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Used Car Buying Guide - Step One

What are your needs? Why is this car needed? This question needs to be answered before you can start looking for a used car. This can be a very difficult problem as we all have many ideas of what we would 'like' in a car. If we are honest, we have this little thing called pride, so we want a car that helps to reflect our own value. (Bad idea). We also want to get something that will be at least as good as the neighbors, so they'll know we make good money, right? Wrong!



These are not good ways to look at this.

We need to focus on things like safety, reliability, and value. Looks are important too, just not at the top. Also, do you want a 4 wheel drive (have bad winters where you are?). Maybe you just like an SUV because it sits up high? I know I do. You see, the type of car is something you can have some personal desires about during this process. For instance, say I want an SUV, but I know that a [Hummer](#) is not in my price range, but a Jeep Cherokee is. That's ok.

Ok, we know what type of car we want. Now what manufacturer? I believe this is where the research can pay off. Pick a few sites to do this research like [Kelly Blue Book](#), or [Edmunds](#). You can also check [Consumer Reports](#), although online this often costs money. You can usually find the paper magazine at your local library if you wish. These sites have a great deal of information on used cars. You can research down to different model years, how reliable others say they are, what type of recalls have happened to them, and generally what current owners think of them. First hand experience is always good stuff!

Through this process, pick a few specific models and years of cars to focus on and then we will move to the next step. How much money do we spend on this? That is the question we will talk about in step two. Stay tuned!

Used Car Buying Guide - Step Two

How much money will this car cost? That's a question only you can determine. I can give some ideas about it, from my perspective. Car prices vary from state to state and area to area. Generally, I am talking about a used car you can afford. What can you afford? How much money do you have? That should tell you what price range to look in.

Borrowing money for a car can be a real bad decision, and I know that most people do it, but cars are not investments! Look at this example.

I just did a search online in my area for a 2007 Ford Explorer XLT and found one that had 18,000 miles and was \$20,000 at dealer. (this would be less if I could find it from a private sale).

The same car in this years model , a [2008 Ford Explorer XLT](#) costs \$30,000 new with the same options as the used one above. This car lost 33% of value in one year at only 18,000 miles. This is very typical. Cars are not investments and the value of a new car goes down faster than anything I know.

In this guide we are talking about saving money. Borrowing money to buy a car is not saving money. I suppose there are always some exceptions though. If you need a car for work or something and have no money, then you may need to borrow some to buy it.



The price of a used car will depend on many things. Where you buy it, as an example. If you go to a dealer and buy a ‘certified’ used car, you are going to pay plenty. This is not what I am referring to, when I say a used car. I am talking about a car you may find by looking in the classified, or maybe see a for sale sign in the window of a car in the parking lot. These are some of the best buys you are going to find. Private owners’ sales. I will tell you another great place to find very good used cars when we get to the next step.

Try to decide on a range of money that you could afford. Be serious about the maximum, because things get real ugly when you can’t say no to a car that is clearly outside what you can afford. This upper number will help when looking for a car, and will keep you on track to being a happy buyer, once the car is yours. Join me at step three for where to find this car.

[Used Car Buying Guide - Step Three](#)

In [Step One](#), we talked about what the need is, why we need the car, and narrowed down the type of car we are looking for.

In [Step Two](#), we decided how much we can afford to pay for this car.

Now we need to find a car that fits our need and is within the price range that we can afford. There are many places to look and I will list few good places here. Don’t limit yourself to newspapers and these ‘free’ local papers that carry a bunch of classifieds. Sure look there, but you may not have good success from just that. Most people selling a car these days will list it somewhere online. The sites I start looking through are [Autotrader](#), [cars.com](#), and [craigslist.com](#).

There are many others, but these will give you a real good look at what's out there. The time you spend doing this will help you decide if the one or two models you think you want are available and whether your price range includes them. Don't get too focused on the photos that are on the websites either. Give cars without photos a good look as well, because often this means the seller is just lazy, and is not likely to be trying to get top dollar. That is a good thing for you.

Search your local "park and rides" also, on your way home work and whenever you are out. Let your friends know that you are looking and tell them if they see a car that fits your search criteria to give you a call. The more people helping you look, the better.

You can have autotrader email you a list of cars each day. This can help you be able to jump on a newly listed car.

Besides these places to search, I want to tell you what I consider a secret place that many people overlook. Are you ready for this? [Government auctions](#)! You may have seen infomercials about buying things at Government Auctions and you may think it's difficult or whatever, but I have bought my last two family cars there. It is easy and it is a very good place to find a reliable used car. Here's why.

