

AVOIDING CARFRAUD: EIGHT TIPS FOR A SUCCESSFUL CAR BUYING EXPERIENCE

NACA Defending Servicemembers by Building an Army of Informed Consumers

The National Association of Consumer Advocates (NACA) is a non-profit association of attorneys and consumer advocates committed to representing consumers' interests. This Handout addresses avoiding carfraud in the car buying process.

- 1. Leave yourself time for the process:** Plan on at least several days for the car buying process. You can only do all of the following steps if you have sufficient time. Do not be pressured to sign a contract at the end of a day. Always plan on at least two trips to a dealer before signing any contract.
- 2. If buying a used car, investigate the car's mechanical condition:** Have a mechanic inspect the car, ask to see repair orders, ask the seller about the car's history, and try to contact prior owners.
- 3. Shop the credit terms if you finance:** First, avoid using the dealer as the lender so that your negotiations with the dealer are about the cash price. Before you sign any credit contract, ask for a written copy of Truth In Lending Act disclosures and take it home to review. Then go to a second lender (bank, credit union, etc.) and obtain a similar disclosure about the terms for a loan from that creditor. Do not sign any credit contract unless it is a final extension of credit that will not be taken back. If the deal is conditional, then ask them to call you when the condition is lifted.
- 4. Investigate the car's history:** Any seller has to have a title (used car) or Certificate of Origin (new car) to a car to sell it. For used cars, ask to see the title to see if it identifies previous owners, and how long the current seller has had the car. Use one of the vendors with the National Motor Vehicle Title Information System (www.vehiclehistory.gov) to check on the history of the car. This database has DMV data along with data from insurers, recyclers and salvage yards.
- 5. Research the reasonable price for the car:** Ask friends or neighbors what they would pay for the car or something similar; books like Consumer Reports, a NADA book, or other materials on the internet are available to give some guide for market prices. Call some dealers and ask for their lowest price for a similar car. Also, check the classified ads to see what the asking price of others.
- 6. Read all the contract documents:** Do not sign anything, and do not give a down payment or give possession of your trade-in until you have all the terms of the deal in writing. Carefully review that writing for anything marked as an option, and only get it that option if you want it. Do not be rushed.
- 7. Check that all numbers and promises are accurate and in writing:** Any promise that is not in writing is extremely difficult to enforce. Also, all terms and numbers must be accurate. Especially if you are financing the transaction, every document must be true with no false numbers.
- 8. Be sure that title is signed over to you by the seller:** The only way to own the car is to have the title (used car), or Certificate of Origin (new car) held by the seller signed over to you. You want to see this document signed over so you know you bought the car. Never buy a car from someone if they do not have the old title or Certificate of Origin to the car they claim to be selling.

This handout is for information purposes only and is not intended to be legal advice. If you need legal advice and assistance you may see legal advice from your Legal Assistance Office. Legal Assistance Offices can be located at <http://legalassistance.law.af.mil/content/locator.php>. You may also locate and contact a NACA attorney in your area logging on to <http://naca.net/find-attorney>.