"Packing" or "Loading" Payments

"Packing" or "loading" payments is a practice used by some in the auto industry to get customers to agree to purchase additional products, such as credit insurance, service contracts, and chemical protectants without revealing their true impact on their monthly payments.

Here are some tips to avoid a "packed" payment:

- Beware of the dealer who tries to focus on monthly payments. Payment quotes can be manipulated to hide the costs of extra terms and services.
- Listen for key phrases, "It's included!" or "It's provided at no extra charge!"
- Obtain an amortization schedule. Make sure payments quoted aren't higher than what is needed to cover the purchase price of the vehicle and products you have agreed to buy.
- Check the purchase agreement and loan documents carefully to make sure that only the products you agreed to buy are included.

The Contract

- Read and understand each document before you sign and get a copy of each document.
- Ask what the interest rate, amount financed, and length of loan is for any payment quoted during negotiations.
- Never sign a contract with blank spaces.
- You never have to buy extras (service contracts, credit insurance, etc.) in order to get your loan approved or to get a specific term.
- Get all verbal promises in writing. Once you sign a contract, you are bound by the written terms.
- If your contract states "subject to financing" \ consider leaving the car there until the deal is final (accepted by the bank in writing).
- There is **no three-day right to cancel** - once you sign the contract, absent fraud, you are bound by its terms.

Changing the Terms of the Contract ("Bushing")

After a deal is agreed upon and the contract signed, if you are contacted by the dealer saying they now need a larger down payment or higher monthly payments, you are not required to accept the new terms.

- A dealer has four working days from the time of purchase/lease (excluding weekends and holidays) to find financing and finalize the sale.
- If the dealer fails to locate the financing specified in the contract, there is no contract and they must unwind the deal.
- If you have taken possession of the car, you must promptly return it when notified that the transaction can not be completed within the four working-day period.

Reporting the Sale of Your Used Vehicle

Whether you're trading your car in to a dealership or selling to a private party, it is your responsibility to file a Report of Sale with the Department of Licensing (DOL). The seller Report of Sale document relieves the previous owner of civil and criminal liability only if it is completed in its entirety and delivered to DOL within five days (excluding weekends and holidays) of the sale of the vehicle. DOL provides an online Report of Sale that can be accessed from their website www.dol.wa.gov.

Motor Vehicle Lemon Law

If your vehicle is less than two-and-a-half years old and has been repaired under the manufacturer's warranty several times but still has a substantial problem or has been out of service for more than 30 days due to diagnosis and/or repair, the vehicle may be a "lemon." Contactthe Lemon Law program at the Attorney General's Office for further information at 800-541-8898 or www.atg.wa.gov/consumer/lemon.

BUYING A USED VEHICLE

Purchasing a used vehicle can be just as challenging as purchasing new. Used vehicles have a different set of pitfalls for the unwary consumer.

Below are some tips to consider when buying used:

- **Where to buy?** Cars are advertised on the Internet, in the newspaper, and on neighborhood lots - make sure you're purchasing from a legitimate seller.
- **Warranties.** If you buy from a dealer, they may offer a warranty or try to sell you a service contract. Negotiate the price. If you choose these types of options, make sure you know what is and is NOT covered before you agree. Banks and other lenders do not require that you buy extras like service contracts, GAP or credit insurance as a condition to getting a loan.
- **"As is."** Buying a vehicle "as is" means you're assuming all responsibility for the repair and maintenance of the vehicle. Insist on a thorough test drive and independent mechanical inspection before you buy any vehicle "as is."
- **Vehicle History.** The law requires, upon request, the dealer to give you the previous owner's contact information if it is a business or a governmental agency. You can also investigate a vehicle's history on your own through services like Carfax (www.carfax.com).
- **Check recalls.** Contact the National Highway Traffic Safety Administration to find out if a specific make and model was ever re called by the manufacturer. Call 1-800-424-9393 or visit www.nhtsa.dot.gov.
- **Emissions.** Make sure the car has passed or can pass the emissions tests. If you don't, you will be responsible for ensuring your car complies.
- **Promises.** Get all promises regarding the quality of the vehicle and the deal in writing. Oral promises are hard to enforce.

FOR FURTHER INFORMATION

The Attorney General's Office provides information and informal mediation to consumers and businesses. If you have a question or want assistance resolving a problem, please contact one of the Consumer Resource Centers listed below.

The Attorney General is prohibited from acting as a private attorney on a complaint. If your complaint demands immediate legal action, you should consider private legal action. Some claims can be heard for nominal fee in Small Claims Court (no attorney necessary). Please contact your local Small Claims Court to determine if your claim meets the current maximum value threshold. If your complaint involves more than the maximum for Small Claims Court, you should seek a private attorney. You might also consider arbitration.

CONSUMER RESOURCE CENTERS
OFFICE OF THE ATTORNEY GENERAL

Web site.....http://www.atg.wa.gov/consumer

Statewide.....(800) 551-4636
(800) 833-6384 WA Relay Service

Bellingham.....(360) 738-6185
Seattle.....(206) 464-6684
Spokane.....(509) 456-3123
Tacoma.....(253) 593-2904
Vancouver.....(360) 759-2150
Lemon Law.....(800) 541-8898
(206) 587-4240 **Seattle**

Consumerline has taped information on a number of consumer related issues. In Washington call (800) 692-5082.

