

contract BEFORE SIGNING IT to see how much you're paying for each item and in total. The "Car Buyer's Bill of Rights" requires that dealerships fully disclose to you the cost of these items, including your monthly payment with and without the "extras."

### AFTER YOU BUY A CAR

Once you sign the contract, you are legally obligated to make the payments (assuming, of course, that you didn't purchase a contract cancellation option or, if you did, you didn't exercise it during the two-day cancellation period.) You are not free to simply turn in your car to the dealership if you no longer can afford it or want it. Even if the car has been repossessed AND YOU NO LONGER HAVE THE CAR, you may still owe payments according to your contract. If your car HAS BEEN REPOSSESSED and the finance company is asking for continued payments on the loan, get legal advice immediately!

If later you end up selling the car privately, make sure you and the buyer complete the necessary Department of Motor Vehicles (DMV) paperwork to transfer ownership. You must complete and mail to the DMV the "Notice of Transfer and Release of Liability." Otherwise, YOU, not the buyer, may STILL be liable for parking and traffic violations, unpaid registration and other expenses. (See the DMV phone number and website under IMPORTANT RESOURCES REGARDING CAR PURCHASES.)

### SOME LEGAL RIGHTS AND OBLIGATIONS TO REMEMBER

If the sales negotiations are in Spanish, Chinese, Vietnamese, Tagalog, or Korean, you have the right to see a draft copy of the contract in that language before you sign anything.

You are entitled to a vehicle purchase contract that is COMPLETELY FILLED IN before you sign it.

If you have a dealership warranty or the remainder of a manufacturer's warranty, the dealership must repair any problems that the warranty covers. If you bought the car "AS IS," you are usually responsible for paying for any necessary repairs. If you purchased a service contract, the defect may be covered by the contract or the dealership may be responsible. Consult an attorney regarding

any disputes.

NEVER co-sign on a car loan, unless you are prepared to pay the entire loan back yourself. If the borrower falls behind in payments, the creditor has the right to try to collect the debt from you, and you may be taken to court to force you to pay. If the lawsuit against you is successful, YOUR wages may be garnished and the debt put on YOUR credit record.

### IMPORTANT RESOURCES REGARDING CAR PURCHASES

*Consumer Reports* magazine in libraries, bookstores or by internet subscription at [www.consumerreports.org](http://www.consumerreports.org) (for checking reliability ratings of various car models)

*Kelley Blue Book* in libraries, bookstores, or the internet at [www.kbb.com](http://www.kbb.com) (for checking the "blue book" value of the vehicle you are considering buying as well as of your trade-in vehicle)

### California State Automobile Association ("AAA")

(800) 652-1158, [www.csaa.com](http://www.csaa.com)  
(for vehicle inspections at the "AAA" facility in Santa Clara or other locations.) You can also check the yellow pages, under the "Automobile Diagnostic Service" section, to find businesses that provide this service.

### CARFAX

[www.carfax.com](http://www.carfax.com)  
(to order vehicle history reports)

### Department of Motor Vehicles

(800) 777-0133, [www.dmv.ca.gov](http://www.dmv.ca.gov)  
(to locate offices, schedule appointments, learn more about the "Car Buyer's Bill of Rights," obtain the form to release your liability when you sell a car privately, etc.)

### Department of Consumer Affairs

[www.dca.ca.gov](http://www.dca.ca.gov)  
(to download publications and information about various automobile issues, including the "Car Buyer's Bill of Rights." This website also provides information on how to contact the Bureau of Automotive Repair, which mediates consumer disputes with auto repair dealers and smog check stations.)

### Technology Credit Union

(800) 553-0880, [www.techcu.com](http://www.techcu.com)  
(one of several credit unions available to anyone who lives, works, attends school, or worships in Santa Clara County)

### District Attorney Consumer Protection Unit

(408) 792-2880  
(For mediation assistance in consumer disputes with businesses)

### Katharine & George Alexander Community Law Center

1030 The Alameda, San Jose, CA 95126  
(408) 288-7030, [www.scu.edu/law/kgaclc](http://www.scu.edu/law/kgaclc).  
(free legal advice at Consumers' Rights clinics)  
To download this brochure as well as other informative Law Center publications, go to <http://www.scu.edu/law/kgaclc/publications.html>

### Disclaimer

This brochure provides general information about purchasing a car. It is not legal advice. Should you have a particular legal issue regarding a car purchase, please contact an attorney or the Katharine & George Alexander Community Law Center (KGA-CLC).

