

## **New Car Purchasing Tips**

Purchasing a vehicle can be an exciting, but confusing experience. But the paperwork to purchase a car can be very confusing. This article is intended to make the car purchasing process less confusing by giving service members the tips they need to get the best car for the best price.

Tip #1: The overall secret to getting your best deal on purchasing a car is to keep each transaction separate. If there is one thing that confuses car buying more than any other, it is that car purchases are typically three transactions. Unless you are paying cash, you must negotiate the price for the car, the price for financing the purchase through a car loan, and finally your trade in value. Car dealers often roll these transactions together, trying to sell consumers a car for a monthly payment they can afford. But, purchasing this way often results in a bad deal when you consider the purchase price, interest rate, and trade in value.

Tip #2: Make time to shop for a car. Purchasing a car without giving yourself an adequate amount of time often results in buying a bad car for a bad price. Without adequate time you cannot do the quick, simple online research needed to determine whether the car is getting poor consumer reviews, has poor resale value, is priced fairly, or is subject to recalls for defects. Also, if purchasing a used car always give yourself time to have the car inspected by a reputable mechanic before purchasing it. A dealer refusing to allow you to have a car inspected is a sure sign of a dealer trying to pressure you into a bad deal.

Tip #3. Have financing arranged before you step onto the car lot. Obtain a financing commitment letter from the bank willing to give you the best interest rate. Military affiliated banks and credit unions are a great place to start shopping for rates. Once you have financing and are on the car lot, make the car dealership beat your best financing rate if they want to finance your loan. The interest rate you pay can make up a substantial part of the overall cost of your new car.

Tip #4: Make time to understand the value of your trade-in. Many military affiliated banks and credit unions offer car buying services where the purchase price is established online. If you use a car buying service and have pre-arranged financing, the trade-in is the final part of the transaction that will determine whether you get a good deal. Many online resources exist to help you determine the value of your current car based on its condition.

TIP #5: If you have followed Tips 1-4 you are now well armed to go to dealerships and get your best deal. Anytime you go to a dealer, do not tell them what car payment you can afford each month. Instead, get them to commit to the best total cash price they can give you for the vehicle you want, including all taxes, fees and charges. Then go to at least one other dealership to see if you can get a better deal for a similar car.

Tip #6. As you are completing your car purchase paperwork, many car dealers try to add warranties and unnecessary insurance products to purchase agreements. Consider carefully whether these are products you actually need, and whether the companies issuing the insurance or warranty are reputable. If you purchase a new car it is unlikely you need an additional warranty. If purchasing a used car make sure you research the warranty company because many are not reputable.

By following these tips you should get a better deal, with less confusion, the next time you purchase a vehicle. The tips in this article are based on information provided at a continuing legal education by Mr. Tom Domonoske of the National Association of Consumer Advocates. If you have questions about purchasing a vehicle, please contact the Presidio of Monterey Legal Assistance Office at (831) 242-5084.