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## Introduction

Sooner or later everybody has to buy a new car. It doesn't matter if it's your third new car or your first, it is inevitable.

Of course, everyone knows that there is an art to buying a new car that everyone must know sooner or later.

Every car buyer knows that there are tricks to getting a car at a reasonable price. Dealerships and private sellers rarely mark the car's actual worth.

Instead, they mark the price up a little so that they can clear a good profit for themselves.

Some dealerships mark the prices up to be able to offer their salesmen better incentives to sell the cars for them.

Whatever the reason, almost all dealerships can be talked down on their initial prices, if you know how to haggle properly.

The savvy buyer will know that they can talk the dealership's prices down a little bit, if he/she knows the dealer's lingo and tricks beforehand and shows that he/she are prepared to deal with them.

Salesmen are there to try and hustle a good price for the company, while you are trying to hustle a good price for yourself.

If you have ever wanted to get your money's worth out of buying a car, then this will be your comprehensive guide to getting through all of the bull and getting a car at a good price.

Most of the time, it isn't even just the deal of buying a car that is the problem. Dealers and salesmen have a way of getting extra money out of you for the "extras".

Many people don't even realize that they purchased the extras until it's too late.

## Auto Cons

Salesmen speak their own language, and to know when you are being sold on something that you don't want, you need to know how to speak the same language as the salesmen do. This guide will teach you how to get through that barrier once and for all so that you will never again be oversold on a car or anything else you want to buy. In this guide you will learn:

- How to spot a scam from a dealer or salesman
- The best time of the year to buy a new car
- How to get a good purchase price
- Get tips to financing a new car
- How to give your opening price

Buying a car doesn't have to be scary and it doesn't have to be the worst experience of your life. Many people dread buying a new car because they know that they are likely going to get ripped off.

You don't have worry about it anymore because this guide will teach how to avoid that very problem.



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## So You Wanna Buy A Car?

The first thing that you should know when you want to buy a new car is that both you and the dealer are looking to get the better end of the deal.

If you don't learn anything else from this book you will learn how to walk away from the deal with both sides being satisfied.

A good deal is a win, win situation for both parties. Most of the time it is the buyer that leaves unsatisfied.

In this day and age a car is no longer a luxury, but a necessity. You will likely have to purchase a new car more than once in your life, so you might as well learn to do it in a way that will make buying the cars less painful.

If you are looking to buy a car you should begin with these tips.

**1.** You should purchase your new car at or around Christmas time because with everybody buying their Christmas presents, not many of them are looking to buy a new car, and it forces dealerships to up their sales strategies.

Salesmen are more willing to haggle down to your prices to close the deal.

**2.** You can also get a good deal from July to October because that is the time of year when dealerships are trying to get rid of their inventory to make way for the new models.

**3.** Purchasing a car online is becoming a great way to get a new car. Just wait for good rebates and incentives online and shop around.

Print out your information from the best quotes and bring it to the dealer that you are most willing to work with.

Bringing in lower quotes from another company might be your best bet in getting a good deal.

## Auto Cons

**4.** You should visit <http://www.FightingChance.com> if you are hoping to find new car prices, dealer incentives, and the best rebate offers.

This site is the first place that you should go for great advice on buying a car. It's even more informative than the Kelley Blue book. This program for buying new cars can literally save you thousands of dollars.

**5.** A good place to start when going into a dealership is to bring a copy of your credit score with you.

It can lower your interest rates on your car loan. Your car dealer should not know more about you than you do.

**6.** You can avoid a common scam that dealerships pull. You will often hear that your financing fell through and that you have to respond by paying more money on your loan.

Don't believe it. It's another reason for you to get a copy of your credit score.

**7.** Another common scam by dealership salesmen is for them to tell you that they have found you a lower rate, but that they want you to re-sign your loan papers.

Usually, that is a downright lie. Once they pull up your financing information, they have the upper hand if you don't know the details about your credit information.

You can get a copy of your credit information online at <http://www.equifax.com> for about \$10-\$15. It's better to pay \$15 now than thousands later.

**8.** Don't bring in a car for trade in if you still owe money on it.

The dealership rarely pays the rest of the loan on time which will result in you having to pay a great deal of late fees to the bank.

