

Buying a Used vs. New Car... Know the Difference!



BUYING A USED CAR	BUYING A NEW CAR
<p>1) Know What You Are Looking For: First you should search the online used car classifieds. Go to the local newspaper websites to view the automotive classifieds ads for cars that are close to you. You will also want to know what you can afford before heading off to look for cars.</p> <p>Use our helpful Lease vs. Purchase Calculator to better understand what a payment would be based on the total purchase price of the vehicle.</p> <p>Be sure to Get Pre-Approved online to cut out extra time once you select a dealership with the car you want to buy.</p>	<p>1) Know What You Are Looking For: Preparation is everything. In addition to doing your online research regarding which make/model you would like and what dealers have that vehicle available, also consider timing.</p> <p>There are two windows each year which are considered the “best time to buy” a new car. The end of December, dealers cut prices to meet/exceed year-end sales goals. July - October dealerships want to clear space for the new models. You will find lower prices during these times.</p> <p>Be sure to Get Pre-Approved online to cut out extra time once you select a dealership with the car you want to buy.</p>
<p>2) Find a Dealer and Test Drive: Many auto dealers sell used vehicles and it is just as important to do your homework on the dealer as it is the vehicle. Check online reviews about the dealer you are going to visit before heading out the door.</p> <p>Once you meet your sales person be sure to take the car for a good and thorough test drive. Dealers may want to drive you around the block to sample the car, but when it is reasonable you should take a ride that you would do often, including driving on highways.</p>	<p>2) Find a Dealer and Test Drive: After you have identified your desired vehicle, do some research on the dealerships around your area as this will be important in getting the final price down. Dealerships offering the same makes/models within the same city will fight for your business.</p> <p>Once you meet your sales person be sure to take the car for a good and thorough test drive. Dealers may want to drive you around the block to sample the car, but when it is reasonable you should take a ride that you would do often, including driving on highways.</p>
<p>3) Research the History of the Vehicle: Consumers should never buy a car without first verifying what they are buying by running a history report on the vehicle. This cannot be completed until you have the VIN of the vehicle you would like to purchase which means either be prepared to use online tools at the dealership to get this information or be willing to “come back tomorrow” so you can do a little homework. Some online services to check a vehicle history include:</p> <ul style="list-style-type: none"> • National Motor Vehicle Title Information System • VehicleHistory.com • InstaVin • Auto Check <p><i>*Consumers Should NOT Rely on a Used Car Lemon Law! Lemon laws are generally written to protect new car buyers. Most states don't have a lemon law for used cars. Check the web site for your state's Attorney General to see what might apply.</i></p>	<p>3) Research the Invoice Price of the Vehicle: Now that you have established which car you would like and dealership to buy from, the first thing you have to do is find out how much they paid for the vehicle. With this information you will be able to make a fair offer for both parties. Make an educated offer based on the dealer's cost which should be 3-5% over the dealers actual cost (not including destination charges or other dealer fees). Ask your salesman to show you the factory invoice for the car. If they refuse your request, you can also find this information online at one of these sites:</p> <ul style="list-style-type: none"> • Edmund's • CarWoo <p>If you are buying during one of the suggested times of year, take note that there may be additional factory-to-dealer incentives that can vary from \$1,000-\$6,000 in addition to known rebates! If you buy a car at invoice price, the dealer earns thousands more. Be prepared to haggle as many dealers willingly give up all or part of this incentive, making your cost lower.</p>
<p>4) Negotiate the Price: When negotiating the final cost of a used car, remember that you should always discuss the total price of the vehicle and NOT a desired payment. Many consumers do not realize that they could negotiate a better total cost bringing the payment down naturally. This is why knowing what you can afford BEFORE you go to the dealership is critical.</p> <p>Don't be afraid to remind the dealer that they paid \$3,000-\$4,000 less than market value for the car. Dealers can afford to charge less than market value so always ask if that is the best they can do – there is always room for a little negotiation!</p> <p>If the dealer will not come down on price and you still want the vehicle, ask for other incentives like free oil changes, car washes and gas cards.</p>	<p>4) Negotiate the Price: Competition can work to get you the best rate on your new auto loan. Not only can the dealer find you financing options, but many are available online. CUDC provides financing through our participating credit unions.</p> <p>Get Pre-Approved online and if you are not a current member of a credit union our Auto Dealer Partners can sign you up at the dealership! Once approved you will have your pre-approval letter in hand and know your interest rate before you set foot in the dealership.</p> <p>It also never hurts to ask for additional incentives like free oil changes, car washes and gas cards.</p>
<p>5) Financing: Getting a loan for a used car is very different than for a new vehicle. Either way, most banks will not give you a loan for a car older than 4 or 5 years, however our participating credit unions offer loans for vehicles that are 10+ years old.</p> <p>Consumers may pay up to 2% higher APR for a used car than a new car. This can offset this by financing through a credit union. Also, credit scores over 680 are considered “prime” and may receive the lowest possible APR. If you have poor credit (under 600) you may want to repair your credit before you buy to ensure you get a good rate.</p> <p>Before talking numbers with the car dealer be sure you know:</p> <ul style="list-style-type: none"> • Your credit score • Cash down and/or trade-in value (if you have one) • The total amount you are willing to spend • Will you want/need an extended warranty <p>The most valuable step you can take before going to the auto dealer is to Get a Pre-Approved auto loan. Be 100% comfortable with your lender and loan rate to remove this stressful piece from the process at the dealership.</p>	<p>5) Financing: When buying a new car it is critical to check rates online and know your credit score before you apply for financing.</p> <p>Historically credit unions are known for providing some of the best auto loan rates available. Factors including your credit score will determine your rate including:</p> <ul style="list-style-type: none"> • The term length of your loan • Cash down and/or trade in (if you have one) <p>If you are not a member of a credit union but would like to take advantage of their rates, participating CUDC credit unions have a \$5 fee for membership and typically no other fees associated with bigger banks.</p> <p>Auto dealers participating in the CUDC program can sign you up for membership right at the dealership. If you Get Pre-Approved online before heading to the dealer you will cut a significant amount of time from your car buying process.</p>

When applying for auto loans, if at first you don't succeed, don't try again until you've determined why you were rejected and have taken steps to address it. Credit scores are the primary determinant of who gets approved for loans, and if you didn't check your credit score before you applied the first time, you should do so before applying again. Many loan applications automatically trigger a credit check, each of which can knock a few more points off your credit score, making what might have been a bad situation even worse.