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### Do some homework before buying a used car

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May 30, 2001

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### **DO SOME HOMEWORK BEFORE BUYING A USED CAR**

**By Terry Brenner**  
**University Relations**

After-the-fact ranting about the lousy deal you got on a used car probably won't get you much satisfaction. If you want to avoid getting stung, do your homework before you buy.

- Start by considering what type of car fits your needs -- not your wants -- and what you can afford. Do some research on its frequency of repairs and maintenance costs. When you read used car ads in the newspaper that claim "factory certified" or "rock-bottom prices," check out the dealer's reputation.

- Next, remember this: Dealers almost always sell used cars "as is."

"Sometimes it doesn't quite sink in with people what that means," says University of Montana law Professor Scott Burnham, a consumer-law specialist. "It means that [dealers are] promising absolutely nothing about the condition of the car. They're essentially selling you 2,000 pounds of metal and plastic and making no promise about its running ability. And so you're taking all of the risk if anything goes wrong. People need to understand that before they start."

According to the Federal Trade Commission's Used Car Rule, dealers are supposed to have a Buyers Guide in every car or truck they have for sale, and it will indicate whether the vehicle is being sold "as is" or with a warranty. If the car has a warranty, it's probably limited, so find out what it covers and get that in writing. For example, you should know the percentage of

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repair costs -- parts and labor -- the dealer will pay; specific parts and systems the warranty covers; and how long the warranty is in effect for each system.

If the Buyers Guide indicates the sale is "as is," be wary of a sales pitch with promises that lead you to believe the car is running better than it is, for nothing in the law entitles you to return the vehicle once you've bought it.

"Legally those promises don't count," Burnham says. "It's what the written contract says that counts. So [a dealer] might tell you something like 'We just put in a new transmission,' or 'Don't worry. If anything goes wrong, we'll take care of you.' If the written contract says that you're buying it 'as is,' then that's what you're stuck with."

Buying from a private party is a little different because a formal document generally isn't part of the deal. Any promises the seller makes about the car's condition are in what he says. But legally, oral promises can be hard to prove and might be just statements of opinion that don't give you a claim. Burnham says the bottom line with dealers and private sellers is: Get all promises in writing.

- Before you buy the car, pay an independent mechanic to look at it.

"Since you're taking all the risk on its condition, and the seller doesn't need to tell you anything about it, then it seems to me you need to spend the \$25 or \$30 bucks to find out," Burnham says. "There is no three-day period to return it. You're stuck with it, and you're stuck with it in the condition in which it's promised, which is usually that nothing is promised. So it's definitely a case of buyer beware."

After the mechanic inspects the car, get a written report that includes the car's make, model and I.D. number, as well as a cost estimate for all necessary repairs. That way, if you decide to buy the car, you can use the estimated repair costs to dicker with the dealer about the price.

"A person just has to learn to offer less than the asking price," Burnham says.

- Pay cash if you can. Annual percentage interest rates usually are higher and loan



periods generally are shorter on used cars than on new ones. If you agree to a high-interest loan, you could be taking a risk because if you decide to sell the car before the loan runs out, you may have to sell the car at less than you still owe on the loan. Remember, too, that the lender -- whether it be the dealer or another lender -- will put a lien on the car as security. If you miss a payment, you risk losing the car. You may be better off paying cash for a less expensive car than you first had in mind.

- If a dealer offers to sell you a service agreement, weigh its costs against its advantages and your needs. For example, consider whether the service plan extends your protection or simply duplicates warranty coverage. Try to figure out whether the cost of possible repairs will exceed the price of the agreement. Think about how long you plan to own the car and whether the agreement extends beyond that time period.

This is a difficult decision, Burnham says, and a gamble. But he usually gambles against the service plan.

“Every once in a while you’re going to guess wrong, but probably the sum total you save is greater than what [the repairs] cost you,” he says.

For more information on buying a car, Burnham recommends checking the Federal Trade Commission and Consumer Reports Web sites. The addresses are [www.ftc.gov/](http://www.ftc.gov/) and [www.consumerreports.org/](http://www.consumerreports.org/).

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