

# TIPS ON BUYING A CAR

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Most of this info was obtained from numerous training sessions from Remar Sutton. Remar has been on numerous news shows including 20/20, Dateline, 60-Minutes, MSNBC, etc, etc for his effectiveness in getting the best deal in buying a car. Remar should know, as he use to 'own' several dealerships, but now he goes around the country training people on how to buy cars.

On a recent Dateline show, a test buyer was sent out to buy a new car and get the best deal they could. Dateline they had Remar Sutton train that same person. They then went out the next day with the same buyer and got the same exact car for \$9,000.00 less! Refer to this link on the Dateline show: (<http://msnbc.msn.com/id/3660557/>) .

For info about Remar Sutton see: <http://www.remarsuttonassociates.com/privacy/default.htm> He has also written books so check out your local bookstore.

The Credit Info and comments mentioned throughout was obtained from training from the 'actual' credit bureaus. Not from secondary organizations or specialty organizations. What better way than to get credit info than from the Credit bureaus themselves.

## Tips

1. Do not let the dealership make a copy of your driver's license when you want to go on a test drive. It is okay to show them your license (to verify that you are a licensed driver). But if you let them make a copy, you then gave them permission to pull your credit report. Now, pulling a credit report is not so bad, but if you visit several dealerships over a month or two and they all pulled a credit report, this will send a flag to the credit bureau and it will 'Lower' your credit score. This action will then cause you to pay higher interest rates for your loan, thus costing you to pay higher monthly payments. IF they insist on making a copy, then you MUST state the following: "You are NOT Authorized to pull my credit report, do you understand this?" It will then become a felony if they pulled a credit report on you after you stated this. You can check this once you get a loan by asking the credit union that gave you the loan if the dealership name shows up as accessing your credit.
2. Dealers start to collect data on you when you drive up (by pulling up data via your license plate). This data is usually just some basics, but enough for them to determine who you are, if you are working, general income, etc. This is usually done by a spotter who will pass on the info to the salesman working with you.
3. Salesman will act like they have to sell a car to "make their goal" and will do anything to get you in one. They are NOT your friends. Dealerships will fired salespeople if they do not make money for the dealership. Salesmen will say "I'm here to help you". This is not true.
4. Salespeople are trained to ask questions that usually have "Yes" answers. This will 'condition' you to Yes responses.
5. They will ask lots of "if" and "What" questions. i.e.: "WHAT IF I gave what you want for your trade?", "WHAT IF I can get you free option?", "WHAT will it take to make this deal?" These are questions to condition you to start making a deal. You should only start talking about dealing once you have found a car.
6. Office chairs are sometimes set to lower positions than the manager and/or salespeople chairs. This is done to make some people feel inferior.

7. When they take you into their office, they will “accidentally” leave the office intercom ON while they leave the office to get you a coke, coffee or to talk to a manager. They can then hear what you are talking about. This way they are prepared with counter-measures to anything you may bring up once they return to the office.
8. A “CLOSER” is a guy the salesman will bring in to help him close on the deal. But this closer is an EXPERT at making you decide to buy the car now (and not let you think about it). Plus he will try make more money off of you by selling other options. He is also known as a “T.O.” guy or Turn-Over person.
9. Take your time. Do not be in a hurry to buy a car. This is major investment.
10. Never take more that 1 to 2 hours to close.
11. Do NOT leave a deposit. This tactic is only use to keep you there longer (by not returning the deposit check when you want to leave). They say this will let them know that you are serious – but they already know that you are serious already because you are THERE trying to make a deal. They just want to have a string on you to keep you from leaving if you do not like what they say. If you do decide to leave a deposit, it should never be more than \$100.00.
12. They may bring “Notes” from the manager. These are always Fake! These notes are printed ahead of time just for this purpose or standard notes that are created as noted by their training manuals.
13. If they try to use the 4-Square tactic on you, then leave. This is a Con-Game. Similar to the 11-finger trick (ask me about this con). If the dealer shows you this, leave.

