


(CONTINUED FROM PREVIOUS PAGE)

or a "lemon" (a car with multiple repair problems). Be prepared before you buy!

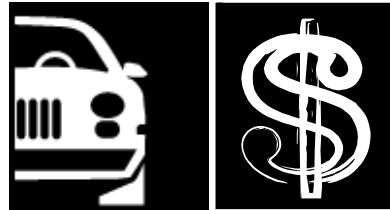
- Have a certified mechanic thoroughly inspect the car.
- Test drive the vehicle. Do this during daytime hours and not when it's raining.
- Check the car's registration history online at [www.carfax.com](http://www.carfax.com).
- You should also ask the dealership or the previous owner for the vehicle's repair records.
- Use the Kelley Blue Book ([www.kbb.com](http://www.kbb.com)) or other similar publication to determine the car's 

## Where can I complain about automobile fraud?

**California Department of Consumer Affairs**, (800) 952-5210, [www.dca.ca.gov](http://www.dca.ca.gov). For other states, go to your state government website or look in your phone directory in the government pages.

**Better Business Bureau**, [www.bbb.org](http://www.bbb.org), or look in your phone directory.

**District Attorney's Office** of your city or county. In Los Angeles County: (213) 580-3273, <http://da.co.la.ca.us>.



### WHAT DO I NEED TO KNOW BEFORE BUYING OR LEASING A CAR?

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**CONSUMER LAW PROJECT**

# What Do I Need To Know Before Buying or Leasing A Car?



Public Counsel is the public - interest law office of the Los Angeles County and Beverly Hills Bar Associations

**You want to buy** a car, but don't know the best way to do it. What actions can you take to help avoid dealership scams and other rip-offs?

## **ONE: Know how much you can afford to pay. Be sensible.**

**Look at your budget** (your income minus expenses) and figure out if you can afford to make monthly car payments. Many budget experts advise consumers to spend no more than twenty percent of their paycheck (after paying other bills) on a car payment.

If you are behind on any other bills, then you should really think about whether it is smart for you to take on another monthly expense. Don't forget about additional costs like car insurance, registration, and maintenance.



## **TWO: Know how much the dealer paid.**

**Getting a good deal** on a car usually takes some negotiating. A good price is one that comes close to what the dealer paid the manufacturer for the car. What

do you need to know so you can negotiate effectively? For each car you're interested in, you should know the Dealer Invoice Price and any Factory to Dealer Rebates and Incentives (this is money that the dealership gets, thereby reducing the amount they pay for a car). Get current data by doing an Internet search for "dealer invoice price", or refer to Consumer Reports publications.

## **THREE: Know what car you want and its market value.**



**Research the price** of the specific car you want. Consider the model, model year, options and accessories, and package prices (also called "trim lines"). Use various sources: do an Internet search, call dealerships, read car reviews. Also, find out its safety record, maintenance history, and resale value. Knowing this information will give you a good starting point for negotiating the price of your car.

For used cars, check the Blue Book value (market value) [www.kbb.com](http://www.kbb.com). The public library should have books listing values of most cars, or use the Internet.

## **FOUR: Know your credit score, if you are financing.**



**A common scam** used by some dealers is to tell you that your credit score is too low to qualify for their "special" low interest rates. Know your credit score before you talk to any dealers and you may avoid being stuck with a higher interest rate. Get a copy of your credit report, which includes your credit score, from any of the three credit bureaus: TransUnion, (800) 888-4213; Experian, (888) 397-3742.; Equifax, (800) 685-1111.

If you are looking for financing, definitely compare interest rates before using dealership financing. Credit unions and other financial institutions often offer lower interest rates than the dealerships.

## **FIVE: Know as much as possible about that used car.**

**Buying a used car** can be disaster for your pocket book and cause a lot of stress if you don't do your homework before you buy. Many dishonest sellers will shamelessly try to sell you a wreck →