

# USED CAR BUYING GUIDE



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eBook!



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Shopping for a used car is one of the most fun experiences you can have. Just think about it: Not only do you get to check out all the cool features and awesome technology inside different makes and models, but you also get to jump behind the wheel and go for a spin—for free!

Maybe we're just a bunch of die-hard car enthusiasts, but we think that's pretty awesome.

Surprisingly, there are still people who feel a bit mystified when it comes time to buy a used car. More often than not, this is because of a simple error in methodology: They've just been going about it the wrong way.

That's where we come in. Our seven steps to buying a used car will teach you the proper skills and tools to make sure you get the most out of your used car buying experience. Sure, it'll help you find a great used car, but, more importantly, you'll have fun while you're doing it.

In this guide, we'll go through financing options, research best practices, and discover how to properly create a budget for a used or pre-owned vehicle.

## Let's get started!



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## Step 1: Budgeting for Success

One of the most common mistakes people make when shopping for a used car is setting their hearts on a vehicle before they even consider what's practical for their lifestyle. This idea goes beyond deciding whether you need a huge pickup truck or whether the used cars you're looking at make sense for you financially.

That's why the first step when buying a used car is calculating your budget.

### Part 1: Plugging the Numbers

Start by creating a spreadsheet that lists all your monthly income and expenses. You may want to include any money currently in your bank account but be careful how you add this to your budget.

You can use money you've already saved toward a down payment on a used car, which can reduce your monthly payments. However, that money isn't technically a source of income and therefore isn't necessarily helpful when trying to determine your regular monthly budget. Instead, keep those bank account amounts separate for later consideration.



## Key Terms

**Income:** The amount of money you earn. Generally, this money comes from your work paychecks, but it can also come from other sources, such as bank account interest or stock earnings.

**Expenses:** The goods and services on which you spend your hard earned money, such as groceries, clothing, gasoline, and bills. Include everything you buy each month for the most accurate results.

**Surplus:** Income left after paying your expenses. Ka-ching!

**Deficit:** When you spend more money than you bring in. Review your expenses to figure out what's causing a deficit.

## Part 2: Check Your Results

Once you've figured out your budget, see if you have any income left after all your monthly expenses have been paid. If you do, this is called a surplus.

Surpluses are great, but even a balanced budget—one in which income and expenses cancel each other out—is good, too. What you want to avoid is running a deficit.

If your monthly budget is balanced or has a deficit, review what expenses you can adjust to create more leftover income. This could be as simple as using coupons when purchasing groceries or limiting how often you go out to eat.

In more complicated situations, you may want to consider putting in additional hours at work or picking up a second job. Usually, though, by pulling back on a few leisure or entertainment expenses, you'll be able to free up the money you need.

Now that you've determined the amount of extra cash you have saved up, in addition to your monthly surplus, you can accurately calculate a reasonable down payment and monthly payment amount.

## What's My Limit?

If you're unsure what your price limit is for buying a used car, try playing around with an online payment calculator. By adjusting the price, down payment, APR, and term, you'll be able to estimate your monthly payments.



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## Value Your Trade-In

Do you already own a car and plan to trade it in? Many dealerships offer a useful tool that helps you approximate the value of your current vehicle, so you can apply it to the purchase of a pre-owned vehicle.

## Step 2: Create a Wish List

Armed with a spending limit, you're ready to make a wish list of used cars within your price range. Due to the work you did as part of the first step, you won't risk being disappointed or wasting time by looking at used cars beyond your budget. At this stage, a well-made wish list should include about 10 vehicles. However, depending on your spending limit and current dealer inventories, that number may vary.

Chances are that some of the listings you've found indicate that they're certified pre-owned vehicles. What makes these cars different from others is the rigorous process they go through to become certified. They undergo an in-depth multi-point inspection, ensuring the car has been repaired to manufacturer-certified condition.

### Check It Out!

It's okay to be critical when making your list by leaving off any vehicles you already know you're not interested in, but it's also important to keep an open mind. Sometimes, the vehicle you overlook in the beginning turns out to be the one best suited for you.

An easy way to browse a car dealer's inventory is searching by cost. This helpful feature will then show you only the used vehicles within a certain price range.

