



## **BUYING A NEW CAR** **SMART SHOPPING TIPS**

**There is no automatic 3-day right of cancellation given in new car sales contracts. Shop for the car BEFORE you buy it, NOT afterwards.**

### **SHOPPING**

- **Determine how much you can afford BEFORE visiting the dealer.**
- **When shopping for the car you want:**
  - Test drive the car on various types of roads (e.g. highways, retail areas with lots of stop lights, quiet residential streets)
  - DON'T shop after dark. Small flaws can be overlooked in poor light.
  - DON'T shop when you're tired and hungry.
- **Find out the dealer's invoice price from reputable services such as:**
  - Consumers Reports Car Price Service, [www.consumerreports.org](http://www.consumerreports.org)
  - Edmund's Automotive Evaluations, [www.edmunds.com](http://www.edmunds.com)
  - [www.cars.com](http://www.cars.com), or
  - [www.autobtel.com](http://www.autobtel.com)

### **NEGOTIATING**

- **Bargain UP from the invoice price, NOT DOWN from the sticker price.**
- **Carefully consider whether you really want or need option packages.** Such packages can add thousands of dollars to the price of the car.
- **Do NOT discuss the value of your trade-in or how you will finance the purchase until you have negotiated a firm price for the new car.**
- **Research the value of your trade-in.** Check newspaper and on-line classified ads or have the car evaluated by an independent source. You may get more money for your old car by selling it yourself. Even if you want to trade in your old car, you should know it's value before negotiating with the new car dealer.
- **Be prepared to leave the dealership if the price offered doesn't fit your budget.**

- **Do NOT pay a deposit** to lock in a price without a **WRITTEN PROMISE** that the deposit is refundable.

## **FINANCING**

- **Know your credit score and review your credit report.** Your credit score determines the interest rate for which you qualify and is based on information in your credit report. If your credit report contains inaccurate information, get your credit report corrected before you apply for credit.
- **Shop for financing at credit unions or banks before shopping for your car.** Don't assume that dealers offer the best financing rates. Compare the interest rate and length of the loan (number of monthly payments) as well as the amount of the monthly payment. Compare this information to the financing options offered by the dealer. **DO NOT sign a dealer's finance application unless you have decided to take the dealer's financing offer.**
- **If the dealer is financing your new car, DO NOT take the car off the lot until the financing has been approved.**
- **After the sale:** If you are told by the dealer after you take the car that your financing "did not go through," **you cannot be forced to accept different finance terms** (such as a higher interest rate, bigger down payment or getting a co-signer). So long as the information you provided in your financing application was accurate, you have the right to cancel the deal if the dealer cannot provide the financing terms promised.

## **SIGNING THE SALES CONTRACT**

- **READ all documents prior to signing and insist on getting a copy of everything you sign**
- **DO NOT sign blank documents.**
- **DO NOT sign a promissory note**, unless you are prepared to pay the entire amount of the purchase or have gotten financing yourself (through a bank or credit union).
- **Make sure that all verbal promises made by the salesperson are included in the written contract.** In most cases, once you sign the contract, you are bound by its terms.

To obtain this factsheet in an alternative format, please contact the Office of Consumer Affairs at 410-313-6420(voice/relay) or email us at [consumer@howardcountymd.gov](mailto:consumer@howardcountymd.gov).