What Monthly Payment Amount Do you Want?	What do you want to pay for a car?
What do you want for your trade?	How much deposit do you want to put down?

For example on how this con works. The process may begin by asking the customer how much they want for a monthly payment. You may say, about \$300. The salesman will say, '\$300... up to?' And you may respond, 'Well, \$350.' Now they've have just bumped themselves \$50 a month. That's huge! The salesman will fill in \$350 under the monthly payment box. Then they start on the other boxes, constantly changing the numbers to confuse. This 4-box system always makes them a huge profit. Walk away if they use it on you.

14. The dealer’s Finance managers are the dealer’s top man! These people make or break dealerships. So they are the best in the field (and the most trained) in padding your sales price, manipulating the numbers, etc. For example: A sales contract may show a sales price of \$20K, 60-month term, and 7% rate with a \$450 monthly payment. Things you may have agreed to already. In reality, your payments should be \$400! So they are making \$50 extra each month; which is \$600 more a year. Over a 5-year term comes out to \$3000.00 extra they made on this one number con (and there are others). And yes this is Legal! You SIGNED the form AGREEING to the terms! If

the dealership finance manager will not let you take the ‘un-signed’ contract to show your credit union (or bank) how they are making you a better deal, then get very suspicious or get the loan through your credit union. And remember, the dealership gets their money (including these huge profits) the very NEXT day and not over the loan term years. Think about it, you will be sending your payments to a finance company who has already paid the dealership for the car, ergo the dealership has gotten their money.

15. Try not to pay these fees: Advertising, Cleaning, Sheriff, Courier, additional Document fee (other than the normal \$50 document fee allowed by the state), etc. Many of these are already included in the car pricing and/or title fees. As for items like VIN Etching, undercoating, rust-proofing, stain-guard, etc. these are items you do not need or can do for only a few dollars. For example, most police departments (including the City of Austin Police Dept) will do VIN Etching for FREE several times a year. See link: <http://www.ci.austin.tx.us/police/vinetch.htm> or call 512.974.5713. A dealer will charge you \$100 to \$200 to do the same thing that you can get for free. Negotiate these items or get a car that does not have them (as these are pure profits for the dealer).
16. Dealers will NOT always tell you that there is a rebate. Check with your credit union, your bank or go to the Internet to find out (i.e.: [www.Edmunds.com](http://www.Edmunds.com) or [www.CarSmart.com](http://www.CarSmart.com) ).
17. Dealers will *pad* the interest rate that you qualified for. For Example, If your credit score shows you qualify for a 6% rate, the dealer will tell you that your rate is 8%. They will then pocket the difference as profit (which can be quite a bit over the term of the loan). For example: \$30K loan over 5years with this 2% difference would be over \$1,700.00 profit just on this one item.
18. They will change the terms of the deal AFTER you leave the lot. Do not be surprised that in a few weeks after you bought the car that they come back and change the terms. For example, they may state that the 8% rate they gave you did not go through. You really got approved for 10% rate. Therefore your owe them more money. They can do this because on their contract in the fine print, it states that the terms submitted on the contract are not finalized until approved by the lending provider. You have no choice but to pay as you have signed their contract. IF you do decide to process a loan through the dealer, read the documents to ensure that it does NOT state something along the line of “terms submitted on the contract are not finalized until approved by the lending provider”.
19. Estimate about 15% of your take home pay as a good estimate on what you can spend on a car payment.
20. Figure out how much CASH you have to buy a car. For example, if you can afford \$450 a month payments, and the rates are around 5% and you can do this for 5 years. Then this will qualify you for a \$20K loan. Therefore, you have **\$20K CASH** to buy a car. If you owe \$10K on your current car, but it is worth \$9K in trade, then you have \$19K Cash to buy a car. But if there are rebates on the new cars you are looking at (say \$3K), then this will bring up your cash buying amount to now \$22K. So when

you visit a car lot, tell the salesman that you have \$22K cash to buy a car, what can he get you into for that price.

