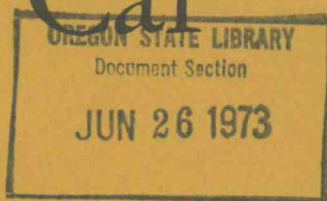


630.71  
Or3c1  
no.823  
c.3

# Buying a Used Car

DOCUMENT  
COLLECTION  
OREGON  
COLLECTION



Extension Circular 823

May 1973



OREGON STATE UNIVERSITY  
**EXTENSION  
SERVICE**



*To get the best car for your money, follow the steps in this booklet when buying a used car.*

1. Do some checking before you go to the car lots.
2. Compare cars; compare dealer reputation and services.
3. Thoroughly test out a car before putting down any money or signing any papers.
4. Compare costs: cash vs. credit, lender vs lender.
5. Know what you are signing when you put your name to a sales contract.
6. Know where you can get help with consumer problems.

*Prepared By:*

Marilyn Lunner  
Oregon State University Extension Agent  
in Family Resource Management

Wanda Merrill  
Consumer Services Division  
State of Oregon

*Reviewed By:*

Independent Automobile Dealers Association of Oregon

## Which Car? What Price?

*Decide what you need and can afford.*

Consider whether you want a sub-compact, compact, medium-size, or full-size car. How much driving will you be doing? Will it mainly be city driving or long-distance driving? How many people will normally be riding in the car? Will you be pulling recreational vehicles or small trailers with your car?

Get some approximate figures as to what the kind of car you need will cost. Read the newspaper want-ads for several days and write down what the high and low costs seem to be.

Take a hard look at your other expenses and see how much you can afford for transportation each month. How many other installment payments do you have to make? Be sure you have enough money for food, clothing, and shelter. Also be sure that after you pay the expenses of the automobile (payments, gas, oil, tires, repairs, and insurance), you still have enough money for family emergencies and other unexpected bills.

Remember that the kind of car you buy will make a difference in the amount of maintenance and repair expenses you can expect to have. Have you considered the operating expenses, the amount of gas, parking fees, insurance premiums?

*Visit at least three car lots before you make a decision.*

Check the price and the condition of the cars you see with the costs you have decided upon at home.

Ask the salesmen what models can be sold easily when you get ready to trade in a used car. Before you buy, ask if the seller will make the repairs you want; what will be your cost? Remember that a dealer that has a good service department is much more likely to be selling cars that are "reconditioned" rather than "as is."

Check on the reputation of the used car dealer. How long has he been in business? What has been the experience of friends that have dealt with this dealer?

## Avoid Misunderstandings

*"Both the buyer and the seller have rights and responsibilities."*

Understand before you buy a used car that someone has sold it because they wanted a newer model, it was not performing properly and would need work in the near future, or it had more miles on it than they wanted in a car. A used car will not have the advantages you can expect in a new car.

The dealer has taken the car in on a trade or sale and may or may not know something is wrong with it. It is not unknown for some people to put in heavy oil to cover up problems or to manipulate parts so that defects are hidden from the dealer.

Dont expect the dealer to fix everything on the car as if it were new. If he were to do so, the price of the car would be even more than it might be worth.

Prices of used cars' are set by competition and demand. Although there are guide books setting forth average prices, these are merely averages and a particular car may sell for more or less than the price listed in the guide book.

Avoid buyer's remorse. First do your comparison shopping for the car and the credit. After a car is bought, you cannot go back and say that you found you could buy the same car cheaper on another lot. It's not fair to ask the seller to take back a car just because you change your mind.

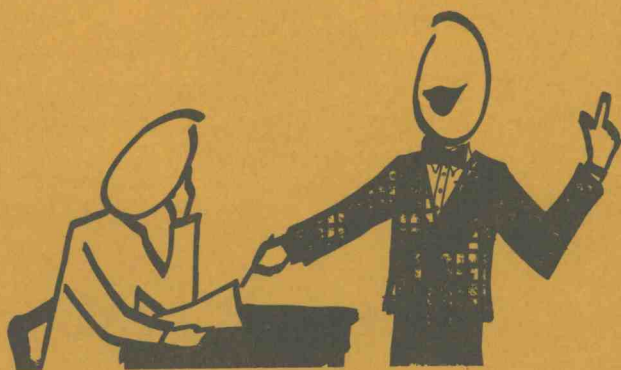
By all means, test drive a car before buying. This does not mean taking it on a 100-mile trip or keeping it longer than a few hours. The dealer may lose a sale while you are trying to make up your mind.

## Promises, Promises

*When you answer an advertisement, be sure you see the car that is advertised.*

Don't be switched to a newer, fancier, higher-priced model without seeing the car in the ad. The "bait and switch" sales technique is illegal under Oregon law.





*Be certain that all verbal promises are put in writing.*

Don't be afraid of hurting the dealer's feelings. If he means what he says, he won't object to putting it on the contract—and it's protection for you if the business should change hands sometime in the future.