The government has cars available for it's employees for a variety of reasons, but many times these cars are not driven much. I just bought a 2000 Ford Explorer that had about 60,000 miles



on it! seven years, 60,000 miles. That is less than 10,000 per year. These cars are also managed by a maintenance section that does routine oil changes etc, and they do this far more often than your typical private owner. This means the engines have "usually" been taken care of. I will do a series of posts in the future about how to go about buying a car at Government Auctions and I will tell you now. It's free. There is no reason to join a club that the infomercial tells you about. There are no fees to get lists of cars that are for sell. You have a right as a citizen to purchase these

cars. Sure, you will be competing with mostly car dealers for the car you want. That's the fun part.

Okay. Let's assume we have found a car or two that we would like to pursue. The next step is researching the particular car you have in mind. Is it worth what they are asking? Does it have hidden problems that we need to know about? These questions will be covered in Step Four.

[Used Car Buying Guide - Step Four](#)

In [Step One](#), we talked about what the need is, why we need the car, and narrowed down the type of car we are looking for.

In [Step Two](#), we decided how much we can afford to pay for this car.

In [Step Three](#), we looked at some places to find a good used car.

Now that we have found the car that looks like it meets our requirements, we need to do a bit of research to make sure it is really a good deal. This is step four.

Is this car a good value or is it a [lemon](#)? Is it sound mechanically? You can spend a lot of money on this part, or you can do a bit of undercover work and leave it at that. As a minimum, I would suggest you get a [CARFAX](#) report done on the car. Carfax will tell you some important things about the history of the car. For instance, after Hurricane Katrina, many cars were flooded and written off by insurance agencies, but some of these cars were dried out, cleaned up, and re-sold, usually to an unsuspecting person. Carfax can help you avoid that, as it shows this type of info. A little secret about Carfax is this. You can do a quick “gut check” report for free if you know the VIN (Vehicle Identification Number) , which you can get from the owner. Just go to Carfax and type in the VIN. They will tell you how many “records” exist on the car and they’ll do that for free. A record is counted when the car changes ownership or something else significant happens to the car. See an [example of a CARFAX report here](#). My point is, you can check the number of records a car has without paying. For example, a car with one previous owner should have 2-3 records maximum. This can give you some idea concerning the truth about prior ownership. Carfax is a good website to spend some time on - learning the ropes. I still recommend you just buy the report if you are concerned.



waterpump

You can also ask to take the car to your own mechanic for an inspection. This will cost you at least \$100.00 but it may make you feel better about the purchase. Your mechanic can look it over and give you a fair assessment of how it’s been taken care of in the past, as well as what you may expect to repair on it in the future.

This is a good time to go back and research this particular make , model, and year on sites like [Kelly Blue Book](#), [Edmunds](#), and [Consumer Reports](#). Look for owners reliability reports. Satisfied owners of this car will give you confidence. When you do this remember, that many satisfied people won’t bother writing about it, so don’t put too much weight on a few negative reports. You will see a trend if there is one.

If you’ve gotten this far you are going to drive this car around a little now as well. Don’t expect it to “feel” great. All cars feel a little “different” when you first drive them. Listen for strange sounds, make sure everything works from headlights to rear wiper. Look where the car was parked to see if there is an oil spot. Anything you see, be sure to ask about it. Don’t worry about offending the current owner. They may not tell you that it leaks oil unless you ask.

Satisfied so far? Okay let's buy that car at a real good price. In step five we will talk about negotiating a fantastic deal.

[Used Car Buying Guide - Step Five](#)

In [Step One](#), we talked about what kind of car we need.

In [Step Two](#), we decided how much we can afford.

In [Step Three](#), we looked at some places to find a good used car.

[Step Four](#) concerned some research to make sure this car is a good deal.

Now we are at step five - negotiating the price. This is a place many people lose out, but it this is where you can make a pretty good deal, a great deal. First of all, NEVER PAY THE ASKING PRICE!.. Cars, and especially **used cars**, are the most negotiated thing in the world today. It is just expected. As the buyer you are already in a good position. The seller has already had to name a price. But also, you have to go next. It's your turn. Don't blow it. Here is an example of a typical negotiation. In this exchange, we have decided ahead of time that the car is worth about 5000.00. We need to start with a much, much lower price if we expect to end somewhere near this number. Depending on the price, I would start off at something close to 25% less than asking price. That is just a ball park figure, but you get the idea.

Buyer: So what is your bottom line price? *(this alone is a trick to get the seller to start off with a lower price than was advertised. Sometimes it works, and if it does the same negotiation happens, just better for you). In this example the seller sticks to the asking price as a starting point.*

Seller: Well I am asking 5500 dollars for it.

Buyer: It is pretty close to what I am looking for and it seems pretty good, but you know it looks like the tires are going to need replacing soon. And I noticed some slight sound in the transmission.. I could give you 4000 for it, I know it's a lot less than you wanted but that seems fair to me based on the problems (blah blah blah)..

