

Peters Auto Mall

P R E S E N T S

THE
**ULTIMATE
GUIDE**
TO
**BUYING A
USED CAR**



The **Ultimate Guide** to **Buying a Used Car**

As soon as you drive a new car off the lot, it loses a huge percentage of its value. That's actually good news for you! It means you can get a great deal on a gently used car.

But buying a used car can be intimidating, especially if this is your first time making such a large purchase. We've got you covered; this used car buyer's guide is your A-to-Z resource for finding that perfect used car for your needs!

Let's get started by talking about everyone's favorite topic: money!

Paying for your Car

I know what you must be thinking: why are we talking about paying for a car before I've even picked out what I want to buy? But the key to managing your budget when it comes to buying a used car – or any large purchase really – is to start by knowing how much you can afford.

Although expensive upfront, the least expensive option (in the long run) is to buy the car outright. This means that you pay for the car in one lump sum. You may even be able to get a better deal on the car as you negotiate, if you pay for the car upfront.

That said, if you don't have the money to pay for a car, don't worry. Most people qualify for used car financing, which means you'll pay a smaller amount upfront and pay back the rest over time. A car loan can actually help you build your credit, as long as you pay it back on time every month.

There are a few questions you should ask yourself when you're financing a car to help you figure out how much you can afford:

Question 1: How much can I pay right now for a down payment?

The bigger payment you make upfront, the smaller amount of money you'll need for the loan, which typically means lower monthly payments. Keep in mind, however, that a car brings along other expenses, such as gas and insurance, so don't pay more than you can afford. Also, when you initially buy a car, you'll have to pay to put the title in your name and register the car, so factor those expenses into your budget before determining how much you can pay for a down payment.

Question 2: How much can I afford to pay monthly?

Again, remember that you'll also be paying for insurance and gas, so you may want to call a local insurance agency to get a feel for how much insurance will be, as well as figure out approximately how far

you'll be driving every month so you get an idea of how much gas will cost. You'll also have to pay annual registration fees, and in some states, you need to pay for an annual inspection and property taxes. You also want to budget a small amount of money every month to go into a repairs fund, which you can use should you ever break down, and you'll need to perform regular maintenance (like changing the oil) occasionally. Once you've figured out those numbers, think about how much money is left in your budget and, realistically, how much of that money you can put toward a used car.

To figure out the total amount you can afford to pay for a car, take the monthly payment you can afford and multiple it by the number of months in which you'll pay back the loan. Most car loans are repaid in 3 to 5 years, and keep in mind that the longer it takes you to repay, the more you'll pay in interest. Then, to that number, add the down payment you intend to give. This is the total amount you can afford to spend on a used car including tax and interest.

A good used car sales person will walk you through the math, so you don't spend more than you can afford. A good rule of thumb is that your down payment should be about 20% of the sticker price. So, if you can afford to pay \$3,000 as a down payment, you should probably look for a car in the \$15,000 range (or lower).

Keep in mind that your down payment doesn't have to be 100% cash out of pocket. This can also include a trade in, if you own a vehicle with some value.

When you head to the used car lot, go armed with the total amount you can afford to pay, and ask your sales person to show you only cars that fall into your budget. And remember, you can always negotiate!

How to Avoid a Lemon

Now that we've talked about money, let's get into the real meat of the car buying process: choosing a car! The first question most consumers have is this: how can I avoid buying a lemon?

Luckily, the answer is fairly simple. To avoid buying a lemon, buy your car from a trusted dealership, like Peters Auto Mall!

When you buy a used car, the best case scenario is to have a mechanic with you that can look over the car and note any problems. Luckily, even if you don't know a mechanic or don't want to pay a mechanic to look at cars with you, there are a few things you can look for that will help you spot a lemon.

On the exterior of the car, look for chips, scratches, variations in color between panels, and insistent welding around the hood, doors, or trunk. These are all indications that the car may have been in an accident previously. This does not mean that you should not buy the car, since a well-repaired fender bender is usually no cause for concern. However, it does mean that you should look at the vehicle's car

history report and ask questions about prior damage and repairs.

Next, look under the hood. Yes, pop the hood even if you have little to no experience with engines! Simply look for grease or signs of corrosion, as well as wet spots or evidence of melting. With the engine cool, check the oil by removing the dipstick, wiping it clean, reinserting it, and removing it again. The oil level should be between the add mark and the full mark on the dipstick and should not be gritty or frothy.