## Auto Cons

If you do decide to bring a car in that you owe money on, get it in writing from the dealership that they will pay the balance on the car within 10 days.

**9.** Sometimes a dealership may not have all of your options and must order the car directly from the dealership.

If this happens they will often ask you to pay \$500-\$1000 for a deposit on the car.

Try not to pay more than \$500 and be sure to pay with a credit card because sometimes the dealership will tell you that there was a price increase on the vehicle and will want more money.

If you pay with a credit card you have room to dispute the amount being taken from you. If you pay by check, you can just consider the money gone.

**10.** You should never buy a car when you are in desperate need for one because a dealer will see that and take advantage.

You should never wait until an old car is dead before searching for a new one because you should give yourself time to shop around for one and get the best deal possible.

Desperation often clouds your judgment.

## What You Should Never Do

There are many things that you don't want to see a dealership do to you as a buyer, but there are some things that you should not do as well, if you don't want to alienate the dealer.

Here is a list of "don'ts" that you should abide by if you are really looking to get a good deal.

- Don't try to pull one over on the dealer by lying about the condition of your trade in vehicle. It is just a lie that you can't get away with, and could cause many cost increases later.
- Don't bother looking for a car if you have had a recent bankruptcy because you will not get approved anyway.
- Don't give the dealership a deposit and then try to take it back for no reason because you should have researched the car before making the purchase. You can also lose money on the return.
- Don't bother lying about your debt load and credit rating because they will check it anyway.
- Don't offer any money for a car unless you already know the dealer cost because you are setting yourself up to get ripped off.

## Common Phrases and Word Games

Buying a new car is just like buying anything else on the market.

Salesmen are trained not to take no for an answer, and many word games and phrases come into play in order for them to get you to close the deal.

Advertisers and marketers are there to mess with your head so that they can make you buy things. Some of the best words and phrases that make a consumer buy products are amazingly well worded, while others are not.

Think about it - when marketers use carefully written strategies, you can often think that you are getting a deal, when in actuality you could be paying more.

Sometimes a marketer will offer a 50% off deal on a piece of merchandise, but in actuality the price of the object has been increased in the first place.

If a company marks up the price by 52%, and sells it for 50% off of that price, you are actually paying 2% more for the item than it originally cost.

This is a very common way for car dealerships to work. They may offer a \$3000 cash back deal on your trade-in while the other fees and interest rates will be higher than you may want. Basically while a dealership may offer great trade in prices, they will get you with the other fees.

Dealerships have many ways to scam a buyer, let's look at the top 10 scams that dealerships pull on you.

## The Top 10 Dealership Scams

### 1. The VIN# window etching scam

Basically a dealer will charge you \$300-\$900 for window etching and they will tell you that you have to pay the money to get the loan because the banks insists on it.

Some dealers might tell you that the etching is free but will add on the etch money to your monthly payments to make up for it.

The best way to avoid this scam is to force the dealer to put it in writing if they say that the etching is free or simply etch the car yourself.

You can get an etch-it-yourself kit from <http://www.CarEtch.com> for \$30 or just don't buy the car.

Remember a lender doesn't require that you purchase any extras on a car. All the lender cares about is that you can make your payments on time regularly. Don't buy into it.



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## 2. The Financing Scam

I have mentioned this before already, but here it is in more detail.

Basically you trade in your old car and the finance manager tells you that your interest rate is good and then gives you the car.

After a week or two passes you get the call from him that you didn't qualify for the interest rates that they gave you upon making the deal.

Every new purchase has a clause in the contract that usually states that the deal is "subject to loan approval."

This gives the finance manager a loop hole in getting more money out of you.

All that this means in the contract is that the deal is not finished yet even you already have possession of the car and have signed the contract.

The dealer can then charge you \$1000 more in finance fees and up your monthly payments by \$50.

This scam is generally pulled on people with bad credit because it is more plausible.

If you are wondering why they would sell you the car at 6% APR if they knew you had bad credit (remember they ran the credit search already) the answer is simple; to sell the car.

You can avoid this scam by not financing the car with the dealer if you know that you have bad credit.

You are better off going to a credit union and financing the car yourself. When you buy a new car the deal should be made on the price of the car, not on the monthly payments.

