

(Continued from other side)

If you get a warranty from the dealer or buy a vehicle service contract, the dealer MUST REPAIR any problems covered under the warranty or service contract.

There is NO "three-day cooling off period" when you buy a new or used car. You can't decide to return it once you've signed the contract without a valid legal basis.

"AS IS" means exactly that: once you sign the contract you are usually stuck with the car in the condition it's in.

NEVER co-sign on a car loan, unless you are prepared to pay the entire loan back yourself. The creditor can collect this debt from you WITHOUT first trying to collect from the borrower by suing you, garnishing your wages, etc. If the loan is ever in default, this may be put on YOUR credit record.

IMPORTANT RESOURCES REGARDING CAR PURCHASES

"Consumers Guide to Buying a Used Car" (available, in English only, on the internet at www.dca.ca.gov —click on "**Publications**," then "**Automobiles**," then "**Consumers Guide to Buying a Used Car**")

Yellow Pages under "Automobile Diagnostic Service" (for checking out the mechanical condition of used cars prior to purchase)

Kelley Blue Book in libraries, bookstores, or the internet at www.kbb.com (for checking the "blue book" value of the vehicle you are considering buying as well as of your trade-in vehicle)

"Consumer Reports" magazine in libraries, bookstores, or by internet subscription at www.consumerreports.org (for checking reliability ratings on various car models)

Commonwealth Central Credit Union: (800) 564-1588 (credit union available to anyone who lives or works in Santa Clara County)
[press ext. 2 to open a new membership]

Department of Motor Vehicles: (800) 777-0133, www.dmv.ca.gov (for scheduling appointments, getting information about registration, obtaining the form to release your liability when you sell a car privately, etc.)

District Attorney Mediation Services: (408) 792-2880 (mediate consumer disputes with businesses)

Bureau of Automotive Repair:
(408) 277-1860 (mediate auto repair disputes)

**Katharine & George Alexander
Community Law Center:**
1030 The Alameda, San Jose, CA 95126,
(408) 288-7030, www.scu.edu/law/kgaclc.
(free legal advice at Consumers' Rights clinics)

To download this brochure as well as other informative Law Center publications, go to <http://www.scu.edu/law/kgaclc/publications.html>

Disclaimer

This brochure provides general information about purchasing a car. It is not legal advice. Should you have a particular legal issue regarding a car purchase, please contact an attorney or the Law Center.

The Law Center does not warrant that the information in this brochure is necessarily current, though it was at the time of publication in March 2003. However, the law does change and any changes could affect the information we have included. Please see our website at www.scu.edu/law/kgaclc for the most current information.

General Information

The Law Center educates law students in accordance with the legal profession's highest ethical standards while serving those in need with competence, conscience and compassion through pro-bono legal representation, advice and education.

All services are free and limited to low-income persons. In 2002, Center volunteers and staff counseled close to 2,000 individuals regarding their legal rights.

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Tips for Buying a Used Car from a Dealer

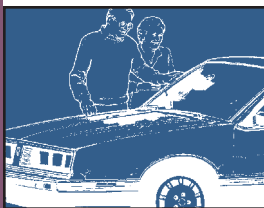


 Santa Clara University
SCHOOL OF LAW

Auto Fraud Prevention Program

BEFORE YOU BUY

Ask friends which cars and car dealerships they recommend. Check auto and consumer magazines, such as Consumer Reports, at your local library for information on the reliability of various models. Check the "blue book" value of the car model you are considering buying as well as of your trade-in vehicle. (See Kelley Blue Book information under IMPORTANT RESOURCES REGARDING CAR PURCHASES on reverse side of page.)



No matter how friendly the car salesperson may be, this person is NOT your friend

SHOP AROUND! Visit several dealerships. Don't make a commitment after

only visiting one dealership. Talk to several outside financing institutions, such as banks, credit unions, or loan companies to compare financing terms.

No matter how friendly the car salesperson may be, this person is NOT your friend—his or her job is to try to sell you a car! Be "all business" in your discussions and avoid saying anything that will put you in an awkward or embarrassing spot if you decide to shop elsewhere. But **REMEMBER--** you always have the right to walk away from a deal or dealership that you do not like. Until you actually **SIGN** a contract for a car, you are not committed to buy it.

