



## IFAS EXTENSION

# Shopping for a Used Car<sup>1</sup>

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Mary N. Harrison<sup>2</sup>

### Overview

Transportation is considered a necessity in the US. We travel to work, school, shopping areas, and medical centers. The vast majority of consumers, however, would be amazed if they knew the total amount of money they spend for transportation. Cars and other modes of travel are often selected through frivolous or emotional appeals. Before buying, you should plan carefully and base your decisions upon reliable, factual information.

If you need a car for transportation, a used car may be a wise choice if:

- You do not travel long distances.
- The car is a second car for the family.
- The car is to be transportation for a teenager.
- You wish to spend a limited amount of money.

The costliest item a new car owner faces is depreciation, much of which occurs during the first two years of a car's life. However, this loss can be your gain. A one-year old model selling at a third less

than the new car price, or a two-year old car selling for half the original cost may just meet your price requirement. Keep in mind though, that the bigger and fancier the car, the older it may have to be to fit within your price range. Consider demonstrators and off-lease or rental cars as well as other used cars.

Used cars are available in a variety of conditions. Be sure that a car's condition makes it worth the price. Used cars are available either "as is" or reconditioned. If you know a car's history and are confident that it has been driven carefully and properly maintained, your chances of a satisfactory buy are good. If this is not the case, your best protection is the careful selection of a car from a reputable dealer and a good warranty.

### Which car is for you?

Select the type and size car best suited for your situation. Consider the amount and type of driving that you will do as well as the number and size of people who will regularly ride in the car. Also, think about the things you frequently carry in your car. You want a car that is roomy enough to seat all the passengers comfortably and carry your usual items.

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2. Mary N. Harrison, professor, Consumer Education, Department of Family, Youth and Community Sciences, Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL 32611.

Styling and motor size affect price as well as operating and insurance costs. Sports cars are usually more expensive than sedans. A sedan may develop more rattles, but sports cars will likely cost more to service and maintain.

With the cost of gasoline continuing to increase and its long-term availability of some concern, you will want to consider a vehicle's fuel efficiency. The projected useful life of a car and how often it will need repairs are other areas to consider. Several consumer publications will give you the repair records of various used car models and the average miles per gallon. Large cars with high-powered motors and those with extras such as air-conditioning and automatic transmission usually get lower gas mileage.

Do not overlook insurance costs. Insurance is much more expensive for some cars, such as sports models, than for others. The type and amount of equipment also affects cost.

### Choose the dealer with care

Choose the dealer with extreme care. Your choice may determine whether you are pleased or dissatisfied with your purchase. Dealers who sell used cars range from reliable, established businesses with competent service departments to the transient "Honest Joe" lots that appear and disappear quickly. Some points to remember about dealers are:

- Check the reputation before you buy. Call the Chamber of Commerce or the Better Business Bureau. Established dealers expect to remain in business and are usually concerned about customer satisfaction.
- Dealers with service departments are more likely to offer warranties and to honor them. Lots without service departments usually sell cars "as is."
- Dealers who have well-equipped service departments usually make the repairs needed to put used cars in reasonably good condition before selling them.
- Franchised new car dealers have their own used car lots. They select the best of the cars traded in on new models to sell on their lots. Less desirable trade-ins are wholesaled to other lots.
- A recent development is the larger used car dealerships run by national chains. They usually feature huge lots filled with late model cars selling at a fixed price. The cars often carry a one-year warranty.
- Car salesmen earn their income from commissions on the cars they sell. Some want to help you find the car that best fits your needs. Others are high pressure salesmen, who are anxious to make a sale. Take your time. Do not be pressured into quick decisions. Be wary of "fantastic bargains," gifts, and other pressure tactics.
- Most communities have several reputable automobile dealers. Generally, it is wise to comparison shop at two or more places.
- You may also buy a car from an individual. These cars are usually the least expensive. If you know the person, the car, and the family's driving habits you may get a bargain. However, you have little, if any recourse if the car has problems the seller did not tell you about. It's wise to have a certified mechanic check the car out before you buy it. Also, make sure the seller has a clear title to the car he is selling.

### Inspection

If you observe carefully when you shop for a used car, you will find clues that indicate the condition of the car. This is especially important if you are shopping for an inexpensive older model at an independent lot or from an individual.

- **Signs of careless handling or accident.** Stand about 40 feet from the car, and look to see if it sits level. Check the fit of doors, trunk, and hood. Look for ripples, bumps, and grainy places on the surface. Any of the above could indicate the car has been in a car accident. A new coat of paint may cover evidences of abuse, neglect or misuse.

