

Consumer Guide to Buying a Used Vehicle



When preparing to purchase a used vehicle, take the following steps to protect your investment.

Determine the Fair Market Value of the Vehicle You Intend To Purchase

- Do your homework before negotiating the price with the dealer.
- Learn the fair market price for the specific model of car you want to buy.
- Understand that the fair market price for a used car will vary depending on numerous factors, including mileage, options and overall condition.
- Use the fair market price as a reference point from which to begin negotiations.
- Find out a vehicle's fair market price at www.edmunds.com, www.nadaguides.com or www.kelleybluebook.com. You can also check publications at a library or bookstore.



Obtain Your Credit Report and Shop Around for Financing

- If you plan to finance your used car purchase, you should obtain a copy of your credit report from one of the three credit reporting agencies before shopping for a vehicle. To learn how to obtain your credit report, review the Attorney General's *Credit Reporting* fact sheet at: <https://illinoisattorneygeneral.gov/Page-Attachments/CreditReportingEnglish.pdf>.
- Take the time to shop for the lowest financing source before visiting the dealership.
- Get financing quotes from your local banks, credit unions and internet sites such as www.bankrate.com.
- Dealers who offer financing generally fall into one of two categories: 1) dealer financing often called "Buy Here, Pay Here," and 2) dealer-arranged financing where the dealer arranges financing for consumers with a bank, credit union or other lender.
- In a "Buy Here, Pay Here" finance transaction, the dealer is the lender and the consumer makes payments directly to the dealer.
- Dealer-arranged financing occurs when the dealer arranges financing for a vehicle with a bank, credit union or other lender. In most instances, dealers are paid a fee for arranging financing for consumers.
- Compare financing quotes from the dealer, whether "Buy Here, Pay Here" or dealer-arranged, with rates from local banks, credit unions and the internet, and choose the lowest annual percentage rate.
- By obtaining your credit report and shopping for the lowest financing source, you can protect yourself from being charged an unnecessarily high interest rate and or fees.
- You may choose to finance a used car with a lender not associated with the dealership.



Arrange a Pre-Purchase Inspection

- Once you find a vehicle you are thinking about buying, get a used car vehicle inspection conducted by an independent mechanic before a final purchase decision is made.
- An inspection is important even if the car has been “certified,” has been “inspected” by the dealer or is being sold with a warranty or service contract.
- Unlike a safety inspection, a mechanical inspection is designed to determine the overall reliability or mechanical condition of a vehicle.
- To find a pre-purchase inspection facility, check the Yellow Pages under “Automotive Diagnostic Service” or ask friends and relatives for recommendations.
- Look for facilities with certifications like an Automotive Service Excellence (ASE) seal that indicate technicians meet basic standards in specific technical areas.
- If the dealer will not let you take the car off the lot, try a mobile inspection service that will go to the dealership or ask to have the car inspected at a facility you designate.
- You will be responsible for paying the inspection fee.
- Make sure to get the vehicle inspection report in writing.
- If a dealer will not allow you to have a vehicle inspected, strongly consider not purchasing the vehicle.



Get Vehicle and Title History Reports

- Ask the dealer for title and history information on the vehicle.
- Title history reports often contain important information, including whether a car has been salvaged, returned as a lemon, rebuilt or otherwise damaged.
- Title history reports may also verify odometer readings, search for a history of major accidents and disclose whether a car was stolen or used as a rental car or police vehicle.
- Many dealers have access to title history reports from independent vendors.
- If a dealer does not have access to a title history report or refuses to provide a title history report, you should obtain this information on your own before you buy.
- In such a situation, ask the dealer to provide the Vehicle Identification Number (VIN number) for the automobile considered for purchase.
- Once you have the VIN number, you should obtain a title history report from a source such as the National Motor Vehicle Title Information System (www.vehiclehistory.gov), Carfax (www.carfax.com) or AutoCheck (www.autocheck.com). A fee will apply.
- **Please note: the car may have problems or defects not reflected in the title or vehicle history reports.**



Understand the Federal Trade Commission's (FTC's) Used Car Rule, "As-Is" Sales and 15-Day/500-Mile Limited Powertrain Warranty

