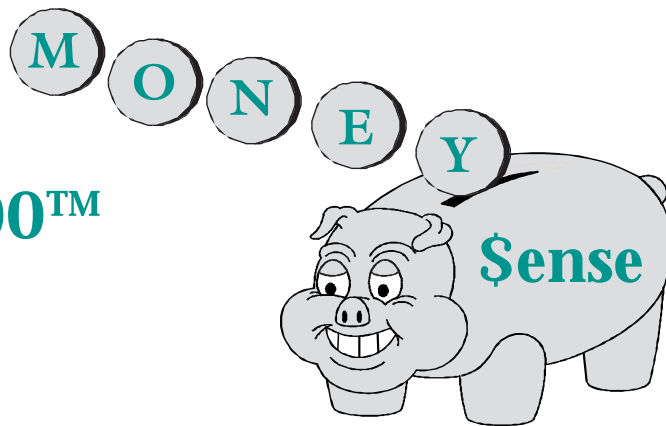


## Money 2000™



## For Teens

### Buying A Car

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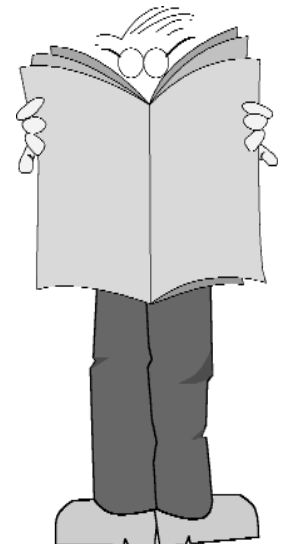
One of the first major purchases you will make in your lifetime will be a car. Cars are usually a necessity, but they may be a source of pride and sometimes they may be an object of affection. Owning and operating a car can be very costly, taking a large chunk of change from your budget.

### Before You Buy

First decide what you can afford to spend. A brand new hum-vee may be just what you want, but it is perhaps a bit out of your price range. Know how much money you have to spend, how much you can borrow and how much monthly payment you can afford.

How are you planning to use your vehicle? Will you use it to run errands around town or to commute to college? Consider the features of the car, including size and type of engine, to name just a few. Consult consumer publications, such as *Consumer Reports*, that publish yearly updates on repair costs, handling, performance, safety and cost. Ask dealers for factual information about the models you are considering and talk to mechanics about the frequency and cost of their repair. Talk to friends who own similar cars. Search the internet.

Ask your family insurance agent about the cost of insurance for models you are considering buying. If you sign a contract and find out later that the insurance is outrageously expensive, you are still obligated to fulfill the contract.



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## Where to Buy

Shopping for the right dealer is as important as shopping for the right car. Consult several sources to find reliable dealers. When evaluating dealerships, consider location and the reputation of the service department. There are several places where you can buy a car. These include **new car dealers** who carry both new and used cars. They offer a written warranty for the car and may have a service department. However, new car dealers may also have the highest prices and be unwilling to take a trade-in on another car.

**Used car dealers** tend to sell cars at lower prices than new car dealers, but the quality of the cars may not be as high as other sources. Used car dealers may not give written warranties or have a service department. However, you will often be dealing directly with the owner of the dealership and may have a better chance of getting a repair made than if you deal with a salesperson. Find out the reputation of the dealer before you buy.

**Individuals** may offer the best prices for used cars. Because they are not in the business of selling cars, there probably will not be a written warranty. However, if it is a fairly new car, it still may have a manufacturer's warranty that could be transferred to you. Read the warranty to be sure this is possible. Ask for maintenance records that will give you an indication of the type of care the car has had.

Many **car rental companies** buy new cars every year and sell their one-year-old vehicles. Cars bought from a rental agency or from a company's fleet usually will have accumulated lots of mileage in a short time; however, in most large operations, the vehicles receive scheduled maintenance. Car rental companies usually provide written warranties.

Banks and other lending institutions sell **repossessed cars**. They often sell these cars for the amount of money still owed on them. But, if the previous owner was not responsible about financial obligations, he or she may also have been irresponsible about maintenance of the car or the car may have had serious repair problems during the prior ownership.