## 3. The Credit Score Scam

## Auto Cons

This scam is ridiculous at best. This is when the finance manager tells you that your credit score is lower than it really is so that they can get you for higher interest rates.

This scam is pulled on everyone; good or bad credit.

This scam is easy to avoid. Just get your own copy of your credit report from Equifax.com, and bring it with you.

It is really difficult to lie to you about your credit score if you have your own copy of it. If your paper and theirs doesn't say the same thing, go somewhere else because that dealership is lying to you.

Don't forget to let them know it too because it'll be nice to watch them squirm.

### **4. The Forced Warranty Scam**

This is when the finance manager tells you that you are not eligible for the loan by the bank unless you pay an extra \$2000 for a 2-3 year extended warranty.

This scam just doesn't make sense. Basically the finance manager is telling you that the bank won't trust you to pay the \$20,000 loan for the car, but they will trust you if you pay even more money. That's just stupid.

You can avoid this scam if you can force them to put it in writing that you "have" to pay the extended warranty in order to get the loan.

That way you can bring a copy of the contract to your local State's Attorney's office to verify that the deal is valid. I can bet that the finance manager will change his tune pretty quickly.

### **5. The Dealer Prep Scam**

Let me first let you know that cost is not only legal but very much common practice. I still refer to it as a scam because it is just another way for you to end up paying more money for the car.

## Auto Cons

Basically the dealer will tell you have to an extra \$500 to cover the labor costs of the dealership's 5-point inspection.

You are paying for the time it took for the dealership to make sure that the car wouldn't explode on you in the first week of owning it.

This check up that you are paying so much money for is for the dealership to remove plastic from the seats etc, vacuum the car out, and making sure that all of the fuses and fluids are ready to go.

When factories deliver the new cars to the dealerships the cost of delivery and prep is already covered, so basically you are paying the dealership for work that they haven't really done.

I swear they could get the car in perfectly ready to drive condition and put everything right back in it just so that they can make you pay the fee again.

You can avoid this scam by simply asking the dealership to add an extra \$500 credit to the deal to make sure you do not have to pay the money.

If they refuse, you can then decide if the car is worth the money. If it is fine; buy the car, if not; go to another dealer that will remove the dealer prep costs.

### **6. The Dealer Mark up Scam**

This is an unnecessary fee that the dealer charges for no reason other than greed. This fee can be seen on the orange sticker marked on the manufacturer's suggested retail price (MSRP).

The additional dealer markup is nothing more than requiring more money for no real reason. They can include all kinds of extra fees in the additional dealer markup.

When you see an extra dealer mark up fee, ask the dealer to get rid of it. If they refuse, it is pretty much up to you, but remember that if you do pay the extra dealer markup, you are overpaying for no real reason.

## 7. The Payoff Your Loan Scam

This is when the dealer offers to pay off the balance of your current car loan no matter how much money you still owe. It is a common sales strategy.

When the average buyer hears it, they think that by purchasing a new car with a new dealership, they will automatically owe no more money on their current car.

That couldn't be further from the truth.

What really happens is that the dealership does help you get out of your current contract; however, they normally are forgetting to tell you how high your fees are going to be for breaking the lease agreement with your old dealership.

You will now be responsible to pay fees that are in the thousands to make up for it.

You also will not be able to refinance for a new car until those fees are paid. Of course the dealership can add the cost on to your contract with them at a substantially higher rate.

The dealership only agrees to this deal because they want to get more money off of your current car. They aren't really doing anything for you at all.

The dealership will also give you far less than the car is worth on the trade off. Basically this scam works because they will up your monthly fees, and then sell your trade in for a more money than its worth.

The dealership then extends your monthly payments so that they can make it appear that you are paying a small amount monthly when you don't even realize that you have committed to an extra year of payments.

To avoid this scam, you have to bite the bullet and ride out your current lease till the end. If you are really determined to get a new car, then you should try selling your current car on your own.

Just sell it so that the buyer just takes over the lease payments.

**8. The Used Car Sold “As Is” Scam**

This is when a dealership will sell you a car that has been in a car wreck, but they will tell you that the car has been completely refurbished.

When you see the car it has a sticker on it that says “as is” on it and no warranty is included with your purchase.