- The FTC requires dealers to post a Buyers Guide in every used car offered for sale that informs you whether the vehicle has any warranty coverage.
- **When a vehicle is sold "as is," there is no warranty or service contract offered.**
- **It is important to get all promises in writing when purchasing a vehicle "as is."** For instance, if the dealer promises to repair the vehicle or cancel the sale if problems arise with the vehicle, make sure the promise is written on the Buyers Guide.
- The Buyers Guide must also indicate what percentage, if any, of the repair costs is covered under the warranty and the major mechanical and electrical systems covered.
- Keep the Buyers Guide for reference after the sale.
- Some used cars sold in Illinois by a dealer must now come with a limited powertrain warranty for the first 15 days or 500 miles, whichever comes first.
- This coverage does **not** apply to vehicles sold with more than 150,000 miles on the odometer, a flood title or a rebuilt title. It also does not apply to vehicles that after the sale have been used for off-road use, racing or towing, have been subjected to abuse, misuse or neglect, or haven't had regular maintenance.
- Coverage also does not apply if the dealer tells you about a specific problem with the car at the time of sale and you sign and acknowledge receiving that information.
- If the vehicle develops a substantial powertrain defect within 15 days or 500 miles, you must tell the dealer right away (no later than 2 days after the 15 days or 500 miles are over) with a text, with a phone call, in writing or in person.
- The dealer must then either fix the problem or refund your money in exchange for the vehicle. The dealer may not charge more than \$100 per repair for up to 2 repair attempts.
- The dealer may not charge you again if the second repair is for the same defect.
- Powertrain includes the engine block, head, all internal engine parts, oil pan and gaskets, water pump, intake manifold, transmission and all internal transmission parts, torque converter, drive shaft, universal joints, rear axle and all internal rear axle parts, and rear wheel bearings.

BUYERS GUIDE

IMPORTANT: Seller promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE _____ MODEL _____ YEAR _____ VIN/PLATE# _____

DEALER'S FULL NAME (PRINT) _____

WARRANTIES FOR THIS VEHICLE:

AS IS - NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about the vehicle.

WARRANTY

FULL LIMITED WARRANTY. The dealer will pay _____% of the labor and _____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligations. Under state law, "limited warranties" may give you even more rights.

SYSTEMS COVERED:	DURATION:
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

SERVICE CONTRACT: A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of the time of sale, state law "voids warranties" may give you additional rights.

PRE-PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM FOR IMPORTANT ADDITIONAL INFORMATION, INCLUDING A LIST OF SOME MAJOR DEFECTS THAT MAY ARISE IN USED MOTOR VEHICLES.



Know Your Taxes, Title and Doc Fees

- Under Illinois law, a dealer may add to the contract a "documentary fee" for processing documents and performing services relating to the closing of the sale, as well as taxes, license and title fees. However, the documentary fee is illegal if it exceeds \$300 (as of January 1, 2020; adjusted annually by the Consumer Price Index).
- Read all documents carefully to protect your investment and avoid paying more than is necessary for a used vehicle.

Determine the Fair Market Value of Your Trade-In. Do not discuss the trade-in of your current vehicle until after the purchase price of the used vehicle you are purchasing is finalized.



- Learn the value of your trade-in vehicle before you go to the dealership through lending institutions or internet sites such as www.kelleybluebook.com, www.nadaguides.com or www.edmunds.com.
- Some dealerships want you to believe that you are getting more for your trade-in vehicle. Therefore, the dealer may inflate the trade-in price. However, the dealer may also inflate the purchase price. This practice is commonly referred to as the “double bump.” This is especially likely to happen when you owe more money on your trade-in than it is worth, and the dealer is attempting to demonstrate to a lender an equity that does not exist. The result is that you will be deeper in debt.
- If you owe money on your trade-in vehicle, you should follow up with the dealer to make sure the trade-in vehicle loan is promptly paid off. You may be responsible for the trade-in vehicle loan until it is paid off by the dealership.

Negotiate Add-On Products and Extended Service Contracts

- After you have negotiated the sale price of the vehicle you are purchasing, dealerships, often via a finance manager, will attempt to sell you automobile add-on products and options such as extended service contracts, gap insurance, credit life and disability insurance, and window etching.
- These products may be highly marked up and may provide significant profit to the dealer.
- **If a dealer tells you that a bank or lending institution requires the purchase of any of these add-on products, ask the dealership to put the demand in writing.**
- A service contract or extended service contract may be offered to you to provide for the repair of certain parts or problems.
- Service contracts or extended service contracts are offered by manufacturers, dealers or independent companies and may provide coverage beyond the manufacturer’s warranty.
- When deciding whether or not to purchase a service contract, consider the length of time you plan to keep the vehicle. For instance, if you already have a three-year warranty on the car and you plan to keep the car for three years, a service contract is likely unnecessary and will cost you extra money.
- **Add-on products are optional and the price of these products is negotiable.**

Remember: There Is No Three-Day Right to Cancel

- Dealers are generally not required by law to give you a three-day right to cancel.
- The right to return a car in a few days exists only if the dealer grants this privilege.
- Before you purchase from a dealer, ask about the dealer’s return policy, if any, get it in writing, and read it carefully.

Office of the Illinois Attorney General

Chicago
1-800-386-5438

Springfield
1-800-243-0618

Carbondale
1-800-243-0607

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