

## **RIP-OFF PREVENTION REPORT: EDITOR'S CAR BUYING TIPS**

### Step 1

You need to know how much money can honestly afford to spend. Spending more than you can afford will only HURT YOU, not the DEALER. Play with a calculator and also talk to your bank, or better yet, a credit union. I know of a local Radio DJ who could not say NO to his wife even though she wanted more than they could afford, and now he has a REPO on his credit and will soon have the bank coming after him for the loss. So DO NOT let a car dealer's "TRAINED LOT SHARK" up-sell you to some car that costs more than YOU can afford. You must remember at all times, many car dealers hire secret companies to come to their dealerships and train their sales staff on HOW TO GET MORE OF YOUR MONEY!

### Step 2.

In this step you need to be VERY careful. Car dealer advertisements can and in most cases are VERY DECEPTIVE. I help a local attorney when he has law suits regarding car dealers. He says and I quote "Big print giveth and small print taketh away." Many car dealers use the BIG PRINT to get you excited that they have a "SPECIAL DEAL" that NO OTHER dealer has. They use the small print to TAKE AWAY EVERYTHING that got you to want to go to them.

Read the below and you will see some of the laws that New York auto dealers got busted for. They are VERY INFORMATIVE!

Television and newspapers ads that claimed vehicles for sale "at cost" or "under factory invoice" that don't accurately reflect the actual cost to the dealer; violated Truth-In-Lending by failing to provide required disclosures such as amount of down payment, APR, terms of repayment; and violated FTC's regulations regarding use of term "free" when advertised on radio and television that the dealer would pay to have purchases' income tax return prepared for "free".

Ads claimed to cut interest rates to 1% without disclosing conditions, qualifications and limitations to the offer; ads stated "your most recommended dealer" falsely implied that the dealer can offer more favorable deals than its competitors violated Truth-In-Leasing by advertising "triggering term" of "\$189 per month" without providing required disclosures;

"3%/ \$500 over dealer invoice" ads did not reflect the dealer's ultimate cost for the vehicle; advertised demonstration car prices compared to MSRP (price that would be charged for vehicle if it were new) and failed to provide odometer information; advertised price for a vehicles that was not the true final cost;

\$2,501 minimum trade-in/Push-Pull-Drag It In" when, in fact, the price of the used car to be purchased had been increased to absorb the high trade amount offered;

"No Money Down" claim contradicted in small print; advertised low APR which failed to conspicuously disclose: shortened loan term and qualifications such as limited to well qualified individuals;

Advertised "liquidation prices" and "Bank Repo Sale" that falsely implied that the sale was court-ordered or a forced liquidation;

"\$99 Under Invoice" print and radio ads; balloon payments not conspicuously disclosed; use of sweepstakes without adequate disclosures; "0.9% financing" that failed to disclose that the offer was limited to qualified buyers; Truth-In-Lending Violation: credit for used cars advertised at specific monthly payment amount without mentioning APR; Truth-In-Leasing violation: no mention of security deposit or first month payment;

"\$25 Below Invoice" ads that don't accurately reflect the actual cost to the dealer; Truth-In-Lending Violations: credit ads without required disclosures; can't read disclaimers; used college grad rebates without clear disclosures in pricing; used 0.9% financing ads that failed to disclose that the offer is limited to well qualified individuals;

"\$2,500 Guaranteed for Your Trade" on television and newspaper ads when, in fact, the price of the used car to be purchased had been increased to absorb the high trade amount offered; Truth-In-Lending Violations: TV ads that give monthly payment amount without providing other required disclosures; "0.0% Financing" which failed to disclose that the offer is limited to well-qualified individuals; newspaper ads that provided a monthly payment amount that did not represent the actual amount that would be paid by the public at large (it figured in a limited, specific rebate offer);

Failure to disclose APR and payment terms; "All Applications Accepted" that falsely implied that credit is available to all applicants; failure to provide mileage information when advertising price of specific used vehicle.