This is the dealer’s way of telling you that you can’t bring the car back, you are assuming all risks for the car, and that it is not under warranty.

To avoid this scam, don’t buy a car without a warranty or one that says “as is” on it. By doing this, you might as well buy a car from a stranger on the street with the same deal.

**9. The Bounced Check Scam**

This is when you walk into a dealership with a bank draft and the dealership charges that they can’t accept your draft because your bank bounces checks often so they now refuse checks from that bank.

Of course, this leaves the table open for them to get the extra money they want by offering to sell you a car at a higher interest rate.

You can avoid this scam first by getting your drafts from Capital One Auto Finance.

Then let the finance manager know that you are aware of the scam that they are pulling and that Capital One Auto Finance is in the business of giving loans so the checks don’t bounce.

**10. The Forced Credit Application**

If you are hoping to pay for a car outright or in cash with a bank draft or check that is what you should do. Some dealerships will not let you.

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You will hear one of these lines so that they can try and get you into paying monthly terms for more money.

“State laws require that you must fill out a credit application before I can sell you this car.”

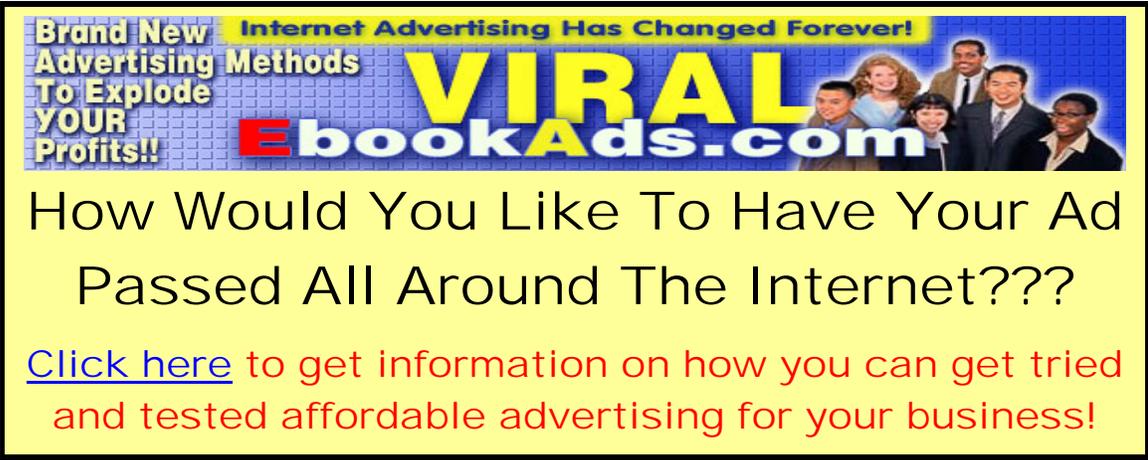
“Everyone that buys a car from us fills out a credit application first.”

“It’s the company’s policy”.

If you hear any of these lies, then know what’s going on. When you are paying cash why would you think that you need to fill out a credit application?

It doesn’t make sense. No state will force you to apply for credit when paying cash.

Would you have to fill out a credit report if you want to buy a sofa or groceries while paying cash? See how silly this is. To avoid this scam, just laugh in their faces.



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## How to Avoid Car Refinance Scams

Purchasing a new car from the dealership leaves you open to dealership scams, but what about when you need to refinance your car loan?

Many of the scams are the same as you will encounter when buying a car.

Here are the best tips for avoiding any of the refinance scams that dealerships force you through.

- Get your own credit score and bring it with you to the dealership
- Don't pay a cash deposit for your financing loan because if the deal goes bad, you can't get your deposit back
- Don't apply for a car loan until you have been employed for at least 6 months if you are a recent college graduate
- Apply for your loan online so you can avoid getting ripped off
- Learn to fix your credit before you apply for a loan. Get your credit score to at least 680 first.
- Pay off your credit card debts before you look for a new car
- If you have recently moved wait 6 months before applying for a loan.
- Your addresses are always verified. If you move a lot, they will not trust that they can keep track of your whereabouts should you make late payments etc.
- Having been approved for a loan in the past helps
- Don't get a co-signer for your loan because often times you will find that the deal is solely in the other person's name

## The Buyer's Folder

Whenever you are considering getting a new car, you should be sure to bring all of the information that will help you to get the best deal you can.