The KGACLC does not warrant that the information in this brochure is necessarily current, though it was at the time of publication in February 2007. However, the law does change and any changes could affect the information we have included. Please see our website at [www.scu.edu/law/kgaclc](http://www.scu.edu/law/kgaclc) for the most current information.

### General Information

The Katharine & George Alexander Community Law Center (KGACLC) educates law students in accordance with the legal profession's highest ethical standards while serving those in need with competence, conscience and compassion through pro-bono legal representation, advice and education. All services are free and limited to low-income persons.

The KGACLC is a part of Santa Clara University. The KGA-CLC and Santa Clara University do not discriminate on the basis of race, color, national and/or ethnic origin, sex, marital status, sexual orientation, disability, religion, veteran's status, or age in the administration of any of its educational policies, admissions policies, scholarship and loan programs, athletics, or employment-related policies, programs, and activities, or other University-administered policies, programs, and activities.

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The Katharine & George Alexander Community Law Center



CIVIL CLINICAL  
PROGRAMS

## Auto Fraud Prevention Program



## Tips for Buying a Used Car at a Dealership

1030 The Alameda  
San Jose, CA 95126  
Phone (408) 288-7030  
<http://www.scu.edu/law/kgaclc>

## BEFORE YOU BUY

Ask friends which cars and car dealerships they recommend. Check auto and consumer magazines, such as Consumer Reports, at your local library or on the internet for information on the reliability of various models. Check the “blue book” value of the car model you are considering buying as well as of your trade-in vehicle. (See IMPORTANT RESOURCES REGARDING CAR PURCHASES on reverse, under Kelley Blue Book). Make sure you will be able to afford your car payments. Take into consideration additional expenses for maintenance, repairs, insurance, fuel, registration, etc.

**SHOP AROUND!** Visit several dealerships. Don’t make a commitment after only visiting one dealership.

If you will be financing the vehicle, compare financing terms at various financial institutions, such as credit unions and banks, as well as at dealerships. Unless you have excellent credit, however, going through dealerships for financing will likely cost you more than using credit unions or banks. **CONSIDER JOINING A CREDIT UNION** if you are not already a member. There are several credit unions available to anyone who lives, works, attends school, or worships in Santa Clara County. (See the contact information for Technology Credit Union under IMPORTANT RESOURCES REGARDING CAR PURCHASES).

Have your financing in place **BEFORE** you begin negotiating for the car you want at the dealership. This will give you more control in your negotiations by helping you focus on the sales price of the car that you want and the other terms of the deal.

In general, **DON’T LEASE**. Leasing a car is almost always more expensive than buying it. It is also hard to get out of a lease.

## GETTING SERIOUS

Once you have found a vehicle that you would like to buy, have it inspected by a mechanic or diagnostic service **BEFORE** you sign the contract. Spending a little

money beforehand may help you to avoid purchasing a car with many costly problems. (See California State Automobile Association listing under IMPORTANT RESOURCES REGARDING CAR PURCHASES.)

**ALWAYS** test drive the car. Try to find out as much about its history as possible and don’t rely on what the salesperson tells you about the car. Ask for a CARFAX or similar report from the dealer (or purchase one yourself) that may reveal past accidents, odometer fraud, flood or fire damage, or that a salvage title was issued for the vehicle. (See the CARFAX website address under IMPORTANT RESOURCES REGARDING CAR PURCHASES.) Remember, though, a clean report is no guarantee that the vehicle doesn’t have hidden problems. You still need to have it inspected by a mechanic or a diagnostic service!

## READY TO BUY?

**CLEAR** your schedule before beginning negotiations. Negotiating takes patience and time. Don’t feel pressured to rush into making a decision. Avoid bringing children to the dealership so you can focus on making a good decision. Take someone with you whose experience and judgment you trust.

