

**Hello and welcome to Car Buying
for the Savvy Consumer: Module 3
*Closing the Deal.***

**During this training session you
will learn about sales techniques,
negotiating the deal, and
reviewing the contract. The last
slide lists websites which apply
to this module**

**This training consists of 12 slides
and should take approximately
20 minutes**



Points To Ponder

Before you get started we would like you to take a couple of minutes to read the following questions. Look for the answers as you review this module.

1. When negotiating for a new or used car I should negotiate these steps in order
 - A. The price of the car, the amount for the trade in, then monthly payment amount
 - B. The monthly payment amount, the price of the car, the financing
 - C. The price of the car, the financing, the trade-in
 - D. The financing, the price of the car, the trade-in

2. The dealership is required to refund my deposit if I decide not to buy the vehicle
 - True
 - False

3. I should review my contract carefully before signing it and do the following
 - A. Get copies every document before leaving the dealership
 - B. Double check all figures and make sure I do not leave any blanks on the contract
 - C. Take my time and make sure I understand everything
 - D. All of the above

Dealers Extra's

Consumer Tip

Dealers make additional profit on selling you extras which usually can be purchased cheaper and at a later date. Evaluate each item carefully to determine if you really need it.



- **Pin Striping/Customizing/Detailing**
- **Vehicle Protection Packages**
 - Roadside assistance & rental vehicles - (does your warranty or insurance company provide roadside assistance and rental cars?)
 - scratch removal, touch up paint
- **Credit life insurance**
 - this pays off the vehicle in case of death. Ask yourself how much insurance do you already have and is it enough (SGLI). If you need additional insurance consider buying a term life insurance policy.
- **Service warranties**
 - see slide on auto service contracts located in module two *Inspections, Warranties, and Financing*.
- **Pre-paid maintenance**

More Dealers Extra's

Consumer Tip

Don't let your guard down just yet. The Financing & Insurance (F&I) Department manager will try to sell you additional items. You do not have to buy these "extras."



- **Security / alarm systems**
- **VIN etching**
 - shop around for the best deal as you may be able to purchase this cheaper at a later date.
 - contact your insurance company for more Information and to see if your insurance company will provide a discount
- **Gap insurance**
 - if you owe more on the car than it is worth your insurance company will only pay what the car is valued at.
 - you might consider gap insurance if you did not place a large enough down payment on your vehicle to cover the difference (TT&L, extras, depreciation)
- **Bad Credit – No Credit – No Problem**
 - expensive and costly.
 - dealer may use subprime lenders & last chance financing lenders

Sales Techniques

Consumer Tip

There are a number of sources which further discuss sales techniques. Please do your research as we can only cover a few in this segment.



Tactics

- **Bait & Switch**
 - the purpose of the ad is to get you to the lot
 - salesperson will try to sell you a different car which they say better fits your image
- **Affordable monthly payments**
 - You should focus on the whole deal; financing, price of car, etc. not just the monthly payments
- **Lowball/highball**
 - setting a low price for the car you want to purchase or a high price for your trade-in.
 - later the salesperson comes up with a reason for not following through with that amount
- **How much were you thinking of putting down on the car?**
 - don't tell them you have a down payment until after you have negotiated the deal

More Sales Techniques

Consumer Tip

Deposits are usually not refundable. If you leave a deposit ask if you can get your money back if you change your mind. Get this promise in writing!!!!



Negotiating Strategies

www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37 (used)

www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2 (new)

What you might hear at the car lot

- **Today only**
 - how many cars are in the central Texas area?
- **We will pay off your current loan**
 - negative equity added to your current loan
 - contract might state you are still responsible for the next 45 days of payments.
- **Free food and other events**
- **We need approval from the sales manager**
 - this technique is meant to wear you down
 - the salesperson will try to put the blame on the manger

The Three Deals Of Car Buying

Consumer Tip

If at any time you feel pressured to act, are tired, or are unsure about the deal walk away. Limit the time you spend at the car lot and during negotiations