High pressure sales techniques are very common. Frequently, salespeople will insist that you name the price at which you will agree to buy a particular car that day. If you are not ready to make a final decision, you should not give in to the pressure. Walk away and continue to shop.

In general, **DON'T LEASE**. Leasing a car is almost always more expensive than buying it. It is also hard to get out of a lease.

GETTING SERIOUS

Once you have found a vehicle you would like to buy, have it inspected by a mechanic or diagnostic service **BEFORE** you sign the contract. Spending a little money beforehand may help you to avoid purchasing a car with many costly problems.

ALWAYS test drive the car. Try to find out as much about its history as possible. You can do this by looking at the maintenance and repair records for the vehicle (ask the seller for copies).

Talk to the previous owners, if possible.

READY TO BUY?

CLEAR your schedule before beginning negotiations. Negotiating takes patience and time. Don't feel pressured to rush into making a decision. Avoid bringing children to the dealership so you can focus on making a good decision.

Take someone with you whose experience and judgment you trust.

Make sure the person negotiating with you is the final decision-maker on the price.

SEPARATELY negotiate each item, such as the sales price of the "new" car, the amount of the down payment, monthly payments, the trade-in value, and so forth. First negotiate **ONLY** the sales price of the car you are considering buying. If the salesperson tries to get you involved in a negotiation about the trade-in, warranty or down payment, tell him you will discuss that



ALWAYS test drive the car.

AFTER you know the sales price. By negotiating each item separately, you will dodge the common dealership practice of confusing you about prices so you end up paying more.

READING THE LEGALESE

Read the contract **CAREFULLY**. **NEVER** sign a contract until you have read it and understood it. What the dealer tells you doesn't matter; it's what is written that counts. Many buyers lose hundreds or thousands of dollars in car deals because the contract they signed was different than what the dealer told them. **REMEMBER**, you can always get up and leave!

If the sales negotiations are in Spanish, **INSIST** on your right to see a copy of the contract in Spanish before you sign anything. Then compare the numbers written in the blanks on both the Spanish and English contracts. Some dealers write down the wrong amounts.

Most used cars are sold "AS IS" and there is **NO** "cooling off" period. "AS IS" means there is no warranty: Once you sign the contract you are usually stuck with the car in the condition it's in. It also means that the dealership will not make repairs on the car for free. While it may be possible through legal action to force a dealer to fix or replace a "lemon" vehicle sold "AS IS," you are much better off taking steps to insure the car is mechanically sound **BEFORE** you buy it.

FINANCING

Make sure you can afford your car payments. Take into consideration additional expenses for maintenance, repairs, insurance, fuel, registration, etc.

Unless you have excellent credit, dealership financing is likely to be very high. Consider financing the vehicle through a credit union, bank, or other source before going to the dealer (see the credit union phone number under **IMPORTANT RESOURCES REGARDING CAR PURCHASES** on reverse side of page.)

Be careful about buying "extras," such as dealer insurance or the various car "protection packages." Car insurance is usually cheaper from private insurance companies, especially if you shop around. "Protection packages" are almost always overpriced and are often worthless (e.g. "extended warranties," "service contracts," "rust protection packages," etc.)

AFTER YOU BUY A CAR

Once you sign the contract, you are legally obligated to make the payments. You are not free to simply turn in your car to the dealership if you no longer can afford it or want it.

Even if the car has been repossessed **AND YOU NO LONGER HAVE THE CAR**, you may still owe payments according to your contract. If your car has been repossessed and the finance company is asking for continued payments on the loan, get legal advice immediately!

If you sell your car privately, make sure you and the buyer complete the necessary Department of Motor Vehicles (DMV) paperwork to transfer ownership. You the seller must complete and mail to the DMV the Notice of Transfer and Release of Liability. Otherwise, **YOU**, not the buyer, may **STILL** be liable for parking and traffic violations, unpaid registration and other expenses. (See the DMV phone number and website under **IMPORTANT RESOURCES REGARDING CAR PURCHASES** on reverse side of page.)

SOME LEGAL RIGHTS AND OBLIGATIONS TO REMEMBER

If the sales negotiations are in Spanish, you have the right to see a copy of the contract **IN SPANISH** before you sign anything.

You are entitled to a vehicle purchase contract that is **COMPLETELY FILLED IN** before you sign it.