No matter how friendly the car salesperson may be, this person is **NOT** your friend — his or her job is to try to sell you a car! Be “all business” in your discussions and be alert to tricks to make you feel like you have to buy a car before you are ready. **REMEMBER:** you always have the right to walk away from a deal or a dealership that you do not like.

Make sure the person negotiating with you is the final decision-maker on the price. **SEPARATELY** negotiate each item, such as the sales price of the car, the amount of the down payment, monthly payments, the trade-in value, and so forth. First negotiate **ONLY** the sales price of the car you are considering buying. If the salesperson tries to get you involved in a negotiation about the trade-in, warranty or down payment, tell him or her that you will discuss that **AFTER** you know the sales price. By negotiating each item separately, you will

dodge the common dealership practice of confusing you about prices so you end up paying more.

High pressure sales techniques, such as keeping you at the dealership for a very long time and passing you between numerous salespeople, are very common. If you are not ready to make a final decision, you should not give in to the pressure. Walk away and continue to shop.

## READING THE LEGALESE

**NEVER** sign a contract until you have read it and understood it. What the dealer tells you is one thing, but what really counts is what is written. Many buyers lose hundreds or thousands of dollars in car deals because the contract they signed was different than what the dealer told them. If the contract doesn’t say what you expected or you are uncomfortable with it, **GET UP AND LEAVE** before making a binding legal commitment that you may later regret!

If the sales negotiations are in Spanish, Chinese, Vietnamese, Tagalog, or Korean, **INSIST** on your right to see a draft copy of the contract in that language before you sign anything. Then compare the numbers written in the blanks in both the draft and English contracts to make sure they are the same. Also, make sure that that the blanks are **COMPLETELY FILLED IN** before you sign the contract.

## CONTRACT CANCELLATION OPTION?

With a few exceptions based on vehicle type and cost, the California “Car Buyer’s Bill of Rights” allows buyers purchasing a used vehicle from a dealership for consumer usage to buy a two-day sales contract cancellation option. This law allows you to return the vehicle within the two-day period for any reason for a full refund of your down payment and the cancellation of your loan. You are limited as to how many miles you can drive the vehicle during the cancellation period, although the limit can’t be less than 250 miles. Also, you must return it in the same condition as when you got it, allowing for normal wear and tear. **HOWEVER**, to obtain and exer-

cise this option, you will have to pay between \$100 and \$250, depending on the cost of the vehicle purchased. If you thoroughly checked the vehicle beforehand (through an inspection by a mechanic or a diagnostic service), you may want to avoid this extra expense. (To find out more about the contract cancellation option and the “Car Buyer’s Bill of Rights,” including the provisions dealing with vehicles that can’t be advertised as “certified,” price disclosure requirements about service contracts and other “extras,” etc., go to the DMV internet address listed under IMPORTANT RESOURCES REGARDING CAR PURCHASES.)

## RESPONSIBILITY FOR REPAIRS—GETTING A WARRANTY OR BUYING “AS IS”

If you buy the vehicle without purchasing the two-day sales contract cancellation option or if you buy the option but don’t exercise it within the two days, your responsibilities with respect to necessary repairs will depend on whether you bought the vehicle with a warranty or “AS IS.” If you have a dealership warranty or the remainder of a manufacturer’s warranty, the dealership must repair any problems that the warranty covers. If you bought it “AS IS,” you are usually responsible for paying for any needed repairs. (NOTE: As discussed in the following section, be careful about buying service contracts and other expensive “extras.” However, if you did buy a service contract with an “AS IS” vehicle, there is an implied promise from the dealership that the vehicle is reasonably fit for driving. Therefore, even if the service contract you bought does not cover the defect, the dealership **MAY** be responsible for making repairs. You should consult an attorney regarding any disputes in such cases.)

## SHOULD YOU BUY “EXTRAS”?

**BE CAREFUL** about buying expensive “extras,” such as dealer insurance or the various car “protection packages.” Car insurance is usually cheaper from private insurance companies, especially if you shop around. “Protection packages” are almost always overpriced and are often almost worthless (e.g. “extended warranties,” “service contracts,” “rust protection packages,” etc.) If you do decide to purchase “extras,” carefully review the