*When purchasing a car described as a "demonstrator," don't rely on the salesman's word but require this term to be part of the contract.*

In some cases, high-mileage rental cars have been sold to unsuspecting consumers as low-mileage "demonstrators."

*Ask for the name of the previous owner and talk to him about how the car performed.*

The former owner can tell you about the mileage figure when he sold it. He can warn you of any problems he had with the car. And, he can tell you if the car has been in any accidents.

*All conditions of a guarantee should be in writing.*

Guarantees vary from dealer to dealer. Find out in detail what is covered and for how long; what is not covered; who pays for labor; who pays for parts. Will the used-car dealer do the repair work or will it be given to someone else to do?

Some used cars still carry the manufacturer's guarantee. Learn the details. Some guarantees are not transferable from one owner to another. Others charge a fee for the transfer, limit certain coverage, or require that certain conditions about routine maintenance be met.

## Inspect the Car

*Look for signs of wear and age.*

Broken seats, torn upholstery, and worn pedal pads.

Broken or ill-fitting doors and windows.

Ripples, bumps, or paint that doesn't match. If there's much of this, car may have suffered extensive damage.

Doors, windows, trunk lids that don't open or close easily. If they stick, car frame may be damaged.

Uneven tire wear. Front end repairs may be needed or an alignment may be necessary.



*Be Wary of low mileage on an older car.*

If the armrests, gas pedal, clutch, and brake pedals show a lot more wear than the speedometer indicates, take the hint!

Grease and oil stickers are a good clue—they give the mileage at which service has been performed.

Be sure that you get a "mileage certificate" from the dealer.

## Take a Road Test

*Listen for:*

Squeaks, knocks, rattles, and unusual noises.

Any clunking or strange noises in motor or transmission.

### *Test For:*

More than 1½ inches of "free" play either way in the steering wheel with manual steering or an inch in power steering.

Smooth start, tight even steering, quick engine pickup.

Sinking brake pedal or brakes that grab or make the car pull to one side.

Safety features that work such as all lights, horn, safety belts, windshield wipers. Also check heater, air vents, air conditioner, and radio.

### *Stand Behind The Car. Have A Friend Drive Slowly Forward.*

See if the front and rear wheels are in line as the car moves forward. If out of line, have a mechanic check this to see if it's a problem or just the make of car.

If you notice a heavy, bluish exhaust smoke when the car accelerates after a good warm-up, or if you see an oil film inside the tail pipe, beware! You can pay plenty for a ring job.

## Have a Thorough Check-Up

*Take the car to a competent mechanic. You should expect to pay for this service, but it could be money very well spent. Ask in advance what the cost will be.*

A good mechanic can spot serious defects you might miss. He also has special equipment for testing. For example, he can tell normal exhaust smoke from smoke caused by heavy oil burning. A good mechanic also can tell if the mileage has been set back.

Have the brake linings and power equipment checked. Also have the engine's compression pressure.

While up on the hoist, look for oil leaks on underside of engine, transmission, wheels, and rear axle housing. Also rusted or broken muffler or tail pipe. Check for signs of repair after an accident, such as welding.





## Cash or Credit?

*If you pay cash, be sure to get a receipt indicating payment in full.*

If a guarantee is part of the deal, be sure to get a signed copy at this time. Be sure it reads the same as you had been told earlier.

*If you must make monthly payments, get your credit from the place where it costs the least.*

Check at least three places for credit costs. Some places to check are: the dealer, your credit union if you belong to one, banks, loan companies.

To compare costs, tell each lender how much money you need to buy the car. Ask him to give you the *annual percentage rate* (APR) of interest that he charges. Talk with him about how many months or years you want to spread the payments over—typically 6 months, 1 year, 1½ years, 2 years. Ask what you would have to pay each month during this length of time. Ask what the total *finance charge* would be.

Now make your decision as to where to get the credit. You may want to finance through the used-car dealer. Or, you may find you will save money to get credit from a lender other than the dealer, then pay the dealer in cash.

*“No down payment?” There is no such animal.*

These words usually mean that the dealer will have you sign a second or additional loan to cover the down payment. Then a security agreement contract will be written which shows the amount of the second loan as a down payment; the regular or first loan finances the balance. You end up with two payments.



The interest rates on second loans frequently are higher than on the first loan. And, for a second loan you must give as security some possession that you own other than the car. People have lost their furniture and their homes because they didn't understand the seriousness of signing a second loan.

*You may need a "co-signer" for a loan.*

If you are a minor (under age 18), you will be asked to have a "co-signer" for your loan. Or, if your credit is not established or if the lender wants more security before giving you credit, you may be asked to have a "co-signer."

A "co-signer" is a second person who signs the loan papers at the same time that you do. By doing this, he is saying that he will make the payments if you default on the loan. Like you, he is legally responsible for everything that is in the contract and the same penalties apply.