The Attorney General's Office has a policy of providing equal access to its services. If you need to receive the infor¬mation in this brochure in an alternate format, please call (800) 551-4636. The hearing impaired may call 1-800-833-6384 Statewide.

Provided courtesy of
Rob McKenna,
Attorney General of the
State of Washington

WASHINGTON STATE
ATTORNEY GENERAL'S OFFICE

AUTOMOBILES

BUYING AND LEASING CARS

BUYING AND LEASING CARS

Updated Dec. 2008

BEFORE YOU BUY

Your Needs

- What kind of driving will you do?
- Who or what will you be transporting?
- What is your monthly budget for car payment, gas, insurance, and maintenance?
- How much car can you really afford?

Check Out Warranties

- Is there a warranty? If not, are you paying too much?
- Are all promises in writing?
- Have it inspected by an independent mechanic.

Finding Out About Prices

- New: Find out about new car costs from other sources before visiting the dealer (Consumer Reports, the National Automobile Dealers Association (NADA), Edmonds.com, and similar publications or websites).
- Used: Consult a current "Kelly Blue Book (KBB.com)," NADA data (NADA.com), newspaper ads and auto related websites.

Lease or Purchase

- Evaluate both options. Make sure your choice is best for you and your family.
- Leasing. A lease is not simply another way to buy a car; you're actually agreeing to rent the vehicle long-term. Getting out of a lease early is a very expensive way to go. The low down and monthly payments are often attractive to shoppers but are not necessarily the most cost effective option.

If you decide to lease, consider these tips:

- Carefully read and understand all the terms of the lease.
- Ask if there are any upfront costs.
- Determine whether you qualify for factory rebates.
- Find out what happens at the end of the lease. You will have no trade-in value at the end of the lease because you do not own the car.
- Know that charges will be added if you exceed the agreed to mileage limit or return the car with excess wear and tear.

Compare Loans

- Get pre-approved financing or determine what interest rates you may qualify for. If you have your financing pre-approved, you may avoid buying more vehicle than you can afford and avoid paying an higher interest rate than necessary.
- There are several sources of loans; credit unions, banks, and dealers. Shop around.
- Long-term loans may not be a good idea if you plan to trade every 3 to 5 years. You may still owe more on the loan than the car is worth. This means you will have to finance the payoff of the old loan with the new car loan. You will be paying for two cars but driving one.

Advertising - Watch for These Tactics

- Bait-and-Switch is a very attractive deal on a car that is advertised (the bait), but at the dealership the salesperson tries to sell a more expensive car (the switch).
- Special or Sale Price refers to the original or a higher price than is advertised and now the car appears marked-down. The car may never have been offered at the "original or higher" price and may not be a genuine bargain.
- Side Stickers or Sucker Stickers are just additional dealer profit. Negotiate from dealer invoice up or Manufacturers Suggested Retail Price (MSRP) down.
- Above or Below Invoice. State law requires that advertised invoice prices be the actual cost of the vehicle to the dealer after all manufacturer holdbacks and incentives have been subtracted. If you are shown the invoice, ask where the holdback is and subtract that from the invoice to get the dealer's actual cost. The car must be sold at the advertised price, regardless of trade-in value and whether you are aware of the ad price or not. Ask for the dealers listed or advertised price early in the negotiations. (they must disclose it) and ask if there is an ad price or lower price listed anywhere.

Shopping for a Dealer

- Get personal referrals from friends or family about their experiences.
- Contact the local Better Business Bureau and see if the dealer is a member in good standing.

TIME TO BUY

Sales Tactics - Buyer Beware

- Holding keys. Watch out for the salesperson who avoids returning your keys or driver's license after "evaluating" your trade in. The goal is to keep you from leaving.
- Cash deposits. You do not need to provide a cash deposit to "show that you are serious about buying." Be suspicious if you are asked for a cash deposit. All terms, including all finance terms, must be in writing before you are required to commit to the deal.
- Binding statement. If you are asked to sign a document that "you agree to buy a car when we agree to terms," you can still walk away. You are only bound to a contract after all the detailed terms are in writing and you have agreed to and signed the final contract.
- Multiple salespeople. Some dealerships may pressure you by using different salespeople or engage in long negotiations to tire you out. Remember that you are in charge and are free to walk away.

Negotiating Price and Other Items

- Your automobile purchase or lease is a series of negotiations: price, trade-in value, optional products/services, and financing terms. Treat each negotiation as a separate transaction. Don't focus on monthly payment alone!
- Limit the number of negotiations if possible. Consider arranging financing and selling your used vehicle before you visit the dealer.
- Fully understand what you will be getting for your money if you decide to purchase optional products or services -read the terms carefully and verify the costs on the purchase order.
- If you do not like the terms, be willing to walk away.

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