could. That can give you more insight than just asking "what company" they use.

7. Get Quotes from Trusted Sources

You can also find sources online to help you find insurance. Be aware that many online systems will enter you into a bank where many people will start calling you. This is not the best way to find a good deal. Plus, the number of calls you'll get is irritating.

8. Ask Them about Discounts Available

When you do talk to a company, always get a quote first, then ask them if there are any discounts you may qualify for over and above the quote they've given you.

9. Research the Companies' Records

Once you have a list of companies and quotes that you like, check them out. Do a search online to find out how people are talking about them. Look for lawsuits and other information that goes beyond individual reports.

There are many factors to consider when looking for the right insurance for your car. However, don't make it only about the price. Ensure that you know enough about the company you chose to know that they do pay valid claims without a big fight. Some companies are set up just to take your premium but pay out nothing. Do your due diligence and choose a reputable company that has reasonable and affordable rates.

Tips for Financing a Car

When it comes to buying a car on credit, it's essential to know the different aspects that go into financing a car. Most of the time, it's best to pay cash for a car, but if you can't, at least understand how to finance it in the best way possible.

1. Know Your Credit Score First

Don't even try to get a loan for a car until your credit score is over 650. The main reason is that the interest rate will be ridiculous if it's not more than that. Cars are not investments because they depreciate so quickly, so when it comes to interest, you want to pay as close to nothing as possible.

2. Know Your Budget

Before you even start looking, you need to know how much you can afford to pay, including the loan, insurance, fuel and maintenance costs. Buying on credit can sometimes encourage people to buy more than they can comfortably afford. A car payment plus expenses should never be more than about 20 percent of your disposable income.

3. Get a Loan from Your Bank

Going to your bank or any bank to get a loan is going to be a lot better for you than going to the dealer, most of the time. You'll be able to loan shop without having the car you want on the line, which will help you feel less pressured.

4. Go to a New Financial Institution

If your bank is not helpful with loans, you may want to try other financial institutions that offer car loans, or you may want to join a credit union which is often better about low-interest car loans.

5. Ask the Dealer for Financing

Sometimes you can get a good deal from a dealer, especially if you have excellent credit. If you go in with a good deal already from your bank or credit union, you'll actually end up with a better rate from the dealer too.

6. Keep Your Loan Term Short

The shorter the loan, the better, because your car is losing value fast and having a big loan too long will make you "upside-down" in terms of your worth. If you owe \$10K on the car and it's only worth \$6K (which often happens when financing), it will reduce your credit rating.

7. Pay at least 20 Percent Down

Your car will lose value, especially if it's new, the moment you drive it off the lot. But, if you pay a down payment, it'll lower your interest rate, increase the value versus what you owe, and practically ensure you'll get approved for the loan if your credit is also good.

8. Don't Finance Taxes, Fees, and Extras

Every car comes with these fees. Don't finance them into the loan. Pay cash for this part of your purchase. There is no reason to pay interest on this part of your purchase because it's just adding to the amount you pay for no benefit.

9. Apply Online

One way to get a good deal when it comes to loans is to use one of the online loan applications that will send your loan request to many financial institutions. If you have good credit, you may get many offers to choose from.

Financing a car is one of the ways you can get a good car without having the cash. However, be aware that a car is not really an investment, and you're going to lose at least 20 percent of your car's value the moment you leave the car lot. However, if you can afford the loan without a problem and you get a very low to no-interest loan, it can be worth it.

Laws and Legalities Behind Buying a Car

When it comes to consumer protections for car buying, the USA has very seller-centric laws. In most cases after you have purchased the vehicle, you're simply out of luck if you don't want it anymore. However, it does depend on where you live.

Automotive Purchasing Laws Are Local

One thing that is difficult about the laws surrounding car purchases is that most of the laws are local in nature. Each state in the USA has a different rule. Other countries offer various levels of consumer protection that may be more or less than in the USA.

Check Your Lemon Laws

Every state has some form of lemon law, so make sure you know it before you start your purchasing process. Knowing it is going to help you ensure that you really check out every car and seller before you make your purchase. In most cases, if you can prove the car is a lemon within 30 days of purchase, you may be able to get your money back. Having said that, you're

likely going to have to deal with arbitration since most dealer contracts force you to sign an arbitration agreement.

Lemon Laws Don't Apply to Private Sellers

When you buy from a private seller who is not a dealer (and that can be disputed if they sell a lot of cars), you generally have no right to get your money back even if the car breaks down the next day. For this reason, always take the vehicle to your own mechanic for a pre-purchase inspection before buying.

There Is No Three-Day Rule with Cars

Many people think that they have three days to change their mind on buying a car they've signed a contract on and left with. However, this is not true. As mentioned, there are some rules about lemons, though, so it's essential to read about lemon laws to ensure that your situation matches.

Federal Automotive Buying Rules and Regulations

There are many regulations that the federal government places on dealers that don't apply to private sellers. For example, in most cases, a dealer must disclose information about the car regarding potential defects and pre-purchase inspections, and they must warn you that anything spoken and not written isn't legally binding. They must disclose warranty information and other information to you as well.

Only two states in the USA offer consumer protections that are stronger than the federal laws on the subject. Wisconsin and Maine offer comprehensive used car purchaser protections that help.

Make sure you read up on your local laws. The primary protection you have is doing your due diligence before purchase to ensure that you are buying a car that works from a person who is acting honestly.