

## Guidelines for Buying Your First Car



America is a huge country. From one coast to the other is about 4000 miles, or over 6400 km. It takes about 5 days driving through from one coast to another. Thus the distances are different from Egypt. This is why probably one of the first investments you will ever have is to buy a car. In the US a car is not a luxury, but a real necessity. The guide in this chapter has the emphasis on how to buy a used car from a private party, or private seller. This is how most newcomers in America buy their first car. We will not go into too much details of buying a car from a dealer, because there is a very informative tutorial on the internet, which covers all the aspects of buying a car, new or old from a dealer. You will find it at <http://www.carbuyingtips.com/carintro.html>

Compared to other states, owning a car in the US won't cost you a fortune. You can buy cars for as low as a few hundred dollars, however you need to be careful not to get a car that will be out of order in a couple of weeks.

Keeping a car is not necessarily costly as well. Car repairs can be expensive, but by doing your homework and choosing the right car you can save lots of money and nerves on the long run. Maintenance costs are usually quite low as well. Gasoline prices have risen in the last years.

### *The buying process*

The process of buying any kind of car breaks down into three parts:

1. Research
2. Shopping around
3. Buying

#### *1. Researching the market*

1-**Decide on your budget**, how much money you want to spend on a used car. Be aware, that you might need to allocate some money on repairs, fix-ups, and about \$50 - \$100 for the registration process

2- **Decide what options** are you looking for on your car and prioritize them. If you are buying a car, you can be in the range of 6-8 years old car and can find good ones

**3-Check the reliability:** usually Japanese cars like Toyota, Honda are the most reliable; however their parts are very expensive. American cars are less reliable but their parts are very cheap. Do not shoot for Hyundai or Daewoo; they break up fast (if you buy a brand new Hyundai for \$11000 four years later it will be worth \$2000). Look for stick shift transmission as it is more reliable than automatic transmission (in a used car if an automatic transmission is down, you will pay a lot of money to fix it. In this case it is cheaper to send it to the junk yard and buy another one).

**4- Check the consumer reports:** regardless of what manufacturers say about how great their car is, it's a good idea to take a look at the consumer reports. Consumer reports are real feedbacks from actual car users. It can give you valuable information not only what people like about a certain car, but most importantly what they don't like. You can check this at: <http://www.epinions.com/auto>

## **2. Shopping for a car**

The shopping phase is comprised of these steps:

**A- Start searching** for cars which fit your selection and price range. There are several ways to do this:

\* **Online classifieds:** if you have internet access, the easiest and fastest way is the web. There are dedicated auto buying/selling sites, which literally list millions of listings, all across America. You can search in your area using your ZIP code; you can specify the make, model, price range and the distance in miles within which you want the results. Then clicking on the results you can browse the individual results and find out technical details and the seller's contact information. Here is a list of some of these sites:

<http://www.cars.com>

<http://www.autotrader.com>

<http://www.usedcars.com>

\* Newspaper advertising like the bulletin board

**B- Call the seller.** You can get a lot of information over the phone that will be valuable to your search. Also, you can easily eliminate cars that have problems such as excessive mileage or a salvage title (this means the car has been declared a "total loss" by an insurance company, usually because of a serious accident). Create and use a form when calling. Get as many information as you can. Ask about the engine, transmission, exterior, interior and AC conditions.

**C- Set an appointment to see the car:** if you are satisfied with the results of the questioning, set an appointment to see the car in person. You can make several appointments with different sellers, if they are in the same area.

**D- Determine the true market value of the vehicle:** before you go to inspect a vehicle it is a good idea to know the market value of the vehicle. This can help you in the negotiations to get a fair price for your car. The authority in used and new cars pricing in

America is a book called **Kelley's Blue Book** ([www.kbb.com](http://www.kbb.com)). It gives prices information for all the models for the last 15 years. It is updated twice a year to reflect the most recent changes.

**E- . Run a Carfax title check:** before buying, check the car's history by running a Carfax title check by logging on to [www.carfax.com](http://www.carfax.com). Carfax is the biggest company in the US and Canada that performs searches on a car's history. Carfax Vehicle History Reports reveal important background information and hidden problems in a vehicle's past that may affect its safety and resale value. You need the Vehicle Identification Number (VIN) to run the report. Each car has its VIN number. **The Vehicle ID Number (VIN)** can be found in the dashboard on a metal strip and title documents. All cars and light trucks built after 1981 have a unique 17-character VIN that contains valuable information about that vehicle's history. You should also be able to find the VIN# inside the driver side door on a factory sticker, the passenger door, the trunk, the hood, and sometimes the engine and other major parts have one, or it's engraved.



