



CONSUMER TIPS FOR BUYING A NEW OR USED VEHICLE

by Texas Attorney General Greg Abbott

TEXANS WHO ARE IN THE MARKET for a new or pre-owned vehicle should consider doing a little up-front research before heading to the dealership. Buying a vehicle is a complex transaction involving a sales contract, financing and a warranty. Buyers should study the full range of features, prices and deals available from different sellers. They also should review contract details carefully and learn about specific protections available to them under state law.

Automobile dealerships selling new or used vehicles often tempt buyers with low monthly payments. The monthly payment amount depends on the price of the car and the financing terms. A low monthly payment may be tempting, but it is not always the best deal. Consumers should examine the vehicle price with all desired options. If the car is over-priced, the interest rate is extraordinarily high and the loan is stretched out over many years, it is unlikely the buyer is getting a good deal.

Newspaper and Internet advertising can provide prospective buyers comparable vehicle price ranges. Consumer publications, including the “blue books” dealers use to determine price ranges for used cars, are available online. Consumers should take advantage of these resources to determine whether the offered price is competitive.

Buyers who are shopping for a used car can make a more informed purchase by taking it for a test drive and having an independent mechanic inspect the vehicle prior to the sale. If the seller doesn’t allow

either examination, the consumer should reconsider whether to buy the car.

Consumers should be sure that the final price includes the desired features – and nothing else. In 2004, the Office of the Attorney General took legal action against 14 car dealerships for requiring consumers to purchase unwanted fuel and maintenance discount coupons that added hundreds of dollars to the vehicles’ purchase prices.

Buyers should not sign the purchase contract until they read and understand everything in it. All service promises and other guarantees must be explicitly written in the contract and the final copy of the buyer’s guide. If the seller offers a warranty, it must be in writing for it to be valid.

Consumers should never sign a contract that has blank spaces or contains terms that are different from the salesperson’s representations. If the salesperson takes the contract to a superior “for approval,” buyers should be sure that no changes were made before signing the agreement. If the buyer agrees to changes, both the buyer and the seller should initial the new language.

Texans who finance a car can check with their bank or credit union to see whether financing options are competitive. By shopping around, buyers may be able to negotiate a better deal. Texas law sets maximum interest rates for used car financing. Those rates vary depending on the vehicle’s age and the amount owed on it.

All used car dealers are prohibited by federal law from rolling back or changing

the number of miles on an odometer. Texas law requires the seller of any used vehicle to state on the title assignment the total number of miles the vehicle has traveled. Consumers should be sure to get a copy of the odometer statement with the contract.

Consumers should avoid leaving the dealership with their new vehicle if the sales contract has not been finalized completely and signed by both parties. This is especially important for buyers who obtain dealer financing and/or leave a trade-in vehicle behind. If the buyer’s credit is not approved or if the value of the trade-in is not confirmed, the monthly payment may increase significantly, leaving the buyer with higher payments.

Under Texas law, automobile dealers must register and title the vehicle in the buyer’s name within 20 working days, regardless of whether or not the buyer owes money on the vehicle to the dealer or another financier. The dealer also must provide the buyer with the original receipt from the county tax assessor-collector’s office.

Finance companies have the legal right to repossess a vehicle without prior notice, even in the middle of the night, if a buyer fails to make payments on a car. Consumers should keep payment receipts and related documents safe and up to date. Never keep vehicle purchase or title documents in the glove compartment. If the car is stolen, or if the car is illegally repossessed, the buyer will have no ownership or payment records.

POINTS TO REMEMBER



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- Take time to shop around and compare pricing and features. Contact several lenders for competitive interest rates.
- Get all promises in writing. Do not sign a contract that has blank spaces or does not reflect the deal discussed verbally.
- Test drive the vehicle under varied road conditions, including on highways and in stop-and-go traffic.
- If the vehicle was pre-owned, ask the owner or dealer for the maintenance record.
- Have the vehicle inspected by an independent mechanic before purchasing.

The Texas Department of Transportation (TxDOT) regulates the Texas vehicle industry, including licensing dealers and investigating complaints. TxDOT also administers the Texas Lemon Law, which can help replace or repair a defective vehicle purchased or leased from a licensed Texas dealer or lease company.

For more information on the Texas Lemon Law or to file a complaint against a Texas vehicle dealer, call TxDOT at **(800) 687-7846** or visit the agency online at **www.txdot.state.tx.us**.

For more information about this and other consumer topics, visit the Attorney General’s Web site at **www.oag.state.tx.us**.



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