This will all be included in your "folder". Here is a list of all of the information that you will want to include in your folder.

- A copy of your credit report from [www.Truecredit.com](http://www.Truecredit.com)
- New car purchase prices for the cars that you are considering from [www.autousa.com](http://www.autousa.com)
- Accurate pricing data, rebates, tips and incentive from [www.FightingChance.com](http://www.FightingChance.com)
- Credit pre-approval in writing from [www.e-loan.com](http://www.e-loan.com)
- Insurance quote that cover the coverage that you want on your loan
- Used car blue book that has used car information and market values
- Extended warranty quotes from [www.warrantydirect.com](http://www.warrantydirect.com)
- Current loan rates that are in your local paper

Bringing all this information with you will literally cut the legs out from under the dealer. It shows that you are one step above the various scams that you will encounter.

## How Much Money Should I Offer the Dealer?

When you go into a dealership, you want to know all of the pricing and costs of the car that you are looking into buying, as mentioned earlier.

You should know the manufacturer's cost and the dealer's cost.

You need to calculate the cost that the dealer paid for the car and then make a reasonable offer to him if you want to get somewhere.

You should also know that the dealer's price is not the invoice price from the factory. You should know that the dealer's cost is much lower than the factory's cost.

In order to make a fair offer to a dealership, you need to learn to read a factory's invoice. Here is what you can expect to find on the factory invoice.

- Base model of the car on it
- All of the options packages
- Destination charge
- Holdback and dealer flooring help

**Quick Tip:** DO NOT confuse the invoice with the MRSP window sticker because they are not the same.

Contrary to popular belief, dealers don't have to tell you the invoice on any car. This often gives the dealer leverage over you.

They can offer you one dollar over the invoice. You should know that there are hidden factory incentives in the invoice price that lowers the cost of the car for the dealership. It's no bargain for you.

If a dealership is very quick to show you the invoice, you should be aware that they are fully aware that they will be making money on that car off of you and they can settle at a lower price for the car.

Knowing this before you walk into a dealership can be your best negotiating strategy. See, they will tell you that you can afford to buy

## Auto Cons

the car at MSRP hoping that you will not then wonder what the actual worth of that car is.

Knowing this information can let you make them the same offer.

If you offer a few dollars over the factory invoice (which is the actual worth of the car) then you can open your bid and let them know how much profit they can make off of your offer. Check out these websites if you want to know the factory invoice of a car.

<http://www.InvoiceDealers.com>

<http://www.CarsDirect.com>

<http://www.Car.com>

<http://www.Autoweb.com>

Dealers are always going to try and tell you that they paid less for the cars than they actually did so that they can make a higher profit off of the sale.

Salesmen often try and make you feel guilty by telling you “I’m losing my shirt off of this deal”.

In truth, you are the one that is losing your shirt off of the deal, so don’t buy into it.

To calculate what your offer should be to the dealership, you should get the factory invoice price (don’t forget to include the options in this price), and add 5% to that amount. That is how you should calculate your offer the dealership.

When I mention the options, I mean the ones that you can’t avoid. Some cars come equipped with a CD, sun roof etc. and these are fees that you can’t avoid paying so sure to account for these at the beginning.

You should also be sure to account for any buyer rebates as well in calculating your offer. So in the end your offer should be calculated like this:

## Auto Cons

**DEALER'S COST + 5% - ANY BUYER REBATES =  
YOUR OFFER**

Calculating your offer to a dealership is as simple as that. When you are considering how much you can afford for a car, be sure that you don't get sucked into paying more than that.

If you are unwilling to pay more than your opening offer, let the salesman know that your offer stands firm and how they will profit from the offer.

In the end you will get what you want on your own terms. To be certain that you get the drift I will set an example for you.

You are hoping to buy a Toyota Camry. You do your research at DealersInvoice.com, and find that the invoice price is \$19,922; MSRP is \$22,385. The dealer may offer you the car for \$22,000, and shows you the invoice.

You learned by researching that there is a \$500 factory to dealer incentive; and a \$447 holdback on the MSRP (2%).