Claims of an "IRS Sale" and a "national clearance sale" which was not the case; "1% Over Authorized Factory Invoice" which does not accurately reflect the dealer's ultimate vehicle cost; "0.9% financing" without disclosing that availability was limited to well qualified individuals

"\$0 Down Payment/\$0 Security Deposit" contradicted in small print of a footnote; "No credit/Bad Credit, No Problem" ads that deceptively implied that credit is available to all applicants; advertised monthly payment prices of specific vehicles which generally did not represent the actual monthly payment price

"\$299 Over Invoice" and similar claims failed to accurately reflect the ultimate dealer cost for a vehicle; violated Truth-In-Leasing when it advertised a specific monthly lease payment, but failed to provide other required disclosures; ads claimed "1 year worth of gas free" failed to disclose that the cost of such service would be factored into the price for the vehicle; advertised, that in spite of credit problems "all applications would be processed" falsely implying that all applicants would receive financing

### Step 3

What type of car do YOU want? Don't let some "Trained Lot Shark" lead you to some car that HE thinks is good for you! He is not buying, YOU are.

Many dealers have what are called "Spiffs" for the sales people if they sell certain cars that the dealer wants to MOVE OUT because they have problems or they have been on the lot too long. If a new car sits on the dealer's lot too long, it costs the dealer big money in floor plan money. You must always keep in mind that YOU are the BUYER, not the sales person. They are trained to SELL, SELL and SELL. Have you been trained to BUY?

One good tip I tell all car buyers is to read the car dealer Rip-Off Reports. Trust me each will tell you a story that could save you BIG MONEY. No newspaper will tell you to read the Rip-Off Reports regarding Auto dealers. They do NOT want to help expose their advertisers in fear of losing BIG advertising money.

### Step 4

Many car dealers like to break a law called the Monroney law. They love to remove the MSRP's off of the popular cars and trucks they sell. That way they can tell you that the car you want has a cost of \$25,000 when the MSRP HAD a price of \$22,500. If you are not on top of the latest car buying info, you will get suckered into their scam. If a new car does NOT have the manufacturer's MSRP on the car, it might be what is called a "ROLL BACK" Or they are trying to RIP you OFF. A

Roll Back is, let's say they sell a new car to a car buyer. The dealer's employee removes the MSRP to prep the car for delivery. The car buyer takes his or her new car home. A few weeks go by and dealer calls the car buyer to inform them that the dealer was unable to get the car buyer's loan approved. The car buyer brings the new car back to the dealer after driving it a few thousand miles. The car dealer cleans up the car with the few thousand miles on it and parks it back on the lot and tries to sell it as NEW or a DEMO.

#### *The Monroney Law*

The legislation requiring the sticker is commonly known as the Monroney Law, named after its sponsor in Congress, Almer Stillwell "Mike" Monroney (1902-1980): Born in Oklahoma; U.S. Representative from Oklahoma, 1939-51; U.S. Senator from Oklahoma, 1951-69.

#### Step 5

Price is VERY important. Never pay window sticker price for ANY CAR. We have to keep in mind that cars GO DOWN in value; they do not go up. So that being said NEVER PAY FULL STICKER for any car. I know a Ford dealer that has little round stickers on their new Fords, and they say "Negative Equity Assistance" on them and a \$1980 printed on them, making you think that they are going to help you with \$1980 bucks in case you owe more on your trade is worth. The fact is, they are just marking UP the price of the new car \$1980 over the sticker price. Can we say "Reverse psychology"?

#### Step 6

You must always keep in mind if it's not in writing, YOU will NOT GET IT! Always get EVERYTHING in writing or WALK OUT! Make sure that the price they quote to you is in writing and that you and the Manager sign the doc at the price you agreed to. NEVER except a sales person's signature as an agreement. They have NO POWER! If the dealer is going to install a CD player, up graded tires and wheels make sure that you get EVERYTHING that is agreed upon in writing, or you will not get any upgrades. Make sure that all added items and anything handwritten on what is called the "WE Owe" document is signed by both you and the manager.