Be sure you and your "co-signer" understand the responsibilities of each of you. Be sure your "co-signer" thoroughly examines the contract.

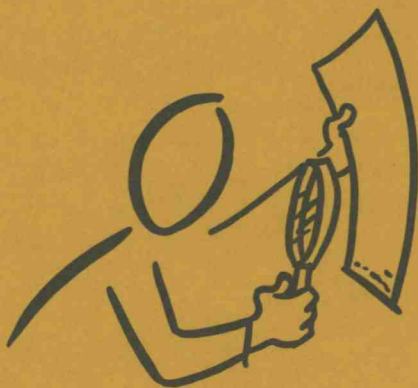
## Examine the Sales Contract

*Don't sign any contract with blank spaces. Do question anything you don't understand.*

The federal Truth In Lending Law says that the contract must state in writing (1) the cash price of the car, (2) the total finance charge (3) the annual percentage rate of interest charged, and (4) the total credit price of the car.

Find in the contract where it states what will happen if you miss payments. Notice what the penalties are.

Find in the contract where it states whether or not you will be charged a penalty if you pay off the loan early. Does it say that you will get some of the interest back if you pre-pay the loan? Is this automatic or do you have to ask for the interest back?



If you want to take a contract home and read it thoroughly before signing, this is your privilege.

*When you sign a contract, you may be asked to sign to buy "credit life insurance" and "credit disability insurance." By law, you cannot be required to buy. The choice is yours to say "yes" or "no."*

Be Alert! Credit insurance costs are sometimes "hidden" in with the monthly payment. Often people are not even aware that they have signed to buy credit insurance. Nor are they aware of the cost or that they are paying interest on this amount as well as the car loan.

Before you say "yes," consider whether you already have this financial protection through a life insurance policy or through a disability or income protection plan. Compare the cost with that offered through insurance agents who offer the same protection.

If you say "yes," remember you are entitled to get some of the premium money back if you pay off the loan early and do not have the insurance coverage for the full length of time.

*When you sign a credit contract, you may be asked if you want to buy auto insurance through the dealer. The choice is yours to say "yes" or "no."*

Compare the cost of getting your auto insurance this way with the cost through several other insurance agents. Auto insurance premiums vary greatly from one company to another. Remember your rate is based on your own driving record, age, and kind of car.

Consider who will help you when you have a claim. If you buy through the dealer, ask who will handle this.

*Be sure that you get a copy of the contract. Keep this paper in a safe place until you finish making all the monthly payments.*

## If Something Goes Wrong

*Look to these people for help.*

The dealer you bought the car from. Be sure to talk to the dealer about the problem you are having; don't just complain to your neighbors and friends. You may need to talk to the manager, rather than the salesmen or mechanics.

The area representative for the manufacturer of the car. If the car no longer has a manufacturer's guarantee, he may not be able to help you. But then again, he may take an interest in your problem and write to the dealer about it. A manufacturer's reputation is important to him; he does not want you to be unhappy about his product. If you don't know the mailing address of the area representative or his phone number, you usually can get it by calling the franchised dealer in your town. For example, phone your local Ford dealer and ask for the address of the Ford area representative.

Consumer Services Division of the State of Oregon. The telephone number is 378-4320 and the mailing address is "Open Door," Box 444, Salem, OR 97310.

Your local district attorney or the Consumer Protection Division of the Oregon Attorney General's Office if you suspect fraud or if misrepresentation is involved. Your district attorney is listed in your phone book; the address of the Consumer Protection Division is 1133 SW Market St., Portland, OR 97201.

# Inspection Check List

## ***Engine***

Sp. Plugs & Wires  
Generator  
Distributor  
Battery & Cables  
Fuel Filter  
Oil Fill Cover  
Air Filter  
P.C.V.

## ***Cooling System***

Radiator  
Cap  
Fan Belt  
Water Pump  
Hoses ( R & H )

## ***Brakes and Wheels***

Lines & Hoses  
Cylinders  
Lining  
Adjustment  
Park Brake  
Wheel Bearings  
U-Joints

## ***Suspension***

Idler Arm  
Tie Rods

Ball Joints  
Steering Gear  
Front Springs  
Rear Springs  
Shocks

## ***Exhaust***

Pipes  
Hangers  
Mufflers

## ***Tires***

Right Front  
Right Rear  
Left Rear  
Left Front  
Spare  
Wheel Balance

## ***Lights***

Head  
Tail  
License  
Signal  
Interior

## ***Windshield Wiper***

Blades  
Washers

## **AN EXTENSION**

# *Consumer Service*

## **PUBLICATION OF OREGON STATE UNIVERSITY**

---

Extension Service, Oregon State University, Corvallis, Joseph R. Cox, director. This publication was produced and distributed in furtherance of the Acts of Congress of May 8 and June 30, 1914. Extension work is a cooperative program of Oregon State University, the U. S. Department of Agriculture, and Oregon counties.

---