Carfax can protect you from buying a **lemon**. A "lemon" is defined as a new motor vehicle which has a defect or condition which cannot be repaired after reasonable attempts. It's a problem car. A vehicle is presumed to be a lemon if (1) the vehicle has been sent to the dealer four or more times for repair for the same problem, or (2) you have been without the use of the vehicle for 40 or more day's total.

Carfax report also can identify other key problems in used cars, like cars wrecked in floods, totaled and rebuilt after an accident, stolen cars, odometer roll-back cars etc.

**F- Inspect the car carefully.** If you are not very familiar with the car, its various functions, then take a more knowledgeable friend or a mechanic with you to help you with the evaluation. It is not recommended anyhow to go alone at a car inspection. You have a better chance of getting a better deal if you are two persons at the negotiations than when you are alone.



Never make an inspection at night, or just before getting dark. You need plenty of light to evaluate and examine a car properly.

**G- Test-drive the car.** It is wise to make the test drive last longer than 15 minutes, so that the car is thoroughly heated up. In fact, stretch out the test drive for as long as possible. Check the car's behavior on the freeway at high speed. Look at its stability. Test the brakes. Try to go uphill and see how the engine behaves. Does it speed up easily or does it look pretty tired and worn out? Drive on a bumpy road at low speed and listen for different noises.

**H- Ask a mechanic:** if the car checks out well up to this point, and it seems to meet your needs, consider taking the car to a mechanic to have it inspected more thoroughly. This will cost anywhere from \$25 to \$150, depending on the car, but it is a worthwhile investment. If you are buying from a dealership don't make this inspection with the dealer's mechanic, because they are not unbiased.

**I- Emission test:** It is much recommended to run an emission test (or smog inspection test) before buying the car. Most states in the USA have adopted emissions laws. If the car can't pass the emissions test, it cannot be licensed, and you cannot use it for transportation. Certified testing centers usually charge no more than \$50 for the test, and it could end up saving you hundreds of dollars in repair bills.



Don't buy the first car you inspect, unless it is fabulous. It is not a good idea to buy the first car you inspect. Inspect at least 10 cars before you consider buying. This will increase your options and you will form a better idea of the cars on the market. You will learn to distinguish good deals from bad deals.

### 3. Buying the car

The buying phase is usually made up of the following steps:

- A- Set a figure in your own mind:** before you discuss the price with the owner or begin negotiations. Know exactly how much you would like to pay for the car.
- B- Make your opening offer:** if your opening offer is based on the fact that you found mechanical problems with the car, state the problems first, then make your offer. Your offer should be high enough to be attractive to the owner but leave room for you to come up and still get a good deal.
- C- Be prepared for a counter offer:** in dealing with private parties, this process will usually be a simple two- or three-step process. If you are negotiating with a dealer, this will take longer and involve a lot of back-and-forth negotiation. If you made your homework, and determined the true market value of the vehicle you can have a better idea on how much the real value of the car is. Thus your counter offer can be more factual.

**Get the deal in writing:** once you reach an agreement on the price, get it in writing. Get a sheet of paper and make a hand written or computer-typed contract, specifying the year, make and model of the car, VIN#, agreed selling price, date it and sign it by both the buyer and the seller. Make this in two copies and both of you have a copy. Or you can download or print out a bill of sale from <http://www.carbuyingtips.com/billofsale.xls>. You should receive the car title from the seller; please be aware that any alterations, erasures, liquid paper or white-out on your car title voids, so please keep the title in a safe place. You will need the title to register the car and get a license plate (tag) at the Department of Motor Vehicles (DMV) at your county.

### Important Tips:

- 1- Avoid high mileage used cars. The industry standard is 12,000 miles per year
- 2- **NEVER EVER sign an "As is" paper at a car dealer. You want at least a 30-90 day warranty or DO NOT buy the car under any circumstances whatsoever! The minute they stick an "As is" paper in front of you, get up and walk out.**

**Verbal promises mean absolutely nothing. If they claim there is a warranty, get it in writing.**

3-If the seller does not have the title; they are not the owner of the vehicle. NEVER take delivery of a used car from a seller without the title! NO TITLE, NO DEAL! IT'S THAT SIMPLE!

