

BUYING A USED CAR

If you are in the market for a used car, remember to do your homework to avoid unpleasant and potentially costly surprises.





BEFORE YOU BUY A USED CAR

- Examine your budget and see how much you can afford up-front and over time, considering all costs of ownership, such as insurance costs, parking, gas, tolls, and general maintenance and repairs.
- Check your credit report at annualcreditreport.com.
- Plan to shop and explore loan choices and get preapproved for a loan if you will be taking out a loan. Use the following useful worksheet to help you compare auto loans:
https://files.consumerfinance.gov/f/documents/201606_cfpb_auto-loan-worksheet.pdf.
- Research the value of the type of car you are interested in by looking at different consumer guides such as [Edmunds](#) or [Kelley Blue Book](#).
- Avoid unlicensed dealers.
- Check the dealership's license status and complaint history at <https://www.colorado.gov/pacific/enforcement/a>
[id](#).
- Contact the Better Business Bureau to check for complaints at [BBB.org/complaints](https://www.bbb.org/complaints) or 303-758-2100.



AT THE DEALERSHIP

- Think through your purchase decision and understand your [obligations and rights as a purchaser](#).
- Beware when something seems too good to be true, such as ads that promise savings or low interest rates.
- Test drive more than one vehicle and under different conditions, such as hills, highways, and in stop-and-go traffic.
- Verify there are no recall issues on the vehicle by visiting the [National Highway Traffic Safety Administration](#)'s page or by calling 1-800-424-9393.
- Examine the vehicle carefully. Get the history report at [vehiclehistory.gov](#) or in services such as [CarFax](#).
- Ask for the maintenance history, test drive the vehicle, and check all gauges.
- Hire a reliable mechanic to inspect the car.



NEGOTIATING THE DEAL

- Determine the value of your current vehicle before you trade it in using trusted third-party resources.
- Ask for the dealer's return policy in writing and read it carefully.
- Review add-ons and other options closely and ask for your monthly payments with and without the extra options.
- Do not negotiate based on the monthly payment and know what is negotiable on your loan.
- Use caution when buying a car "as is."

Review the Contract Carefully:

- Never sign a blank, partially blank, or unclear contract.
- Do not sign if you don't understand the contract.
- Do not give the dealer money before you sign the contract, not even a deposit.
- Get the odometer reading in writing and do not rely on verbal promises.
- Consider walking away if you encounter high pressure sales or become uncomfortable with the process.
- Get the original window sticker, called the "Buyer's Guide".
- Keep in mind that in Colorado, there is no "cooling off" period or "automatic right to cancel" a vehicle purchase within three days.

PRIVATE SALES



- Get the purchase and sale agreement in writing.
- Private sellers don't have to use the Buyer's Guide.
- They are typically not covered by "implied warranties" of state law, meaning that these purchases are generally "as is."
- Although the vehicle might be covered by manufacturer's warranty, these may not be transferable, so ask to review the warranty or service contract.
- Beware of scammers on sites such as Craigslist or Facebook, who may post ads for nonexistent vehicles, deals that are too good to be true, or ads that misrepresent the condition of the vehicle.

PAYMENT OPTIONS

Keep the following in mind if you decide to finance the vehicle:



- Financing increases the total cost of the vehicle because you are paying for the interest and other costs.
- Consider how much money you can put down, the monthly payment, the financing term, the annual percentage rate (APR), and if you want or need a co-signer. For more information, visit <https://www.consumerfinance.gov/consumer-tools/getting-an-auto-loan/plan-to-shop-for-your-auto-loan/>.
- Interest rates are usually higher and financing periods shorter on used cars.
- Be cautious about special financing offers, as they often require a large down payment and a higher APR.
- If you decide to sell the vehicle before the end of the financing period, the amount you receive from the sale could be less than the amount you still owe on the vehicle.

Before signing the agreement, be sure to understand the following:



- The exact price you are paying for the vehicle.
- How much money you are financing.
- The finance charge (cost of credit expressed as a dollar amount – this is the total amount of interest and certain fees you will pay over the life of the loan if you make every payment when is due).
- The APR (cost you pay each year to borrow money, including fees, expressed as a percentage. The APR is a broader measure of the cost to you of borrowing money since it reflects not only the interest rate but also the fees that you have to pay over the life of the loan).
- The number of payments and how much each payment will be.
- The total price of the deal, including interest and finance charges.

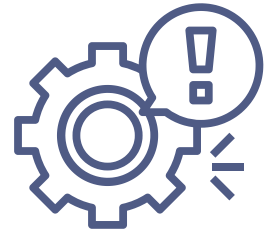
SERVICE CONTRACTS

A service contract, also known as an Extended Warranty, is a promise to perform (or pay for) certain repairs or services. If you decide to buy an extended warranty, study the policy and ask the following questions:



- Who does the guaranteed work?
- Is any authorization necessary?
- What if you're out of town?
- Is there a deductible amount or service fee?
- How is payment made?
- What maintenance are you responsible for?
- Can you cancel and get a refund?
- Is the service contract transferable if you sell the car?
- How reputable is the company providing the coverage?
- How long have they been in business?

IF YOU HAVE PROBLEMS



Most vehicle purchasing disputes result from poor communication between the customers and dealers and from buyer misunderstandings about their obligations. Always make sure you understand the terms of your contract. If there is an issue with the contract, first, reach out to the salesperson or dealership owner to try and resolve directly.

If you have questions or concerns, you can contact the following organizations for more information:

- **Colorado Auto Industry Division** at <https://colorado.gov/pacific/enforcement/AID> or 303-205-5604.
- **Colorado Attorney General** at www.stopfraudcolorado.gov or 800-222-4444.
- **Better Business Bureau** at www.bbb.org/file-a-complaint or 303-758-2100.



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