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Tips For Purchasing a Motor Vehicle

Most motor vehicle purchasing problems occur because of two things:

1. Poor communication between customers and dealers, and
2. Major misunderstandings by customers of what their obligations are. Few complaints involve fraud.

It is important that you think through your purchase decision and understand what your obligations and rights are. Do your homework and be an educated consumer!

1. Determine the type of vehicle you want, need, and can afford. How will the vehicle be used? What optional equipment do you need?
2. Shop around! In addition to the price of the vehicle, consider cost of insurance, maintenance expenses, financing, etc. Get all the facts you need to make a good decision.
3. Consider how you are going to pay for the vehicle. Cash, loan, amount of down payment? Shop for the financing just as you shop for the car. Compare **all** the terms of financing, not just the monthly payments. Pay attention to the interest rate, number of months, down payment, amount of finance charge and total price.
4. There is NO AUTOMATIC RIGHT TO CANCEL a vehicle purchase within three days.
5. Most used vehicles are sold "**as is**", without any guarantee or warranty. It is important that you or a qualified mechanic thoroughly inspect the vehicle before buying.
6. Dealers must post a Buyer's Guide on all used vehicles. This window sticker will tell you if the vehicle is being sold "as is" or with a warranty, and the terms of that warranty. It will also indicate if a service contract is available for the vehicle, and whether or not there is an extra charge for that contract.
7. Federal law requires that new cars, station wagons and vans display a label showing the Manufacturer's Suggested Retail Price (MSRP). This label gives you an idea of where to begin negotiating on price and provides a benchmark for comparing prices between makes and models. Dealers may also add a supplemental label for dealer-added equipment, handling charges, extra profit and similar fees.
8. There are various publications which quote relative values for used vehicles. These so-called "book" prices can be used as guidelines for pricing. However, many factors, including mileage, condition, equipment, and age affect the price for a specific vehicle.
9. GET EVERYTHING IN WRITING! To avoid misunderstanding, get all promises in writing on the contract that you sign. If repairs or accessories are promised, specify a date of completion and have it written in the contract.
10. Read and understand all the terms of the contract before signing. Do not sign anything that has not been filled out completely. Get a copy of everything that you sign when you sign it.
11. Read each section of the "Disclosures As Part of a Motor Vehicle Sales Contract" form before signing.
12. The bottom line price after trading is the important figure. Negotiate your deal with and without your trade-in. Consider selling your old car yourself.
13. Colorado law requires a dealer to sell vehicles in a safe condition (tires, brakes, lights, horn, muffler, wipers, etc.)
14. New vehicles are covered by the manufacturer's warranty. Make sure you receive a copy. You are responsible for the maintenance to keep the coverage in effect.

15. Extended service contracts are usually available for purchase. Study the policy or contract carefully and ask the following questions:

    - Who does the work?
    - Is any authorization necessary?
    - What if you're out of town?
    - Is there a deductible amount or service fee?
    - How is payment made?
    - What maintenance are you responsible for?
    - Can you cancel and get a refund?
    - Is the service contract transferable if you sell the car?
    - How reputable is the company providing the coverage?
    - Do they have a local representative?
    - How long have they been in business?

16. If you make a deposit on a vehicle and want it to be refundable, make sure that this is written into the sales contract or purchase option that you sign.

17. Lease or Buy? Leasing is comparable to renting. You are paying for the use of the vehicle, but you do not build any equity (ownership). Again, do your homework to determine which is best for you.

18. A "high pressure" sale, by itself, is not illegal. Don't be reluctant to bargain and don't be hesitant to say **"NO" or walk out**. After all, **it is your money.**

Additional Information

For additional information, contact the Auto Industry Division at (303) 205-5604. The Auto Industry Division website has information available for consumers and dealers:

www.colorado.gov/revenue/aid

Walk-in assitance is available at the Department of Revenue, 1881 Pierce Street, Room 112, Lakewood CO.