

Tips for Buying a Used Car



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Introduction

Read this for tips on:

- Making sure the car you are buying is in good condition.
- Buying a car you can afford.
- Deciding if you should get a warranty, service contract, or gap insurance.
- Finding out the car's history.

❖ Read this only if you live in the state of Washington.

Is the car in good condition?

A car's looks are not important. How well it runs matters. Do not buy a car that needs expensive repairs or burns more gas than you can afford.

Even if a car does not work, you must keep making car payments.

Test-drive the car. Drive with the radio off. Listen for rattles and other noises. Drive it under the same conditions you would in your daily life: on the freeway, in town, on hills.

Have your own mechanic inspect the car. Bring it to your mechanic **before** signing a contract to buy it, or bring your mechanic to the dealership with you. Never rely on the dealer's mechanic or dealer's "word" that the car is in good working condition.

Check recalls. Contact the National Highway Traffic Safety Administration to find out if a specific make and model was ever recalled by the manufacturer. Call 1-800-424-9393 or visit www.nhtsa.dot.gov.

Do not rely on what the dealer tells you. The dealer's only interest is in selling you a car, not in selling you a car that will last. **The dealer's promises only count if they are in the written contract you sign.**

Get dealer inspections in writing. If the dealer claims to have done a "100-point inspection" (or a 30- or 50-point inspection), ask for a copy. Ask the dealer to date and sign it.

How do I find out the vehicle's history before buying it?

Order a vehicle history from a data provider approved by the National Vehicle Title Information System (NMVTIS). Go to www.vehiclehistory.gov. This links to the approved companies. NMVTIS is the only publicly available system in the U. S. to which all insurance carriers, auto recyclers, junk yards, and salvage yards, must report regularly under federal law.

What does the vehicle history say?

- **Who owned the car, and when.** Do you want a car that has had one owner, or a dozen previous owners?
- **If the person selling the car actually owns it.** Do not buy a car from someone who does not have the legal right to sell it to you. Even car dealerships have sold cars to which they did not have legal title.
- **If the title is "branded." "Brands"** are labels attached to the vehicle by the state's vehicle titling agency. In Washington, that is the Department of Licensing (DOL). Under federal law, all state title agencies must brand vehicles that have suffered certain types of major damage, such as a flood. Check the title for terms such as "junk," "salvage," or "flood." **Use great caution before buying a car with a branded title.**

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- ❖ Not every state reports this data to NMVTIS. Check the NMVTIS website. Make sure each state in which the vehicle was titled takes part in the NMVTIS database.
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- **How many miles the car has on it:** NMVTIS includes an odometer reading as reported each time someone transferred the vehicle title. Read the odometer on the car you want to buy. Is the reading lower or only very slightly higher than the mileage listed on the NMVTIS report? If so, someone may have tampered with the odometer.

What is not in the vehicle history?

The lack of information in a vehicle history report does not mean the car is in good shape. Anything appearing in a vehicle history besides the NMVTIS information was provided **voluntarily**. A major or minor repair or an airbag deployment may not be in the report. That does **not mean it did not happen**. The only data the law requires reported is:

- the title's current state (**examples:** WA, OR, CA)
- the last date someone transferred the title
- "brand" history as reported by the state licensing agency (**examples:** junk, salvage, flood)
- odometer readings
- whether the vehicle was so badly damaged that an insurance company declared it a "**total loss**"
- salvage history as reported by law by a junk or salvage yard

Should I buy a car that has "salvage," "rebuilt," or "total loss" branded on the title?

Beware! Some dealers buy and then resell these vehicles. Even though the law requires them to disclose that a car has been branded, they do not always disclose this.

These cars may still have serious safety defects even after repairs. All of them have a much lower market value because of the branding. Branded vehicles may cost more to finance and insure.

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- ❖ The law requires a dealer to disclose all known defects. Failure to do so violates the [Consumer Protection Act](#) and the [Motor Vehicle Warranties statute](#) (itself a violation of the CPA).
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Can I afford this car?

Do not sign a contract without reading it and understanding how much you must pay. Once you sign the contract, it is almost impossible to cancel it.

Interest payments on a car can double its cost. A \$10,000 car can cost you \$20,000 by the time you finish paying for it.

Do not co-sign for anyone. Signing a contract as the co-signer makes you responsible for paying for the car exactly as if you were the buyer. If the buyer does not pay the loan on time, it affects your credit. If your friend or relative does not make payments and the dealership or lender repossesses the car, they can sue you and garnish your wages.

Shop for a loan from a bank or credit union before going to the dealership. If the dealership itself is offering to loan you the money to buy the car, beware. They nearly always offer a higher interest rate than a bank or credit union will.

If the dealership offers to arrange financing for you with a bank or credit union, be cautious. A dealership might secure financing on your behalf from a bank at a given rate, and then offer the financing to you at a higher rate. The dealership pockets the difference. You lose.