- **Evidence of rusting.** Check the base of the body and doors for roughness, rust and repainted spots.

- **Shock absorbers.** Set the car to bouncing by jumping on the bumper, one side at a time. If the car moves up and down more than once after you get off, this indicates worn shock absorbers that need to be replaced.

- **Tires.** Uneven wear indicates more than tire trouble. This could mean the car needs a wheel alignment, replacement of the ball joints or shock absorbers, or other repairs. If new tires are on the car these problems will not be evident.

- **Motor Appearance.** Lift the hood and check the motor. Engines have some oil on them, but excessive accumulations or puddles (on motor, frame or under the car) mean trouble. Remove the dipstick and look at the level and condition of the oil. Unusually heavy oil may be intended to conceal motor noises. If the oil smells of gasoline, the engine may be worn and need costly repairs.

- **Cooling System.** Remove the radiator cap. If the water is oily or rusty, the cooling system probably needs repairs. Inspect all hoses and belts for cracking, wear and looseness. Rust and corrosion can clog the heater coils in the motor, reduce coolant circulation and damage the motor by causing it to overheat.

- **Belts and hoses.** Look for cracks, wear, and looseness.

- **Interior of the car.** Worn pedals or brand new ones, broken or sagging seats, and badly worn upholstery are indications the car has had hard use. An interior showing moderate wear will indicate the car has received care during its usage.

- **Brakes.** Apply pressure to the brake pedal. If it goes almost to the floor, the linings may need to be replaced. If the pedal sinks slowly, there probably is a leak in the hydraulic system. Repairs may or may not be expensive but are needed immediately.

- **Play in the steering wheel.** Turn the steering wheel. If there is excessive play (more than 2 inches) before the car wheels begin to turn, the steering gear needs adjusting or repairs.

- **Accessories.** Operate windshield wipers, defroster, heater, air conditioner, radio, lights, turn indicators, horn, windows and other equipment such as safety belts to be sure all are in working condition.

- **Mileage.** Check the odometer. Compare the recorded miles with those on the service stickers if any. State and Federal laws forbid altering the odometer reading, but this does not ensure all recorded miles to be correct.

- **The engine.** Start the motor. If it is hard to start, the battery may need recharging or replacing, starter may need repairs, or cables and terminals may be corroded. Listen to the engine. Excessive noise or rough running may mean trouble.

## Road Testing

If the car passes your initial inspection, you are ready to road test it. Reputable dealers encourage you to test drive the car to be sure it fulfills your expectations and you are aware of its condition. A test drive does not obligate you to buy. Because of insurance regulations, a salesman usually will accompany you on this drive. You need not make a deposit or sign any paper. Should you decide to test drive a car for which a seller requires a deposit before you drive the car, be sure to have IN WRITING the amount of the deposit and assurance that you get it ALL returned if you decide not to buy the car. If a down payment is required before the road test, shop elsewhere for a car. If possible plan your road test to include city driving, expressway traffic, a rough street and a steep hill.

- **Check the carburetor, valves, and ignition.** After driving the car for a few minutes, apply the brake, then accelerate rapidly. The car should gain speed rapidly and smoothly without spitting and sputtering or a ping noise.

- **Pulling tendency.** While driving on a straight, flat road, lighten your grip on the steering wheel several times. If the car drifts consistently to one side of the road, the car is out of alignment. Many roads have a crown. On crowned roads, a slight pull to the right is normal.

- **Brakes.** With your safety belt fastened and adjusted, try a series of increasingly abrupt stops on a smooth, uncrowned road at speeds of 5, 10 and 15 miles per hour. Each time the car should come to a smooth, straight stop. If the car pulls to one side, or if the brakes grind or squeal they need adjustment or repair. Test the emergency brake on a steep hill, to be sure it holds uphill and down.

- **Chassis.** The car should bounce some after hitting hard bumps, but violent bouncing indicates trouble, possibly in the springs or shock absorbers.

- **Overheating.** When driving in slow traffic or up a steep hill, if the car shows a tendency to overheat, the cooling system probably needs servicing.

- **Rear axle and drive shaft.** Have a companion drive the car while you sit in the back seat. Unusual noises like grinding, hums, clicks and clatter may mean trouble.

- **Wheel track.** Have a companion watch you drive a short distance to see if the rear axle housing may be out of line. While a companion is watching, also have him or her check to see if the car leans to one side or if the wheels wobble.