#### Step 7

Shop at more than one dealership.

Check out several dealerships and their reliability at [www.ripoffreport.com](http://www.ripoffreport.com). If a car dealer is a BIG Rip Off dealer, they just might be listed on [www.ripoffreport.com](http://www.ripoffreport.com). If you have been Ripped OFF you might think about telling millions about it by filing your VERY OWN Rip-Off Report. I say that all car buyers need to do some research on [www.ripoffreport.com](http://www.ripoffreport.com) and read the "Auto dealer" Rip-Off Reports. You will find some informative reading that you would NEVER find in your newspaper about car dealers.

#### Step 8

If you're uncomfortable negotiating, consider a car buying service. But you have to be VERY CAREFUL about car buying services also. You have no idea if the buying service gets kickbacks under the table if they bring car buyers to certain dealers. Make sure that they buying service is on YOUR SIDE or list them on [www.ripoffreport.com](http://www.ripoffreport.com).

#### Step 9

Shop around for financing, and compare all offers. The best place is the automaker if they have 0%. If they do not, join a local credit union. Car dealers do not like to compete with credit unions.

Offers vary, so shop around for the best deal, comparing the annual percentage rate (APR) and the length of the loan. When negotiating to finance a car, be VERY wary of focusing only on the monthly payment. If you only focus on the payment, they can RIP YOU OFF in a BIG WAY. The only person that will feel the pain is you! My motto is "Their Gain is your PAIN"!

#### Step 10

Insurance is something we have to have by LAW. So make darn sure that you can afford the cost to insure the car that you have plans to buy BEFORE you sign any documentation at the dealer. If you buy the car first and then soon after find that the insurance is WAY TOO HIGH, you are toast! You can't back out of a car deal because you can't afford the car insurance.

#### Step 11

Test drive before you buy anything!

The way to get a proper feel for the performance, handling, ride and comfort of a new car is to drive it. If you have plans of parking your new car in your garage, drive the car home and make sure that it will fit BEFORE you buy it. You can't use that as a way to get out of a car deal.

#### Step 12

Make sure you read and understand the contract and EVERYTHING they ask you to sign before you sign anything. If their finance manager tries to RUN you through the signing process GET UP tell him he is going TOO FAST and that if he will not let you have time to read all doc's before you sign them, you will go buy somewhere else. Your boots have buying power and they know it. NEVER be afraid to WALK OUT on a DEAL. If you put fear in them that you will walk out if they try to sign you up FAST. The cost of things just might go down.

The Fine print has one goal—To Hide the Rip Offs. My motto is "If it has small print, you will get BENT OVER." Take the time to read the sales contract - especially the fine print - and don't agree to what you don't want. Don't hesitate to ask for clarification on points you don't understand. If you leave a deposit, be sure you understand the conditions and your obligations. Remember, a contract is binding on you and not the dealer in most cases. A car dealer can pull you out of a deal before they send it to a bank for loan approval. But you can't just bring the car back and UNWIND the deal because you found a better deal down the street. They can hold your feet to the fire but you can't hold their feet to the fire unless you have EVERYTHING IN writing. Make sure that you get copies of EVERYTHING YOU SIGN. If they will not give you a copy of ANYTHING that you signed. inform them of Ripoffreport.com

As with all contracts, don't rely on any verbal promise, and NEVER sign a contract that has blank spaces. A contract that has blank areas might mean they have a Rip Off Plan just for you.

#### Step 13

Look over the car before you drive it off the lot. After you drive it home, you are TOAST if you find something wrong with it. I know of many car dealers that play with the car that you are inside signing for. They might change the tires to cheaper ones, they might bring out a car that you have never seen before but looks just like the one you test drove.