Based on the above calculations, the dealer's real cost is \$19,922 (invoice) - \$500 (incentive) - \$447 (holdback) = \$18,957. This is far below the factory invoice number.

Now, if you add the 5% for your offer to that price, which will up the car price to \$20,379 due to the addition of \$455 for the destination charge that is always present, you will see that based on the offer that the dealership offered, you just saved yourself \$3410.

This may seem complicated but if your use a pre-designed spreadsheet from CarsDirect.com or AutoUSA.com, the program does all the calculation for you.

## Negotiating Tips

Being a good negotiator doesn't have to be difficult. Sooner or later everyone has to negotiate with someone if they want to get a good deal on a purchase.

When you are trying to negotiate with a car dealer, you should know that they are very practiced in the art already. You will need to know how to get through their "car speak" in order to be successful.

Since you now know how to calculate your offer and already know what the dealer paid for it, you should get a copy of the paperwork from a friend that recently bought a car, so that you can become familiar with what you will see on your paperwork. They are all generally the same.

If you've followed the above mentioned tips, you will also be pre-approved for a loan. The key is for you to get in and out of the dealership as quickly as possible because the salesman will definitely find more loopholes to up your charges if you stay.

- Here are a few tips to successful negotiating.
- Remain positive and confident
- Don't talk down to your opponent
- Show up prepared and ready to counter anything that may come up
- Bring ads from other dealerships with you as an extra weapon
- Finance your loan before you arrive at the dealership so as to avoid paying unnecessary extra fees
- Bring a friend with you for extra support

## Auto Cons

Something that you should look out for from salesmen is the extra little tricks that you will likely encounter that will try to force or rush into a buying decision.

You have to remember that they are trying to negotiate you into paying more money just as you are trying to negotiate paying less. Here are some of the things that you can expect to hear from them.

1. "These cars are flying off of the lot. It may not be available for the same deal tomorrow". (Threaten to leave and they will ease up and try to change their strategy)
2. "This deal is only good for today. If you come back tomorrow I can't guarantee that the deal will be the same".
3. "I'm an honest man. Look at how many cars I've sold this weekend" (This is where he will show you his list of sold cars. If he does this, then tell him that he doesn't need your money).
4. "I hate to tell you this but I have another offer on the table from a man that is willing to pay more money than this. I am just waiting for his paperwork to be returned".

(Tell him that if he promised the car to someone else, you don't want to step on someone else's toes and that you should leave then).

5. "To cover the overhead costs, we have paid \$13,000 for this car (Just check your paperwork in your folder and prove them wrong).



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## What Kind of Buyer Am I?

If you want to save money while you are negotiating you should negotiate from the dealer cost up and not from the MSRP down.

You just need to remember that dealer cost is not the same as the factory invoice.

Some dealerships refuse to haggle over the cost of a car. Once you make your opening offer you should never accept anything higher than that, as far as costs go.

If the dealership that you go to doesn't haggle, don't sweat it, some other dealership will.

The reason some dealerships refuse to haggle is because they want to add extra fees to the MSRP. You will need to decide what kind of buyer you are in order to get a negotiating stance.

You do not want to set yourself up as a monthly payment buyer either because that is a guaranteed way for you to get a higher payment fee.

They will offer to take a little bit off of the MSRP. They will then ask you what you are looking to pay each month; this is where the extra money comes in.

Cash buyers are generally asked, "Are willing to pay each month?"

Tell them it doesn't matter because you are looking for an even division on the cost of the car, not to haggle over the monthly cost.

Tell them that you are looking to haggle over the cost of the car, not the monthly payments. This is often used for cash buyers.

If a finance manager tries to get you to report your payment method before you have decided upon purchasing the car, don't get sucked into it.

## Auto Cons

The method of payment doesn't matter unless you are deciding upon purchasing the car. Finance managers ask so that they can best decide how to screw you over.

Some dealers will offer you to give you a better deal if you finance your car through them. I can guarantee that this will not be the case.

Of course the worst thing that you could be an impulse buyer.

An impulse buyer is just another word for "victim." Impulse buyers can often get sucked into the "hot" car of the moment and usually get taken for as much as \$10,000. A dealer can see this buyer coming from a mile away.