21. Zero (0%) financing does not mean Free! FYI, most people do not qualify for this financing. Also, you will probably end up paying more for the car. For example. Take a 2005 Focus with 0% rate having a \$367.50 payment for three years. But- if you take the \$2,000 rebate discount and pay 2.9% for three years, your payments will be \$326 –a savings of \$41 a month. Plus, you end up paying \$1,500 more for the car if you used the 0% financing. Use Zero-comparison calculators to help you decide (but like stated before, most people do not end up qualifying for the zero percent program). A website to visit for calculators is <http://www.ufcu.org/tools/calculators/index.php>.
22. Find out what your trade is worth. Get an estimate from several dealers before you start looking for a car. The highest offer is the real value.
23. Sometimes, someone else will look into your old car to see what radio station you have it set to and will reset their demo car to the same station. So when you get into the demo car it has the same station you were listening to, thus making you more comfortable in that car that they are trying to sell.
24. Do NOT buy the car the same day. Get the VIN #, Options list, etc and go to your credit union. They will tell you what the dealer paid for it. Then go back and tell the dealer you only have 45 minutes to close as you are also interested in another car at another lot.
25. Ask for the trade in value of your car BEFORE you talk about price on your new car. Do NOT let them mix the two. Talking prices on both the trade-in and new car at the same time is a tactic used to confuse the numbers to make more profit.
26. If you see ADM on the sticker, subtract from the total. ADM indicates “additional dealer markup”. Pure profit that the dealer is adding to the price.
27. When talking about pricing on the new car, quote your price BELOW real value and work UP from it. For example, if the real value of the car is \$21,500.00, state you will pay \$21,200.00 and work UP from that value in small increments. NOT down from the sticker price.
28. When a dealer is going down in price and he is using cents (i.e.: will come down \$215.75) this is a con tactic to make you feel like they are working down to the bare bones and cents to get the best deal for you. Once again this is a gimmick that is meant to work on your feelings and logic.
29. As stated before do not leave a deposit to work a deal, state you will only leave a deposit after the sales manager SIGNS your price.
30. Have any rebates SENT to your HOME. There are many instances where the dealer will have the rebate sent to them (as a supposedly convenience to you). When you come to pick it up they may have (conveniently) misplaced or lost the rebate check. You will then spend months trying to get it back and in some cases you never will.
31. Verify the VIN # on any invoices they may show you against the car you are considering. It is not uncommon for them to show you an invoice for another vehicle (which is priced higher than the vehicle you are actually looking at).

32. Always bring an extra set of keys for your trade in. Dealerships 'may' accidentally misplace or lose your keys when they take your vehicle to determine the trade-in value. This way they can keep you in the dealership while they 'look' for your keys, thus wearing you down.
33. Check into an extended warranty from a credit union. These are about 75% cheaper AND better than the dealers plan. For example, many times you can get a longer mileage plan than what the dealer offers for maybe \$300-800 dollars at the credit union but will cost you \$1500 or more at the dealer. Check into the plans. Also, some dealers will state they will not accept outside plans – this is true in SOME cases. But many plans (i.e., University Federal Credit Union) plan uses a Visa card to charge repairs to – so if a dealer accepts Visa, then they will accept this plan. Plus, with the U.F.C.U. plan you can take the car to any ASE certified shop in the USA and have repairs done (unlike dealer plans which require you to visit a dealer – which may not be practical when traveling across the countryside and there are no dealers nearby).
34. Arbitration Clauses: You do not want to sign these clauses. You practically give up your right to sue the dealer or car manufacture if you have a serious problem with the car. Go to this website for more details. <http://www.StopBMA.com/> Call the dealer ahead of time to see if they will sell you a car without you having to sign an arbitration clause –can also be known as Binding Mandatory Arbitration (BMA) clause. Also see link: <http://www.CallBeforeYouBuy.com/default.htm>
35. The word “Sale” in dealer’s advertising does NOT equate to “Saving Money”. **Always** negotiate **every part** of the deal (the trade in values, the car price, extras, the add-ons, the extended warranties, interest rate, etc).
36. REMEMBER THAT THE PRICE OF THE NEW CAR ISN'T WHERE SELLERS MAKE MONEY! Many dealers will sell you a car for "cost" but still make thousands on you from all of the extras and add-ons.
37. Don't automatically accept dealers' 'proof' that cars have not had water or major damage. Some dealers will say, "Oh, [CARFAX](#) has certified that this car has no water or major damage." That's NOT what [CARFAX](#) generally certifies: CarFax certifies that the vehicle has not been “**reported**” to the insurance company as a damaged vehicle. Sometimes, vehicles that are damaged by water, or other storm-related acts, are NOT reported to the insurance companies because the cars were fixed independently and/or offline without the insurance companies finding out.
38. Leases are usually not a good way to go. Do your homework on this before deciding on getting a leased car. Remember, you can '**always**' negotiate the leased vehicle's **selling price**, the over-mileage charge, the leasing terms and the loan percentage rate. Check with various lenders – you do **NOT** have to use the dealer's in-house financing to lease a car. Keep in mind that **YOU** are responsible **every year** to **pay** the car's leasing taxes. The dealer (not you) determines the condition of the car at the end of the lease, and therefore determines what it is worth. You will then have to pay the difference (between what they say it is worth and what the lease states it should be) to get out of the lease. Also, if your leased car turns out to be a lemon, you are stuck with it for the term of the lease (you do not own it, so you have no rights per se'). Do your homework! Repeat, Do your homework before leasing any car.