## Step 3: Do Your Homework

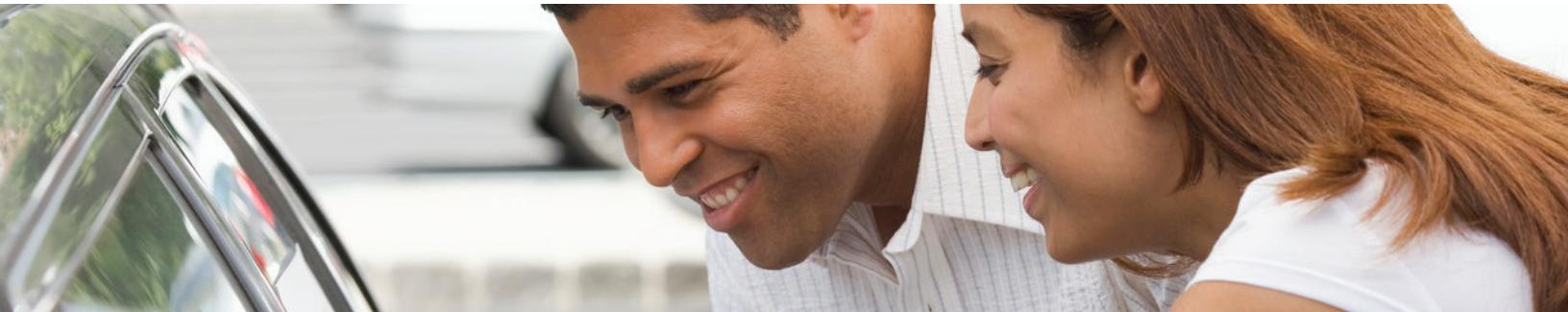
It's important to read professional and consumer reviews for each pre-owned vehicle on your list. These reviews will be your first look into the pros and cons of the models you've chosen. A good rule of thumb is to read at least two reviews per vehicle. If you read only one opinion, you get a singular point of view, whereas multiple opinions help dilute biases and validate facts.

For example, let's say you only read one consumer review. The author writes up and down about how cramped the vehicle interior is, causing you to look elsewhere. However, what you didn't know was that this reviewer was extremely tall and the car would have actually fit someone closer to your height quite comfortably.

## Step 4: Review the Specifics

Now that you know what people generally think about the used cars you've picked, it's time to look closer at the specific listings you found. By this point, you've hopefully been able to narrow down your list to about half its original size.

Find the listing for each pre-owned vehicle and go through its features and specifications. You want to check out information such as mileage, technologies, and convenience features. If you already know that you want a rearview camera, make sure that the used cars actually have one. If, for any reason, you're unsure whether a certain vehicle has a particular feature, call the dealership to find out.



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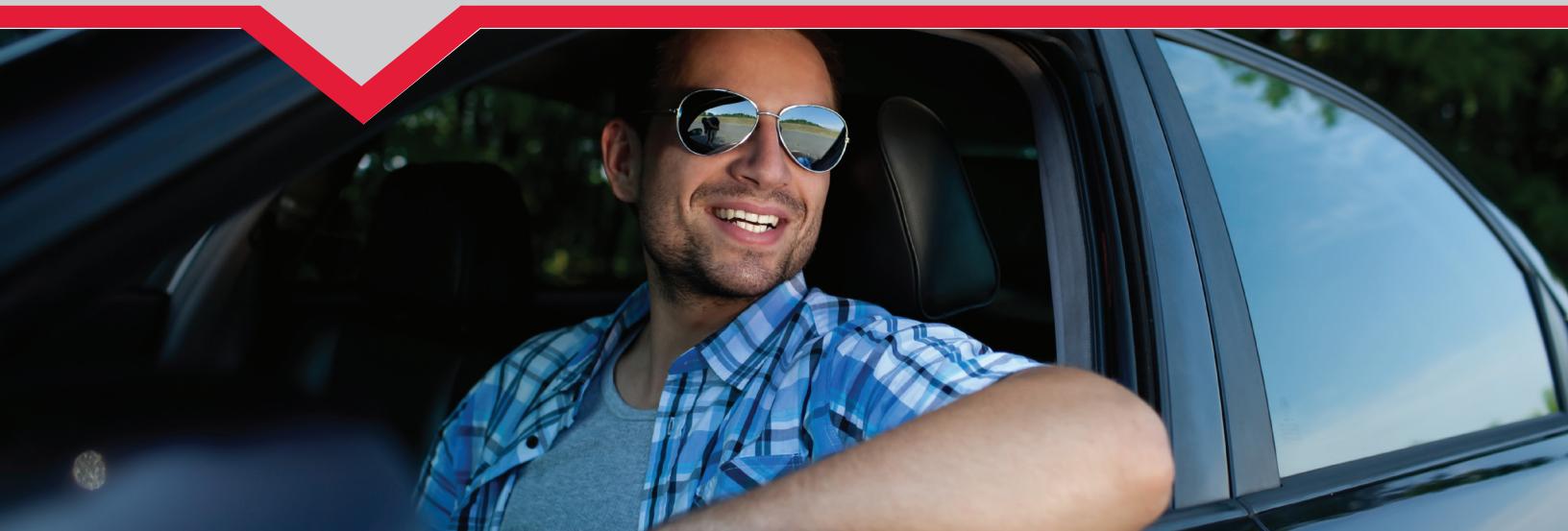
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Don't forget to read each car's vehicle history report. They may provide information about the life of the vehicle, such as previous repairs, damage, accidents, and title history. If a history report isn't available, be sure to request one from the dealer.