If a dealer approaches you about the "hot" car tell him that you are not interested because it will not be worth the money next year as the new "hot" car will be out by then.

You don't want to buy a car that is in demand because it is the easiest way for a dealership to mark up the prices. The MSRP always looks low, but it is the extras and monthly payments that will lose you money.

Remember the resale value of the car doesn't change no matter how much money you bought the car for. It still depreciates in value from the factory invoice.

## Some Sales Scams

As I've said before, there are many ongoing scams that dealerships will throw at you in order to bank some extra money from you. I've shown you the most popular, but let's look at some more.

**1. Written contract scam:** This is basically when the finance manager sits you down and begins to write himself into frenzy, while quickly throwing numbers at you until you are so confused, you end up paying more than you agreed upon.

This may seem impossible for a person to get away with but believe me; it happens all of the time.

The finance manager is counting on you being confused and desperate to get out of there, so assumes you will simply go along with whatever he says. Most of the time, it works.

Avoid it by forcing the guy to slow down, and calculate right along with him to make sure that you are getting a fair deal and that you both come up with the same numbers.

**2. Price beating scam:** This is when the dealer tells you that they will beat anyone else's prices or give you \$500.

They simply ask you to get the price from another dealer and they'll beat it. The hard part is that other dealers will not just hand over their information for you to take to someone else.

This deal is almost impossible to get because most dealers sell different makes and models anyway.

Avoid it by not buying into it in the first place.

**3. I won't get paid scam:** This is when the dealer tells you that he won't get paid if you don't purchase the options package. This is a tug at your heart strings.

## Auto Cons

To avoid this simply tell them that you refuse to buy something you don't want just so that they get paid. If it's that much of a problem they should get another job.

**4. No payments until scam:** This is when a dealership advertises that you don't have to pay for 6 months.

Next thing you know, you buy the car and they tell you that it is due for payment in 2 months. Some will not even be applicable at all.

They can claim a typographical error or that the deal was a week ago. It's an outright lie, and you should get your deposit back.

Avoid this by asking the dealer to put that in writing before you purchase the car and make your deposit by credit card so that you can refute it.

**5. The "We've Got it scam:** This happens when you call a dealership asking for a specific car make, model and color and are told that they have it.

However, when you get there, you are told that they miraculously sold the only one they had before you arrived. Next they will tell you that they have another car similar to it for only \$500 more.

Avoid this by leaving.

**6. No Cheaper rate scam:** This is when a dealership tells you that you can't find a cheaper price anywhere else on the market.

Get real!

Of course, if you've done your research as I told you before, you already know that the prices don't change on the value of a car.

Avoid this by simply stating that they must be right, and then leave.

## Auto Cons

**7. The Phone call scam:** This is when you have successfully negotiated a car, and the salesman suddenly gets a phone call with an offer for the car that is lower than the price you agreed on.

Then he casually lets you hear him state that he will call the man on the phone right back if you opt out of the deal.

Next, he tries to talk you down from your set upon price to compete with the guy on the phone's offer.

Avoid this by telling the salesman that you will understand if he chooses to take the better offer.

**8. Paperwork scam:** This generally happens after you have already paid your bank draft for the financing of your car, and the deal has already been set in contract.

Conveniently, the salesman will write down the wrong date on the sales contract.

You are then told that you will have to finance the car through their company for extra fees within 2 days or you will be stuck with a higher financing and interest rates monthly.

To avoid this watch the salesman write your contract and check the dates before you sign them, just to be sure.

**9. Factory Holdback scam:** Dealerships depend on a buyer's ignorance so that they can mark up your prices. Holdback is money paid to the dealer for about 2-3% of MSRP.

It is money that is given to the dealer from the factory when the car is sold. This is profit for the dealer for buying the car.

Most dealers will tell you that it costs them money so that they can charge you for it later. Basically, they can get the money twice.

Avoid this by letting the dealer know that you know better and will not pay it.

## Auto Cons

**10. Insurance scam:** This is when the dealership tells you that you must get your insurance from them or a company that they work with if you want to avoid paying higher interest rates.

This scam also applies to the dealership forcing you to pay life insurance or extended warranties due to “bad credit.”

Avoid this by leaving. What they are doing is wrong.