Take the car for a test drive! While getting a feel for how it drives is important, it is equally important to notice any potential problems. Listen to the engine – when you start it up, does it turn over with no problems? Are there any weird knocking noises or squeals? Make sure there are no cars behind you and tap the brakes to test their effectiveness, noting any high-pitched noises or grinding noises that could indicate the brakes need to be replaced. Also note any interior damages, like frayed seatbelts, missing knobs, or rips in the fabric.

Check the heat, air conditioning, and radio, and look for any lights that are lit up on the dashboard, such as a check engine light. As you're test driving the car, make sure you turn both right and left to make sure the steering isn't slack or causing a clunking sound, and while driving straight, take your hands off the wheel slightly to make sure it isn't veering one way or another. If possible, take the car on a bumpy road to ensure that the shock absorbers are working. All cars will bounce a little, but you shouldn't be slammed around.

Take your time with the test drive! You should never feel hurried by your sales person as you get a feel for the car. After all, you'll be making a big purchase, so there's no reason you shouldn't spend 10 – 15 minutes getting to know the car you're thinking about buying.

Something that's key to spotting a lemon is doing a little research on the make, model, and year. Some cars are "lemons in the making," which means that while they are perfectly good cars today, they tend to have problems down the road. Regular maintenance can limit the amount you'll spend to repair most cars, but doing a quick Google search can alert you to any long-term problems typically found with specific makes, models, and years.

Types, Makes and Models: What's Best for Me?

Okay, so you know how much you can afford and you know how to spot a lemon (and a lemon in the making). But, how do you choose from the hundreds or even thousands of used car options in your area? It can seem mind boggling, right? But in actuality, it's a simple process of narrowing down all of those options so you know exactly the right car for you.

This is a used car buying guide, but you might not actually want a car – you might want a truck...or an SUV...or a van.... So, the first thing you need to decide is what type of vehicle you want.

Cars: Great for drivers who just need to get from point A to point B and families of four or fewer

SUVs: Great for drivers who want a little more space, but who don't often haul large items

Trucks: Great for drivers who haul large items regularly but don't go on long trips

Vans: Great for drivers who need to transport a lot of passengers or cargo

You can actually break down these categories even further. In the car category, we have:

Micro: Although not super-popular in the United States yet, we're starting to see them pop up across the country since they are extremely easy to drive and park in crowded cities, as well as being very affordable. Many of the micro cars being developed today are full electric. Smart Cars are the most recognizable micro cars on the market.

Subcompact: These are the smallest cars on the road, other than the limited micro options, with less than 100 cubic feet of interior passenger and cargo room. Most only have two doors, and many are hatchbacks. These cars are also great on fuel, and easy to drive and park in the city, though they may be uncomfortable for growing families. Examples of subcompact cars include the Fiat 500, Ford Fiesta, and Kia Rio.

Compact: Compact cars are also very small, but they are larger than subcompact cars and you can find both two-door and four-door options. They're typically good on gas, and great if you usually have four or fewer people in the car (most can seat five, but it gets crowded). Examples of compact cars include the Ford Focus, Honda Civic, and Toyota Corolla.

Mid-Sized and Large (Full-Sized): Mid-sized cars give you slightly more space than compact cars, and large cars (also sometimes called full-sized) give you even more. They're great if you have a growing family or like a little extra space on road trips or during that morning commute, but don't often haul much cargo. Examples of mid-sized cars include the Chevrolet Malibu and Subaru Legacy, and examples of large cars include the Chrysler 300 and Ford Taurus.

Sports: Sports cars technically fall into one of the above categories, but we like to put them in a category of their own, since these are high-performance vehicles made for speed. They generally seat two people, and are great if you're looking for make a statement. Examples of sports cars include the Dodge Challenger and Ford Mustang.

Luxury and Supercar: Luxury cars and supercars also technically fit into one of the above categories, but again, these cars in are classes of their own, in our opinion. They generally have a higher (MUCH higher in some cases) price point. Companies like Audi, Cadillac, and Mercedes-Benz make luxury cars, while companies like Lamborghini and Bugatti make supercars.

Next, let's look at your SUV options:

Crossover: You could really put crossovers in the car category instead if you wanted to, since these cars look like the offspring of a car and an SUV. These cars are lower to the ground than most SUVs, but still give you lots of space, almost like a really large hatchback. The Chevrolet Equinox is one of the most popular examples of a Crossover SUV on the market today.

Small-Sized: Small-sized SUVs give you enough room to haul some extra cargo or people, while still being small enough to make parking a breeze. They usually have seating for four to five people, much like cars, but are higher off the ground. Examples include the Ford Ecosport, Jeep Wrangler, and Honda CR-V.