Regardless of where you buy the car, ask questions. Is the seller the original owner? Has the car been in an accident? Why is the car being sold? Does the odometer agree with the wear and tear the car shows? Is the gas or brake pedal worn? The answers to these questions may help you later if you have problems with the car.

If you have done your homework, you will be better informed and prepared to work with the salespeople to obtain the car you want at the lowest price. Remember that negotiating with a salesperson starts with the initial handshake. He or she will be analyzing you to determine what will make you buy.

Salespeople work on a commission – no sale, no income – and the higher the selling price, the higher their income. They make their money from the amount you agree to pay for a car. Do not feel sorry for a salesperson when you negotiate the price of a car; it is business. You worked hard for your money to buy your car – make your dollar go as far as possible.

Tell the salesperson about your car needs. Let him or her know only that you are qualified to buy so they will be willing to work with you. Concentrate on getting the best price for the car, not getting a car for “so much per month.” Since you already know how much you can afford to pay, this temptation should be reduced. One of the most



common techniques used to try to force a sale is, “What will it take for you to buy this car from me today?” Impulsively, you give the salesperson some dollar amount. Questions such as these are designed to get you to commit yourself to buying the car even if all the important details have not been discussed or negotiated. In such a setting, you may feel guilty if the salesperson complies with some or all of your requests and you do not buy the car.

## Buying a Used Car

Used cars can be real bargains if you know what to look for. Some people trade in or sell their car just before it is ready to fall apart. Other individuals get rid of their car when it is in perfectly good condition because they want a change, wish to avoid any problems or enjoy the prestige of owning a new car. The trick is finding a used car in your price range that is in good running condition.



Before you shop, it is good to get an idea of the price you can expect to find on the model you want. To get an idea of price, check newspaper advertisements, consumer magazines, the internet, the **Kelly Blue Book** or other used car guide usually available at libraries or your credit union. These sources will give you a general idea. Question the purchase of any car priced way below or above the range you find. In addition, you should check the “frequency of repair record” for any model you are planning to buy. To do this, consult the yearly April issue of **Consumer Reports** magazine.

The actual condition of the car will give you an idea of the value of the car, and knowing the history of the car will help determine the true condition of the car. Shop around and look at a few cars of the same model before buying. When you shop for a used car, do so in the daylight. That way, any dents, rust or cover-ups will be easier to see. Do not shop in the rain. Rain tends to cover up dings and dents and makes everything look shiny and new. Once you have visually inspected the car, take it for a test drive. As you start the engine, all the warning lights should come on. These lights will turn off as soon as the engine starts. Any lights that do not come on may be disconnected.



Drive the car over several different kinds of terrain. Does the engine run smoothly – no knocking or unusual noises? Is the steering too loose or too tight? Does the steering wheel vibrate? Do the brakes grab or lock, causing the car to veer to one side? Are the brakes too soft – must you push them all the way to the floor to stop? Make a note of anything that appears wrong or that you question.

If the car passes your inspection, ask if you can have your mechanic look it over. In this way, you will have a chance to find out about the mechanical condition of the car before you buy it. Ask the mechanic to check for any major problems the car might have. Discuss with the mechanic anything you had questions about from your initial inspection. If your mechanic finds no major problems with the car and feels it would provide you with good service, ask him/her to make a list of any repair work he/she recommends. You can use this information as bargaining power to get a low price from the seller. Be sure to read **ALL** the fine print. Once you “sign on the dotted line,” you are legally responsible for your purchase and the conditions included in the contract.

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## Drive!!

Always test drive the vehicle you are considering buying. Don't just sit in a car to "see how it feels." and "how you look driving it." If you are fortunate enough to be ordering a car, drive a similar model to see if you really want to purchase this type of vehicle. Drive the vehicle over the same types of roads you usually travel. Test the car on hills, bumpy roads, highways and in slow traffic.



## Buyer Beware!

A vehicle is a large purchase. Read, study, surf the net, ask questions and BEFORE you sign on the dotted line, read again – this time, all the fine print.

*Wanda W. Shelby*  
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