Seller: Well that is not even near what I had in mind. I don't hear anything in the transmission and the tires aren't that old.. I could go down to 5000, but that is it!

Buyer: Well, I can't be sure about the transmission, but I also noticed some rust in the fender area, I know it is not bad yet, but it looks like it could get worse quickly.. I have a little extra money I could add to the 4000. I guess I could give you 4500. Would you take 4500?

Seller: No, I just couldn't. I mean I need this money to pay off a small loan.. I can't take that for it.

Buyer: Okay. I understand. Let me know if change your mind.. You have my number. I will keep looking, but you never know..

Seller: Okay. How about meet me halfway at 4750.00

Buyer: Okay.. I do like it, could you throw in that pair of fuzzy dice in the window?

You got a deal.

We saved 750.00 dollars on this deal.

It doesn't always go this way of course, but you get the idea. I know this seems simple, but so many people I talk to just don't want to do it? Trust me, you can do it. Play it through in your mind before you get to the "negotiation". You need to know pretty close to the maximum you can give.. Sure there is some wiggle room, but stick to your plan. You may have to *really walk away* sometimes. It can go many ways. I assure you, when you get that car, and save hundreds of dollars off the price, you will feel good that you did it. It is SO worth it. Congratulations.



In step six we will talk a little about the whole licensing, registration part.

[Used Car Buying Guide - Step Six](#)

This is the final part, really, of getting the car on the road. We covered [need](#), [affordability](#), [search](#), [research](#), [negotiation\(and actual buying\)](#), and now licensing the car.

Before we get into this, I need to go back a little to where we actually bought the car in step five. I really should have mentioned that we need to get a bill of sale at that meeting and we need to get the title. The Wise Geek has a blog that has some good info on titles and what a "bill of sale" is. See his [website here](#). Depending on your state's laws, you may need a bill of sale to help them decide how much "sales tax" you have to pay. Some places also require you to have this [notarized](#) as well. Each state is different. Here is a [great website](#) that will be very useful in finding out what your state laws are. You really should go there, before the negotiation, just so you know what you need in terms of paperwork.

Many states also have some sort of safety inspections that have to be done. My state has this inspection only once and that's when you buy the car. Other states have a similar inspection either yearly, or even every six months. I think it is mostly a tax to be honest, but that's my

opinion. Anyway, you may need to get the car inspected before you can get proper registration papers and tags. If you do, think about this when you are looking for the car. This may be brought into the negotiation. 😊 After you have all your paperwork, and you go to the DMV (Division of Motor Vehicles), you will pay your taxes and get your tags. This part is not hard, so don't let a "dealer" convince you that you need to buy a used car from them so they can do this part. You can do it.



Your insurance company will want to know all about this new car as well, so be sure to call them before you go to the DMV. Usually, you will have to sign something saying the car you just bought has been added to your insurance policy.

Next we will talk about some routine maintenance you will want to do on your car. Nothing real difficult, but you can save a bunch of money if you can put brake pads on your car, for example.

[Used Car Buying Guide - Step Seven](#)

And the last step is maintenance. This isn't really a part of buying a used car, but I think this seven step guide wouldn't be complete without it. (Plus it would be a six step guide, and I said this was a [seven step guide](#).) 😊

Routine maintenance is not that hard to do. Sure, you can take it to a Jiffy Lube, or some other local place to get the oil changed. But you can do it yourself as well. I think doing it yourself teaches you more about the car and it will save you some money. Money that could be used to buy a better oil, like a synthetic blend or something. Most people say a good rule of thumb for oil changes is every 3000 miles. I have never done that. I guess I should have, but I just can't get to it that often. I usually go more like 10,000 miles. I know what you are thinking, 'that's too long', and you may be right. I feel that somewhere around 6000-7000 miles would be fine.

So to make a list of things to think about doing yourself.



- Change oil
- Change the brake pads
- Change the rotors as necessary
- Check radiator and flush every 2-3 years

I do many other repairs myself such as water pumps, radiators, radiator hoses, almost anything. If you need to fix something, find a forum online where the people who own your particular model of car hang out. An example would be the [Jeep Forum](#). You can find almost anything you need to know about your car and repairs on a good forum. The people are always happy to help you out.

Lastly, get a good local mechanic that you can trust! This is not that easy, but it will be worth it. Ask friends if they know anyone. Word of mouth is the best way to find a good mechanic. Most good mechanics will be very busy and it'll take weeks to get an appointment. That may be a sign you have a good one. A good mechanic will give you the old parts they replace and show you why it failed. Just be careful and try a few until you are comfortable you can trust them.

This ends the “short version” of buying a used car. You can still add comments to this series online so we all can benefit from your personal experience. I'd love to hear from you. Do you have a secret that you could share? Maybe you know a good technique to make sure you get a great deal? Maybe you know a great website that we all need to know about.

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