## Step 5: Time to Test Drive

After you've crafted a detailed budget, compared vehicle reviews, and checked out the history reports, you're finally ready to get behind the wheel. Your list of potential used car choices should be close to a third of the size of when you started. By weeding out the models that don't meet your standards, you just saved yourself hours of valuable time at the dealership. Way to go!

A proper test drive is a vital step in the used car buying process. After all, it's the only way you can feel how the car really drives and handles. Maybe that turbocharged V8 sounded cool on paper, but it could be a lot more power than you're comfortable with. In that case, one of your options of sporting a V6 engine may be a better fit. It all comes down to personal preference.

A thorough test drive should last about 10 minutes. You should be able to test the brakes and turning radius, reach a speed above 30 MPH (when traffic and speed limits allow), and look over the vehicle's interior, exterior, trunk, and under the hood.

After the test drive, make a note of any pros or cons.

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## Step 6: Make a Decision

Here comes the hard part: choosing a favorite. If you're like us, you're probably stuck between a few awesome pre-owned vehicles. We'll be honest: This step of the car buying process can be a bit difficult, especially if the pre-owned cars on your list have similar specifications.

If you can't make up your mind, take a few moments to compare every aspect of each used car. Look at the listing price, mileage, technology, features, and your notes from the test drive. Try comparing only two vehicles at a time as opposed to all of them. Think of it like a tournament bracket, where two of the used cars face off and only one advances to the next level. Repeat this until you're left with one vehicle.

## Step 7: Sign the Papers

Congrats! You made it to the final step of the used car buying process. Now all that's left to do is go to the dealer and pick up your vehicle. Once you inform the sales consultant of the used or certified pre-owned vehicle you've chosen, they'll introduce you to the finance department. This department is made up of highly trained financial experts who'll help you work through how you'll purchase your pre-owned vehicle.



Discuss with them the budget you created in step one. Talk to them about a down payment or trade-in and what monthly payments you'd be willing to make. Some drivers will be able to pay for the vehicle in full, which is great, but most of us will need to finance the used vehicle.

It's important to keep in mind that typically the larger the down payment you put down on a pre-owned vehicle, the smaller your monthly payments will be.

## Bonus Step: Drive Off into the Sunset & Crank the Tunes

Now you see that buying a used car can be simple and, when done correctly, the process of researching pre-owned cars and test driving can be fun. The best part is that by following these steps, you can be sure you'll be truly satisfied with the used car you picked for years to come.

### Still Stuck?

Sometimes, talking to someone with advanced automotive knowledge can help bring to light aspects you didn't consider. Ask the dealership's automotive experts on staff for their opinion about each pre-owned vehicle.

### Ready to Get Started?

Reading this eBook is a great first step in the process of buying a used car. Not only are you better equipped with some best practices, but you've also become a smarter and more informed consumer. The next action is calling or visiting a dealership you can trust in your area!

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