39. Order a free “Wheels 101 Buyer’s Guide” pamphlet from the University Federal Credit Union, (512) 467.8080 or toll free (800) 252.8311– it is a great guide filled with some basic car buying tips.
40. Best time to look/buy a car: Early weekday mornings in September. Dealers have gotten next year’s models on the lot by now and they are now desperate to get rid of current year’s leftovers. It’s also the best time for dealer’s incentives and sales. Plus, there is less foot traffic, thus fewer people competing for cars. Ergo, the less demand there is that day, the greater the chance that the salesman will be willing to go down on price (so that he can get a sale that day).
41. Here’s a new tactic, done right here in Austin: you arrive at the dealership. Before you’ve found a car you like and before you’ve talked price, a sales person asks you to sign a piece of paper saying you’ll buy from that dealership, if they meet your price or payment. What’s going on? First, this dealership is trying to trick you into thinking you have no choice except to buy from them. The document is designed to look legally binding and put pressure on you to buy from that dealership. The document is also designed to make you think your decision comes down just to “price” and “payment. Not so: shouldn’t you be able to say no if the dealership’s fees are too high? Or say no if they’re not giving you enough for your trade? Or say no if you just want to go home and think about it? Is the document legally binding? Probably not. But is it intimidating for the unwary buyer? Of course. So, what do you do if this happens to you? Don’t sign the paper. And if you feel other funny pressures from the dealership, get out of there and find another place to buy your set of wheels. The bottom line: Don’t fall for any dealer tactic that takes away your options as a shopper. And don’t be shy about walking away from any dealership that makes you feel uncomfortable.
42. Most sales people work only on commissions, not hourly plus commissions. So if they do not sell a car, they make no money.
43. Scam: "Forget To Pay Off Your Trade In". ***How the scam works...*** You trade in your old car which you still owe money on, and the dealer is supposed to obtain a payoff figure and payoff the loan for you and add that payoff amount to your new car purchase. But something horrible happens. Two months later you are shocked to hear the new car dealer did not pay off your old car loan as promised! With this scam dealers effectively pay you less for your trade than they promised or steal it altogether. When the bank calls, YOU are responsible for the loan, not the dealer. The car loan is still in your name, until the dealer pays it off. As far as the bank is concerned, they have a loan with YOU, not a dealer and it's in your name until paid off. Now your credit gets dinged with late payment alerts from your bank. Sue the dealer, the judge will ask to see your contract with the dealer obligating them to pay off your old car loan. Of course there is none. ***How to avoid the scam...*** We always recommend against buying a new car when you still owe money on your current car. Pay it off yourself first, get your title from the bank, THEN trade it in or sell it privately, paying off your loan with sales proceeds. When buying new cars, if you trade in a used car which you still owe money on, make the dealer *put in writing* that he will pay off your car loan in 10 days, or no deal. Then he is liable in court. You don't want to end up in court without proof that the dealer was supposed to payoff your trade-in. If the dealer

refuses to put these promises in writing, it means they will pull this scam on you, and you need to leave immediately, taking your business to a more reputable dealer. It's the same with houses and cars, if you call for a payoff figure, you typically have 10 days to pay off that loan or interest will accrue. Most dealers are good, but a dealer who pulls this scam should know better.

