



Region Legal Service Office, Mid Atlantic Legal Assistance Department

Auto Purchasing I: Rules for the Road

- 1. Leave time for the process:** Plan on taking several days for the car buying process. Do not be pressured to sign a contract at the end of a day. Plan on making at least two trips to an automobile dealership before you sign 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 (specifically ask if the car has been in any accidents or floods or if it has any mechanical issues), and try to contact prior owners. Look up the vehicle history using CarFax (www.carfax.com; sells records from insurance claims and dealership repairs), AutoCheck (www.autocheck.com; also sells records and includes records from vehicle inspections at auctions), or the National Motor Vehicle Title Information System (NMVTIS) (http://www.vehiclehistory.gov/nmvtis_vehiclehistory.html; provides links to vendors that sell NMVTIS data on the title history of the vehicle). Although each service costs money, spending \$40-80 on the car's history may save you thousands of dollars later on. For example, millions of vehicles have been totaled by floods and released to the market without salvage titles.
- 3. If financing the car, shop the credit terms:** First, avoid using the dealer as the lender. This ensures that your negotiations with the dealer are about the cash price only (and not the terms of the financing), and it ensures that the dealer isn't taking a cut of the interest rate and sticking you with a higher rate. Second, before you sign any credit contract, ask for a written copy of the **Truth in Lending Act (TILA)** disclosure form and take it home to review. Take this form to a second lender (e.g., 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 your approval for the loan is conditional or the loan must be approved by a third party, ask the lender to call you when the condition has been met. Finally, remember that you can take the loan documents to your command financial counselor, legal assistance office, or Fleet and Family Support Center for review and budget analysis.
- 4. Research the reasonable price for the car:** Ask friends or neighbors what they would pay for the car or something similar, and call dealers or check classified ads to determine the lowest price for a similar car in your area. Additionally, consider researching market prices using resources like the Kelley Blue Book (<http://www.kbb.com>) Consumer Reports (<http://www.consumerreports.org/cro/cars/index.htm>), or NADA (<http://www.nadaguides.com>).
- 5. Read all the contract documents:** Do not sign anything, 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 that option if you want it. Do not be rushed. There is no 3-day right of rescission period—if you sign the contract, the car is yours, even if you change your mind the next day.
- 6. Check that all numbers and promises are accurate and in writing:** Any promise that is not in writing is extremely difficult to enforce. If the dealer promises to make repairs, put those repairs into the contract. Also, make sure that all terms and numbers are accurate, especially if you are financing the transaction.
- 7. Be prepared to leave:** The most powerful weapon you have against fraud and abuse is the ability to say no and walk out.

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>