4-Don't Forget About **Sales Tax!** Check out the laws and procedures of transferring the title in your state. Next, fill out the back of the title to register the car in your name with the state. There is also a box to enter the selling price. People like to write in a much smaller amount for the car than they actually paid in an effort to avoid paying a high tax bill. I advise against this, your state is not stupid. Their computer tells them the blue book value of the car. If you paid \$7000 for a car then claimed you paid only \$2000, the computer flags down the Department of Revenue, and they'll send you a nasty letter stating that they know the car is worth \$7000, you better have a good excuse why you only paid \$2000 for a \$7000 car, otherwise, you're looking at fines and jail time. Write in a fair amount.

5- Watch out for used car airbag fraud! They can be over \$800 to replace them. Airbag fraud is a huge and profitable scam. When cars are wrecked, the insurance companies pay for damages including airbag replacement. But many unscrupulous repair people keep the money without replacing the \$800 airbag, many companies sell fake airbag covers so that you think you have an airbag but you really don't.

6- Before you drive away the car, make sure you have the following:

- The title
- A signed copy of the bill of sale
- The maintenance records
- Be sure the car has a spare tire and jack

7- After you buy your car you have to take it to a mechanic and make sure of the following:

- \* Change the oil (should be changed every 3000 mile or 3 month whichever comes first)
- \* Change transmission fluid (should be changed every 10000 miles)
- \* Change Timing Belt (it should be changed every 60000 miles, it can live up to 100000 miles, however you are not sure when the last owner changed it. If you lost timing belt you will properly lose your car engine)
- \* Check the brakes and rotors

## Buying Car Insurance

In the USA, **car insurance is a MUST** bylaw. Car insurance insures not the car, but the driver. In other words, if you have car insurance, and your wife doesn't if she makes an accident she (you) will have to pay for the damage. So the insurance coverage is related to persons.

Basic auto insurance policies are made up of a combination of the six types of coverage:

- 1- **Liability - Bodily injury** (minimum insurance required before you license a car in any of the states). This covers injury or death caused by a vehicle driven by you or someone covered as a driver under your policy. This coverage pays for both the claim against you and the cost of your legal defense. If you are found to be liable for a higher amount than the policy you bought, you will have to pay the difference. In such a litigious society, it seems sensible to purchase the highest level of coverage that you can get your hands on.
- 2- **Collision**: Covers the physical damage done to your vehicle as the result of an accident. This covers your property in accidents in which you are at fault, like a single car accident or collision with a stationary object.
- 3- **Comprehensive**: This covers repairs or replacement of your vehicle from damage caused by "non collision events", such as damages resulting from fire, theft, vandalism, etc.
- 4- **Liability - Property damage**: This covers damage caused to another person's vehicle or property. This is not limited to damage done to another's vehicle. If you drive through someone's yard and demolish their garden shed, it would be covered by Property Damage Liability, up to the limit of your liability.
- 5- **Medical payments** or Personal Injury Protection (PIP): Covers you, the members of your household and your passengers for medical expenses resulting from an automobile accident, regardless of who is at fault. Usually limited to \$5,000 - \$10,000 in most policies.
- 6- **Uninsured motorist**: Bodily injury: Protects you and occupants of a covered vehicle in an accident in which the owner or operator of a motor vehicle who is legally liable does not have insurance.

The combination is determined by the state in which you reside. Check your minimum states requirements

**There are few factors which decide the insurance rate:**

- New or Old Car: New car insurance is normally higher than an old car.

- Safety features: Cars with extra safety features like ABS system get comparatively low rates.
- Your driving experience: If you have a fairly good driving experience, you should get good rates.

Average rates for a new driver is around 600-700\$ for first six months. It again depends on the company agent and the deal you make with them. Rate varies from company to company. Normally it is higher for initial six months. After that depending on your driving record and accident history, it may come down or go up.

### **How to Save on Car Insurance**

**1- Compare and shop around**: Most people are aware that the insurance industry is highly regulated. However, few are aware that each company determines its own policy rates based on their own unique set of criteria (in most states). The result is insurance prices for the same coverage that can vary by hundreds of dollars.

The best place to compare different rates is online, as it is far less time consuming than calling from agent to agent for quotes. There are internet sites that will provide you with several comparison rates from highly rated insurance companies like [www.progressive.com](http://www.progressive.com) , [www.geico.com](http://www.geico.com)

**2- Raise deductibles**: deductibles are the amount of money you are paying from your own pocket before the insurance company starts paying. For example, if you have a deductible of \$200 means that you pay the first \$200 from your own pocket, and after \$200 the insurance company pays the rest. Requesting higher deductibles on collision and comprehensive coverage can lower your insurance costs substantially. Raising your deductible from \$200 to \$500 could result in a reduction in these premiums by 15% to 30%.