**11. Turnover scam:** This is when the dealership sends over many different salespeople hoping to wear you down and get you to hurry up and buy. This is also called harassment.

Avoid this by threatening to leave if they don't stop it.

**12. Hidden rebates:** This is when the dealership advertises that the price of the car is lower than the MSRP.

What you don't realize is that the fine print says that the prices include rebates. All this means is that the rebate that you were offered doesn't exist because it was already calculated in the ad.

Avoid this by ignoring it or requesting it in writing that states the rebate is in addition to the price of the car.

**13. Deposit scam:** This is when the finance manager insists on a deposit before you have signed the purchase contract.

You will be told that the finance manager has to bring in a copy of the contract offer to his boss and he needs a deposit from you just to ensure that the boss will sign off on it.

It's just to make sure that you are “serious” about getting the car.

Avoid this by refusing to give a deposit before the contract is finished a signed by both parties.

## Auto Cons

Dealers run this scam so that they can keep you there. Tell them that the fact that you made an offer on the car shows that you are serious.



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## Closing Without the Extra Costs

So many people get ripped off after they have already closed the deal. They get you on the extras and the warranties at that point.

The extras are things like rust proofing, scotch guarding etc. It seems pretty straight forward but you would be surprised at how many people get taken on these.

The trickiest closing cost scam is the extended warranty because the language used is so confusing. This is not the warranty that the factory gives you for the car.

It is a warranty that covers the cost of fixing the car should it break down on you. To get around this, you have to know the dealer's language.

Extended warranties often do cover any repairs that you require during your coverage period, but there is often some information that you are not told about.

For example, the extended warranty is usually effective only up to a certain amount of mileage or term period; whichever happens first.

They might also only cover certain types of problems. If your extended warranty doesn't cover every part of your car, why bother?

Some extended warranties don't cover the larger problems, but just the smaller ones. If your engine conks out, you may be left in the lurch.

You shouldn't even consider buying an extended warranty if you are only leasing the car for a small time period like 36 months. Perhaps it is better only for longer periods of leasing like 60 months.

Many extended warranties don't cover everyday wear and tear policies, only breakdown problems. If you do insist on getting an extended warranty, get one that covers both instances.

## Auto Cons

You will only really want to get a warranty on a more dependable car like a Lexus, Honda, or Toyota because extended warranties rarely cover the costs incurred in cars that are present at the time of purchase.

You will also want to get a warranty that is effective immediately. You will also want to get a warranty with a well established finance company and not one that go belly up in a year.

Don't purchase an extended warranty directly from the dealer. Instead look at sites on <http://www.LendingTree.com> for an online warranty because being online gives you all the time to asses your warranty properly.

Watch out for deductibles because you don't want to get stuck paying for deductibles that you thought were covered by the warranty.

Now let's look at some of the extras that dealers get you on at closing. This can be very irritating how they try to weasel even more money out of you in the end on stuff that you really don't need at all.

Of course, when you hear it, they will all sound dire. It's bad enough that they will throw them up at you but look at this table to show how much they are really ripping you off by.

## Most Common Extras at Closing

Description	Your price	Dealers costs
Rust proofing	\$800	\$40
Extended warranty	\$1200	\$300
Scotch guard	\$300	\$5
Car alarm	\$400	\$100
Paint sealant	\$300	\$10
Credit/insurance costs	\$200	\$30
Detailing and pin striping	\$299	\$30
Total of extras	\$3499	\$515
Extra monthly payment total	\$97	\$0

As you can see, these extras will get you in the end. If you can, you should avoid them all together. They are worth far more to the dealer than they are to you.

By now, you should know all of the things that you need to know in order to buy your new car with the least amount of burden, and you have learned to avoid the common scams pulled by dealerships. This is the only guide that you will ever need when you get ready to buy a car.

You've learned:

- The various tricks
- Advertising tricks and misleading marketing
- How to get the best price
- How to negotiate your opening offer
- How to negotiate
- How to calculate your opening offer
- What the difference is between the factory invoice and MSRP sticker

### Auto Cons

If you have read this all the way through, then you need not worry. All of the advice listed here will save you a great deal of time and money.

You are now fully prepared to get your new car.

So what are you waiting for? Go shopping!

Liz Tomey

<http://www.ScrapbookingHome.com>