44. Scam: "Chance to win a free Car". **How it Works...** the odds will be larger than the amount of chances "Sent Out". Therefore, no one could win.
45. Scam: "Scratch and win!". **How it Works...** You get a "scratch and win" card in the mail, and low and behold, you are a winner! Usually, the prizes are amazing (i.e. free cars, thousands of dollars, trips to exotic places), and you have definitely won "one" of the big prizes. Catch is you don't know which, of course, until you get to the dealership. That's when you learn you've been scammed: the big prizes aren't given out. Or, at least, the prizes given out aren't what they appear to be. Take a look at the very fine print, and you'll see your odds of winning the big prizes are impossible, and the odds of you winning worthless prizes like "an extra five thousand off any used car in stock" are very big. What's wrong with an extra five thousand off? You don't get it. Dealerships that run this scam promotion usually raise the price of each vehicle \$5,000 before announcing the contest.
46. Here's a new scam at least one dealership is trying to pull in the Austin-area: you enter the dealership and are told the dealership is required by law to get your social security number to make sure you aren't on a terrorist 'watch list.' "It's the law," the dealership employee said. No it isn't. Dealerships are required by law to check the names of purchasers against a terrorist list of names. But they are not entitled to ask for your social security number and/or pull your credit report when it comes to the terrorist list. Why would a dealership push for social security numbers? That puts the dealership just a click away from pulling your credit report. The credit report is one of the holy grails of any attempt by a dealership to get you to finance a vehicle with the dealership. When should you give your social security number? Give it if you are actually buying or leasing a vehicle from a dealership and are completing the final paperwork.
47. Sales people will sometimes state "I've got a buyer for your old car." Sales people will say this to make you think there is a reason to buy right now. Trouble is a dealership might actually have a buyer for it. Here's how to know: If you hear this line, say "Great, why don't we call him right now. And can I say hi?" If the sales person hedges on calling the 'buyer' for your car, be wary.
48. Work with the dealership's Internet sales department, rather than the sales guys up front. The Internet team usually has different motivations than their sales floor counterparts. "A salesman on a showroom floor is trying to make as much money off the purchase price as he can," says Philip Reed, the senior consumer advice editor of Edmunds. "The higher purchase price, the higher the commission he will get. The Internet manager makes a salary and gets a bonus based on volume."
49. Ads that promise five-ten-fifteen thousand dollars off the selling price. Trouble is, those huge discounts come with some fine print. Like this: "Dealer reserves the right to adjust the selling price to reflect market demand." What does that mean? Those

huge discounts may not be available. If the dealer tells you there's a big demand, for instance, for the one truck you're looking at, the dealer isn't obligated to give you that huge discount.

50. Ads that quote a definite selling price in the big headline —an amazingly low selling price—but neglect to add in a few charges you also have to pay. Okay, these ads say, we'll sell a \$30,000 truck for \$20,000! Amazing! Trouble is, the fine print says you also have to pay taxes, freight, destination, registration, and...my favorite add-on: finance charges! Buy that vehicle for \$20,000, and if you're not careful, after all the add-ons, you'll be paying a lot more than \$30,000 for it.
51. Ads that promise you thousands in trade for any old junker—even if the trade is worth nothing. A gimmick that's been around for fifty years. How does it work? Dealerships just raise the selling price of a vehicle to cover the advertised trade-in amount.
52. How do you buy a vehicle without falling for the gimmicks? Visit UFCU's [Wheels101.com](http://Wheels101.com)
- 53.