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- ❖ Lower interest rates mean lower monthly payments for you.
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Do not buy add-ons you do not need. Dealers try to upsell customers by selling service contracts, “gap insurance,” undercoating, and so on. Read about and make sure you understand these products before buying them. Ask yourself if they are worth the extra cost.

- Service contracts often have little value. **A service contract is not a warranty.** It is more like insurance to cover the cost of repairs the vehicle may need in the future. Service contracts are expensive and frequently do

not cover the repairs you may need. Read the contract carefully to see which repairs it does not cover.

- Gap insurance is expensive and rarely necessary. If there is an accident where your car is badly damaged or totaled, gap insurance only covers the difference between what a vehicle is currently worth (which your auto insurance will pay) and the amount you actually owe on the car.

❖ You have the right to cancel a service contract and gap insurance at any time. You will get a full or partial refund, depending on when you cancel.

- Warranty—generally, a written warranty is a good thing to have, but read the warranty carefully before purchasing it. Many written warranties include a long list of problems they do **not** cover.

Read more about charges to look out for in the “Packing’ or ‘Loading’ Automobile Payments” section of [Buying Precautions](#). You can find it at the Washington state Attorney General’s website, <https://www.atg.wa.gov/>.

Should I buy a car being sold “as-is”?

The well-known window sticker you see in used cars is the “FTC Window Display.” Many dealers think this sticker is enough to waive (excuse them from) any responsibility for the car’s quality after they sell it. **The FTC’s “As Is” sticker is not enough to waive the Implied Warranty of Merchantability.**

What is the Implied Warranty of Merchantability (IWM)?

It means even if the dealer does not promise it in writing, and says they are selling a vehicle “as is,” **by law** the dealer is still guaranteeing that the car it is selling “is reasonably fit for and adapted to the purposes for which it was purchased.”

Considerations include:

- the car’s age and condition when you buy it
- the price

- the intended purpose

Example: You pay \$10,000 for a 5-year old sedan. You expect it to run like an average 5-year old sedan that costs \$10,000. You do not have the right to claim it should win races. You **may** claim it should run for more than a week before breaking down.

Should I ever waive the Implied Warranty?

No. That would only benefit the dealer.

Many dealers have a small box on their sales agreement that the dealer instructs the buyer to sign or initial. It says the buyer waives his or her rights under the IWM.

It is not in fact that easy. For you to truly waive or disclaim an IWM, both of these must be true:

- You and the seller must explicitly negotiate the waiver.
- The waiver must specifically set forth the qualities and characteristics being waived or not being warranted.

If your vehicle is defective and you think you might have a claim under the Implied Warranty of Merchantability, talk to a lawyer.

❖ A disclaimer of the implied warranty is invalid if the dealer sells the buyer a service contract.

When do I have to transfer ownership into my name?

You have **15 days** to do this. If you do not, you must pay a penalty of \$50 to \$125.

If you buy from a Washington state dealer, they handle the transfer. If you buy from a private owner or an out-of-state dealer, you may need to take care of it.

How much does transferring ownership cost?

Contact a [vehicle licensing office](#) to find out. Visit <https://fortress.wa.gov/dol/dolprod/vehoffices/> to find one near you.

What information do I need?

The car is less than 10 years old: fill out the Odometer Disclosure section on the Title. Most titles have an Odometer Disclosure section.

The car is more than 10 years old: you do not have to report the Odometer miles.

I do not have the Title. How do I get the Odometer Disclosure form?

- Visit a vehicle licensing office.
- Call (360) 902-3770. They will mail it to you within 2 business days.
- Email CustomerCare@dol.wa.gov to ask for the Odometer Disclosure form. Give your name and mailing address. They will mail it to you within 2 business days.

What forms must I fill out?

- [Vehicle/Vessel Bill of Sale](#)—You and the seller fill this out. You enter the sale price to calculate the [use tax](#). Enter zero if it is a gift or an inheritance.
- [Vehicle Title Application](#)—Sign in front of a Notary public or a licensing agent at an [office](#).
- The current vehicle title

You might also have to submit:

- Emissions testing report
- Affidavit of Loss/Release of Interest
- Odometer Disclosure Statement

Where do I submit the forms and payment?

You can hand deliver or mail your forms and payment to a Department of Licensing office. It takes 8 to 10 weeks this way. If you need it faster, hand-deliver or mail everything to a [Quick Title office](#)*. This will cost **\$50, plus** title fees.

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- ❖ Quick titles are not available for vehicles reported as stolen, insurance or wrecker-destroyed vehicles, or vehicles with "WA Rebuilt" on the title.
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What if the car turns out to be a lemon?

The lemon law applies only to new cars still under the original manufacturer's warranty.

Where can I get more information?

- WashingtonLawHelp.org has "know your rights" publications and packets with forms and instructions you can use.
- National Consumer Law Center—www.consumerlaw.org
- Washington State Attorney general—www.atg.wa.gov
- Federal Trade Commission—www.ftc.gov

What if I need legal help?

- Apply online with CLEAR*Online - nwjustice.org/get-legal-help
- Call CLEAR at 1-888-201-1014

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