**3- Take advantage of discounts**: There are several discounts that insurance companies offer provided you meet certain requirements. Never assume that you are receiving these discounts. Determine which ones you feel apply to you and then contact your agent to determine if you qualify and always ask for the discounts.

Common discounts:

A- More than 1 car on the same policy

B- No accidents in 3 years

C- No violations in 3 Years

D- Anti theft device(s)

E- Low annual mileage driven

G- Vehicle equipped with air bag(s). Passenger side air bag became a must at 1995 models and up.

H- Vehicle equipped with anti-lock brakes

I- College students living away from home without a car



### Useful Tips

- Talk to 2-3 insurance company agents. Make a comparative study of the rates.  
\*\*Remember, there is scope for bargaining every where.
- Take your insurance before going to the car dealer, as without insurance, you can't buy a car, and taking insurance at the dealer's place could be costly.
- Make a note of your car insurance agents contact information. Keep it in your wallet; you might need it at any time.
- Always keep a copy of your car insurance papers, along with the car registration in your car.

## Gasoline Grades

There are three types of gas quality displayed on every gas station

**Gasoline Grades:** The classification of gasoline is based on their "octane" ratings. They are graded as- Regular, Mid-grade or Plus, and Premium.

**Regular (87):** Octane rating is greater than or equal to 85 and less than 88.

**Mid-grade/Plus (89):** Octane rating is greater than or equal to 88 and less than or equal to 90.

**Premium (93):** Octane rating is greater than 90.

### What should I use?

There is no advantage in using a higher octane fuel. Stick to your vehicle manufacturer's recommendation for fuel requirements, unless knocking occurs. If your engine knocks because of the conditions you encounter, use a higher octane fuel.

### Did You Know?

- Unlike Egypt, Gasoline price, of the same grade, differs from one gas station to another even if they are in the same street! Pick your own cheap gas station but still watch for low prices.

## How to Rent a Car

If you are traveling long distances in the USA (over 8 hour driving) it would be cheaper to rent a car especially if your car is old. The main rent-a-car companies in the US are:

- 1- Budget: [www.budget.com](http://www.budget.com)
- 2- Hertz: [www.hertz.com](http://www.hertz.com)
- 3- Enterprise [www.enterprise.com](http://www.enterprise.com)
- 4- Alamo [www.alamo.com](http://www.alamo.com)
- 5- Avis [www.avis.com](http://www.avis.com)
- 6- Dollar [www.dollar.com](http://www.dollar.com)
- 7- Thrifty [www.thrifty.com](http://www.thrifty.com)
- 8- Advantage [www.advantagerentacar.com](http://www.advantagerentacar.com)

### **In order to rent a car you will need:**

- a valid Drivers License (DL) and
- a credit card.

The rates on renting a car depend on the type and category of the car you want to rent.

### **Remember when you rent a Car:**

- The person who rents the car is supposed to drive and nobody else. Unless you ask to add other drivers (there is an additional charge for that).
- It is advisable to get the insurance also, if you don't have car insurance coverage. This protects you in case of any accident. It may cost you some extra (10-20\$)/day. Though the cost of the rent goes up a little high, but it is worth taking.
- A few credit cards provide the option of covering your insurance. If you use such cards for renting, you can take such advantages. Please call you Credit Card Company and revise your policy before you count on that.
- If you are going to drive outside the state, do notify it at the time of renting



### Useful Tips

- Always check and note the mileage reading of the car before leaving. This is because, some companies let you drive unlimited, but on the other hand some companies charge you extra for every mile you drive over some particular limit. So, clarify this before renting.
- Few companies offer pick up and drop back till your residence. So, confirm this and make use of this opportunity.
- Always compare the rates of few rental companies prior to renting.
- In case of any problem contact the rental office. Remember, it's totally their responsibility, so don't hesitate for anything.
- There are different charges for weekdays and weekends. So, take the maximum advantage as it's cheaper on weekends.
- There will be some discount, if you want to rent the car for a month or more.
- Some car rental companies are AAA certified i.e. they give special discounts to AAA members.
- Always check the condition of the car properly. Give a proper search for any kind of scratch or damage, and clear it before hand, so that there is no dispute at the time of returning.
- Always return the car before the time limit, otherwise in case of delay by some nominal margin also, they may charge you one full day extra charges. So, be cautious!