Keep each transaction separate

- **First step - Set the price**
 - don't discuss down payments, affordable monthly payments, financing, etc
 - negotiate the price of the vehicle you are looking at
 - this does not commit you to purchasing the vehicle
- **Second step - Arrange Financing**
 - check your credit report and fix any errors **before** going to the dealership (discussed in segment two)
 - contact your financial institution to obtain pre-approval **before** going to the dealership
- **Third step - Negotiate Trade-in**
 - if asked about a trade-in before this step divert the conversation to another aspect of the deal
 - determine the NADA value of your car before visiting the car lot or dealership

Remember These Basics

Consumer Tip

If you take the vehicle home overnight to check it out you will probably be asked to sign a statement. Look at both sides and make sure you are not signing a contract or any type of buyer's order



How to be a Smart Negotiator

www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf

Tips, Advice & Cautions

- Control your excitement
- Be ready to walk if not satisfied
- Don't bring the children
- Don't spend more than you budgeted for
- Think about the deal overnight
- Deposits are non-refundable unless you get it in writing
- Write down the VIN of the car you test drive and make sure it matches the contract you sign.

Get It In Writing

Consumer Tip

If you are unsure about any part of the contract ask to take it with you unsigned. Stop by your legal office and ask them to review your contract



- **If it's not in writing it's not going to happen**
- **Double check all figures**
- **Don't leave any blanks**
- **Get copies of all documents before you leave**
- **Review your contract carefully before signing**
- **Take your time**
 - don't allow yourself to be rushed
 - watch out for the "it's in every contract, initial here, sign here, bit."

Tips, Hints, Etc

Consumer Tip

Bring a clipboard or notebook with you to the car lot. Write down every fact or figure and who made the promise. Review your contract before signing to ensure it is included.



Automobile Insurance Made Easy

www.tdi.state.tx.us/pubs/consumer/cb020.html

- **Contract might not allow you to take car with you on PCS moves**
- **Spot delivery**
 - when you take the vehicle home pending approval of the loan
 - limits your options if you are not approved
- **Shop around for insurance before signing the contract**
 - ask your friends who they use and shop around for the best overall insurance
 - some dealerships may add insurance to your contract. You may still be required to purchase a separate liability policy through an insurance company
- **Negative Equity**
 - when you owe more than your trade-in vehicle is worth you are limiting your options.
 - contact your financial institution or your Battalion Command Financial Specialist for advice on how to avoid this situation

Alternate Buying Strategies

Consumer Tip

Watch out for bait and switch tactics. When visiting the lot don't tell the salesperson you already have a quote. Shop around and negotiate first to see if you can get a better deal.



Methods

- **Phone the dealership**
 - repeat figures and write them down
 - write down who you are talking to and the persons position
 - don't give out your credit information
- **Use the Internet**
 - auto buying services
 - referrals
 - dealers website
 - email

www.bbb.org/us/article/144
- **Fax offers**
- **Cautions** (especially private dealers, online auctions)
 - verify the source, read all disclaimers, refund policies and fine print
 - physically check over vehicle before sending money
 - verify ownership of vehicle with DMV if a used vehicle
 - do not wire transfer money or give out account information

Websites

Negotiating the deal

Texas Attorney General
How to be a Smart Negotiator

www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf

How to get a great deal on a New Car

www.pueblo.gsa.gov/cic_text/cars/cardeal/cardeal.htm

Negotiating Strategies -NADA

www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37

www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2

Miscellaneous

Edmunds.com Confessions of a Car Salesman

www.edmunds.com/advice/buying/articles/42962/article.html?tid=edmunds.a.landing.feature..3.*

Alternate Buying Strategies

Better Business Bureau
Purchasing a car online

www.bbb.org/us/article/144

Texas Department of Insurance

Automobile Insurance Made Easy

www.tdi.state.tx.us/pubs/consumer/cb020.html

Glossary of Auto Insurance Terms

www.tdi.state.tx.us/auto/autoglossary.html

Automobile Insurance Sample Rate Comparisons

<https://apps.tdi.state.tx.us/helpinpublic/Start.do?type=auto>