Standard: Standard-sized SUVs are larger, which makes them great for growing families, since you have roomy seating for at least five people and plenty of space for cargo. They aren't as good on gas as their smaller counterparts, however. Examples of standard-sized SUVs include the Jeep Grand Cherokee, Ford Explorer, and Chevrolet Suburban.

Pickups and vans are pretty standard, without a lot of additional categories. As far as trucks go, you can choose between the cab size and bed size, so you can find anywhere from a small truck with a 6-foot bed and one row of seating to a much larger heavy-duty truck with a larger cab (for more seating) and a longer bed. Vans come in two main varieties: minivans, which are most popular for large families, and standard vans, which are not very popular in the United States anymore, unless you're looking for a van to transport cargo to and from a job or need a vehicle to transport someone who is disabled.

All of that information and we haven't even touched on makes and models yet!

But don't worry if you are feeling overwhelmed. Start by narrowing down your options with a few simple questions.

1. How many people typically ride with me?
2. Do I often haul items that won't fit in the trunk of a car?
3. Is fuel economy important to me?
4. What can I afford?

In terms of the number of people who ride with you, if you typically find yourself with more than three passengers fairly regularly, you probably want to choose an SUV or van. Most cars and trucks can seat at least four people (including the driver) and many seat five, but will be pretty crowded with that many people in the car.

If you often haul larger items like kayaks or often pull a trailer, choose a truck, van, or large SUV. Trucks are the most heavy-duty, but also don't do well on gas consumption. SUVs and vans can meet most families' cargo needs, but aren't great if you're hauling items like lumber fairly regularly.

Fuel economy is tricky because we're starting to see more and more SUV hybrids on the market, which get better mileage than many cars! However, the typical rule is that the smaller the vehicle (and the smaller the engine), the better the car will be on gas. So, if you're looking to save as much money as possible on gas, go for a car. Micro, subcompact, and compact cars get especially good gas mileage.

Finally, you should already have figured out how much you can afford. Now, it's time to put that knowledge to good use! In general, trucks are more expensive than SUVs and vans, which are more expensive than cars, but this is a VERY general rule. The age of the vehicle, vehicle condition, and specific make and model all have huge impacts on price. The most expensive vehicles in the world are actually cars!

In terms of specific makes and models, every model year is going to have its top picks. Some that have ranked well when it comes to safety, reliability, and other testing in recent years include the Honda Accord, Subaru Impreza, Subaru Forester, Toyota Prius, Hyundai Santa Fe, Honda Odyssey, Ram 1500, and Chevrolet Silverado.

If you're looking specifically at older cars, in order to keep your budget happy, some great options include the Honda Civic, Toyota Camry, Ford Explorer, and Ford F-150. Older Honda Odysseys also fall into this category, and if you're looking for something sportier, but don't want to break the bank, an older Ford Mustang is a great choice.

Signing on the Dotted Line

Once you've found a used car you love, what next? A great salesperson will walk you through the entire process, but let's go over what you can expect.

First, you need to negotiate the price. With used cars, there is almost always room for negotiation. Sometimes, there's just a tiny bit of wiggle room, while other times there is a lot of wiggle room. Remember everything you noted during the test drive and while inspecting the car? Now's the time to mention them. Even if the price isn't dropped, you might be able to negotiate a little work on the car – for example, maybe you pay the sticker price, but you have some scratches buffed out or tires replaced before you buy.

Once you've settled on a price, get ready for a ton of paperwork! It may feel like you're signing your life away, but in actuality, the paperwork you sign is to protect both you and the dealer. You'll need to get the car registered in your name, as well as get insurance on top of the other paperwork you'll sign. If you're financing the car, make sure that you understand the terms of the loan, including your interest rate and monthly payments. In some cases, it may make sense to speak with outside financial institu-

tions, like your bank, rather than financing through the dealer, who typically works with a preferred loan company that may or may not offer you the best interest rate.

While doing the paperwork, make sure you understand the warranty you're being offered, if there is one. The law requires at least a limited warranty for newer cars, more expensive cars, and cars with low mileage. It depends on the purchase you make. If something goes wrong with the car, though, you need to know whether or not it is covered.

Once you cross your T's and dot your I's, you can drive off the lot (as long as the financial paperwork is in order and the dealership isn't making any repairs first). Sometimes, this happens same-day, while other times, you'll need to wait a few days for your financing to check out. You'll need to make arrangements to either have someone drop you off, drive the car you're trading in, or take public transportation to the lot so you can drive your new car home.

Congrats! You're now ready to buy your next used car! Remember, figure out your finances before you go in. Keep your eyes and ears open during your test drive, work with a reputable dealership like Peters Auto Mall, and do a little research on any make/model you're considering – and you'll drive away with something you love.