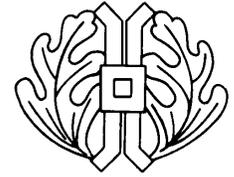


PREVENTIVE LAW SERIES

BUYING AN AUTOMOBILE



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Buying a new car is usually the second most expensive purchase many consumers make, after the purchase of their home. This handout is intended as an overview of some of the information you need in order to make a smart deal on a new car and how to avoid problems in purchasing a used automobile.

Before purchasing a new or used automobile a buyer should keep the following in mind:

1. Know what car model and options you want and how much you can afford to spend before looking for a car.
2. Compare prices of cars at different dealers by reviewing newspaper ads.
3. Check each car's quality and repair record through available consumer reporting agencies and publications. The U. S. Department of Transportation Auto Safety Hotline (800-424-9393) will tell you if a car model has ever been recalled and will send you information about that recall.
4. Some cars cost more to insure than others, so check insurance rates before buying an automobile.
5. **Before going to the first dealer, try to arrange financing for the purchase through a bank, credit union or lending institution.** Dealers and lending institutions offer a variety of interest rates and payment schedules, so you will want to shop for terms. If, for example, you need low monthly payments, consider making a larger down-payment or getting financing that will stretch payments over five years. Of course, a longer payment period equals paying more interest and a higher total cost.
6. Compare finance charges among institutions.
7. Before signing any purchase agreement, know the total sales price, the amount of the down payment, the annual percentage rate (APR), and the monthly payment. Be cautious about advertisements offering financing to first-time buyers or people with bad credit. These offers often require a big down payment and a high APR. If you decide to sell the car before the loan expires, the amount you receive from the sale may be far less than the amount you need to pay off the loan. If your budget is tight, you may want to consider paying cash for a less expensive car than you first had in mind.
8. Examine the car yourself using an inspection checklist or have the vehicle inspected by an independent third party. Test-drive the car under varied road conditions - on hills, highways, and in stop-and-go traffic.

READ THE ENTIRE CONTRACT BEFORE SIGNING IT!

There is very little we can do after you have signed the contract.

As an active duty servicemember, one place you may want to consider when purchasing a vehicle and obtaining financing is the Navy AutoSource. Navy AutoSource is the Navy's officially authorized new vehicle buying program. **It is only available aboard deployed ships that are 12 or more miles out to sea.** For specifics on the Navy AutoSource program, speak to one of their representatives or go to their online web site.

All potential buyers should be aware that **the three-day "cooling off" period for canceling many consumer contracts does not apply** to new and used car purchases unless expressly provided in the sales contracts! **SO, IF YOU BUY AN AUTOMOBILE, DO NOT EXPECT TO RETURN IT WITHIN THREE DAYS AND GET YOUR MONEY BACK!**

As for new car purchases, a variety of express and implied warranties are imposed by state law to ensure the safety and performance of the automobile. Also, new cars are covered by the California "Lemon Law" which requires refund or replacement of any new car which is not satisfactorily repaired after a reasonable number of attempts. The lemon law only applies (i) during the first year or 12,000 miles, whichever occurs first, and (ii) in cases where four (4) or more repair attempts are made on the same problem or the car is out of service for a total of 30 days while being repaired for any number of reasons. Ordinarily, however, the problem must be covered by the warranty; must substantially reduce the use or value of the automobile; the customer must notify the manufacturer directly; and must submit the dispute to a qualified third party dispute resolution program, i.e. arbitration, if available.

Most used cars are sold "as is," which means that there are no express or implied warranties on your automobile. Therefore, if you buy a car "as is," and have problems with it, you must pay for the repairs yourself. The Federal Trade Commission has enacted a "Used Car Rule" which requires used car dealers to tell you whether the vehicle comes with a warranty or not. Look for a "Buyers Guide" sticker on the window of the car. If the dealer offers a written warranty, you have the right to see a copy of the warranty before purchase. The Buyers Guide also informs you that you should have the vehicle inspected by an independent mechanic, whom you personally trust, before you buy. If the dealer makes oral promises to repair the vehicle, have the dealer put those promises in writing. **Do not rely on spoken promises!** Finally, used car dealers must ensure that the automobile is in safe working order, e.g. working brakes, lights and so forth. Also, the smog equipment must be in working order.

In the event of problems, you should always first try to resolve the problem with the salesperson or, if necessary, the owner of the dealership. Most problems can be resolved at this level. If problems continue after the purchase of a new car, a buyer should contact the local Department of Motor Vehicles Office listed in the State Government listings at the front of the telephone directory or the New Motor Vehicles Board in Sacramento, California at (916) 445-1888. The Department of Motor Vehicles may also be contacted for assistance with problems in the purchase of a used car from a used car dealer. However, a person who purchases a used car from another individual has little recourse. Private sales are not covered by many state laws which protect the consumer. But, you may bring an action in small claims or municipal court depending on the amount of the claim.

LEGAL ASSISTANCE APPOINTMENTS:

For an appointment to see a legal assistance attorney, please contact the Legal Assistance Office, located in Building 610, Naval Air Station North Island, by telephone at (619) 545-6278.

RESOURCES:

Federal Trade Commission – (310) 235-4000, (415) 356-5270
Navy AutoSource – 1-800-732-2839, www.navyautosource.com
California Department of Consumer Affairs: 1-800-952-5210, <http://www.dca.ca.gov/arp/>
California Motor Vehicles Department, San Diego Field Office: 619-688-0227
Better Business Bureau: (619) 496-2131, <http://www.bbb.org/alerts/index.html>
National Automobile Dealers Association (N.A.D.A.): <http://www.nada.com/>
Kelley Blue Book: <http://www.kbb.com/>
Consumer Response Center, Federal Trade Commission: (202) 326-2222, <http://www.ftc.gov/>
San Diego County Small Claims Court: www.sandiego.courts.ca.gov/superior/courts/smallclaims.html

