

# How to be a Smart Car Buyer

## 1. SHOP FOR YOUR CAR LOAN

**BEFORE you go to the dealership, consult you bank or credit union**

There's an old expression in the car business: "Payment buyers are low flying ducks." Don't negotiate based on monthly payment!!! It is OK to let the dealer try to beat your bank or credit union terms, but you have to know those terms in order to let the dealer compete for your business. Do not rely on dealer staff for monthly payment quotes during sales negotiations. Get that information from your bank or Credit Union before you go to the dealership. Ask your bank or credit union how much you should be borrowing given your debt to income ratio and heed their advice.

## 2. DO YOUR HOMEWORK

**It's the only way to know if you're getting a deal or being taken for a ride**

A car deal is a negotiated transaction - actually it's three major negotiations: price of car, trade-in allowance, and finance package. **Everything is negotiable.**

Remember, the dealer's staff is commission-paid professional negotiators. The more money they get from you, the more they get paid. Use the internet or consumer publications to find out what the dealer paid for the car you want. Keep this in mind: the dealer's "invoice price" usually includes a 3% holdback. Negotiate from their actual cost up, not from the sticker or MSRP down.

Know what your trade in is worth at wholesale and negotiate that amount separately. A good place to check is [Edmunds.com](http://Edmunds.com).

## 3. BE PREPARED TO WALK!

**Use competition to your advantage. This isn't the only car dealer on the planet**

Do not accept high pressure sales tactics! The dealership either accepts a fair offer in a reasonable period of time or you will see if their competitor will.

The biggest mistake is to act in haste based on emotion, forgetting that car buying is a significant business transaction. Rush into a transaction and you could buy too much car at too high a price. You might also get unfavorable credit terms. Figuring that out after you sign the contract doesn't do you much good.

Remember, this is horse-trading. The dealer's team is there to extract maximum profit from the new car sale, sale of the trade in, sale of the credit or lease agreement and sale of extra car related goods and services. Your job is to get the right vehicle that fits your needs and your budget.

## 4. CHECK THE PAPERWORK

**And do it before you sign! There is no 3-day cooling off period for car sales.**

Make sure you get full credit for your down payment, trade-in allowance and all rebates on the purchase order and credit contract (if applicable).

Read your contract carefully to ensure you are not paying for things you did not agree to buy!