- **Excessive oil burning.** With the engine now thoroughly warmed up, race it moderately, then let it slow down to idling speed. Race it moderately again. If blue smoke comes out of the exhaust pipe at the rear, the engine is burning oil. This indicates that bearings or piston rings are in bad condition. This condition can prove expensive.

If you are still interested in the car, write down the year, make, model, body type and vehicle identification number in order to identify the car which you have checked. Without making any verbal or written agreements, ask the dealer for an itemized listing of your full cash outlay, if you should buy the car. Compare this price with the wholesale and retail price quoted in the National Automobile Dealers Association official used car guide. Most dealers, banks, and credit unions have copies.

## Guarantees and Warranties

Federal regulations require all used cars offered for sale to carry a window sticker which clearly states whether there is a warranty given on the vehicle. If there is no warranty the sticker must state the vehicle is sold "as is," without any warranty. If a warranty is offered, the sticker must state what is covered and for how long. Any warranty on the vehicle must be in writing.

Whether buying from a lot, dealer, or individual it is important to make sure all terms and conditions of the sale are in writing. Promises of a salesman are not binding because you can't prove what was promised.

Warranties vary in content. Understand what is covered by the warranty and for how long; what is not covered; who pays for labor, and other conditions, such as where the vehicle must be returned for repairs.

Some warranties given on used cars are on a 50-50 basis. You pay one-half and the dealer pays the other half of all repair costs. Some warranties cover parts and labor, while others cover parts only. This type warranty may vary in length from 30 days to six months. Some require you to return the car to the seller for warranty work. Many franchised automobiles dealers issue a G.W. or "Guaranteed Warranty" through the National Automobile Dealers Association. This does not cover the entire repair cost but it does give a stated percent discount on parts and labor for a stated time. Routine maintenance costs such as lubricating and oil changes, repairs made necessary by an accident, misuse, theft, or fire are not covered. This warranty is honored by authorized dealers throughout the nation. Be sure to read the entire warranty before you buy a car.

Remember, a warranty is only as good as the dealer or company that issues it. If the issuer of the warranty has gone out of business when the warranty is needed, the warranty is of no value.

Some used cars are still under the manufacturer's warranty. If this is the case, be sure to learn the details of the warranty. Some warranties are transferable, others are not. Some charge a fee for the

transfer, limit certain coverage, or require the warranty transfer to be validated in a special way.

### **Making the choice**

If you are refused the privilege of checking a used car thoroughly or if you have doubts about the car, don't buy it. It is wise to have the car you are considering checked by a competent mechanic. Although this may cost you a few dollars, it generally is money well spent.

Some dealers will give you the name of the previous owner. If you can obtain this, call the person and ask about the condition of the vehicle when it was traded in.

Be reasonable in what you expect. Very few cars pass every test successfully. Don't automatically reject a car that has one or more things wrong with it, but be sure that you are not buying someones lemon that has to be constantly repaired. Find out the cost of putting the car in good operating condition, and let this cost, plus the price of the car, direct your decision. A good general rule is to set aside some of the money you plan to pay for a used car and use it for repairs and replacement of parts.

### **Help eliminate your problems**

- If there is any work to be performed on the car you are purchasing, make sure such work is noted on your buyers order and approved by the manager or dealer. Verbal guarantees have no value.
- Read your warranty carefully. No manufacturer covers the entire vehicle. There are items in each warranty such as tune-ups, carburetor and front-end alignment that are classified as the owners responsibility.
- Understand that the dealer does not administer the manufactures warranty. He merely performs the service for the manufacturer and very frequently must get prior approval before doing the work.
- Understand that the dealer usually cannot loan you a car while your car is tied up for service, even if the car is still under the manufacturers warranty. Manufacturers make no provision for

this service. Due to the dealers insurance coverage he may not take the risk, although he might like to.

### **Paying for your car**

Ask the dealer or seller the "out the door price" of the car. That is the total cost of the vehicle as it is.

Before buying a car make sure the seller has a clear title to the car and that it will be transferred at the time of the sale. Never pay for a car and wait for the seller to get a title for you. Without a title the car is not yours even if you paid for it!

If you pay cash, be sure to get receipts indicating payment in full. If you use credit, shop carefully for the best terms. Costs of credit differ from various sources. Truth-in-Lending requires that you be told about all the costs involved in using credit before it is extended to you.

The annual percentage rate is your key to price comparison in credit shipping. The older the car, the higher the APR. Clearly understand the details of the contract you are signing. You cant cancel the contract after you sign it.