

# BUYING A USED CAR



prepared by

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### INTRODUCTION

Americans spend billions of dollars every year on used cars. Rules exist to protect you, but common sense and early preparation are essential. Know how much you can spend, have a buying strategy, and budget ample time to look around.

When considering a used car, you should always examine both its market value and its mechanical condition. Various services provide estimated market values for used cars. One that is considered reliable in this area is the NADA “Yellow Book,” which is available online at [www.nadaguides.com](http://www.nadaguides.com). The value of any given vehicle will vary depending on its mileage and overall condition. But, if a seller of a used car asks a price that is substantially above the vehicle’s estimated value you should be very cautious.

If you are trading in a vehicle you should also check and make sure that what you are being offered for your trade is consistent with your old vehicle’s estimated trade in value.

It is always a good idea to have any used vehicle inspected by an independent mechanic before you buy it. If the seller of a used car refuses to let you do this – consider buying your vehicle elsewhere.

You can obtain a title history report for a used vehicle from [www.carfax.com](http://www.carfax.com), which tells you every owner of a used vehicle and reveals many, but not all, substantial problems that a car may have suffered, such as fire damage.

### WARRANTIES

**As Is:** When a car is sold “as is,” there is no warranty. If you have problems with the car, even moments after you sign the papers, you must pay for the needed repairs yourself. However, a dealer always has a duty to disclose known defects that might affect the safety of a particular car.

**Implied Warranty:** In most states this means that the seller promises that the product will do what it is supposed to do. In the case of a car, it must run. A written disclaimer can overcome this warranty.

**Warranty of Fitness for a Particular Purpose:** This warranty applies when you buy a specific vehicle from a dealer, for a particular purpose or job. For example, if you ask a dealer for a vehicle with a heavy duty towing capacity for pulling your boat, the dealer, in filling your request, warrants that the vehicle sold to you will meet your needs.

**Express Warranty:** If a dealer offers a warranty on a used vehicle, they must fill in the warranty portion of the **buyer’s guide** that comes with the vehicle. Examine the warranty carefully before buying the car or truck. Determine what is covered and what is not. The warranty (or lack thereof) might give you the best insight into what the dealer really thinks of the vehicle’s condition. If a dealer makes any statement regarding repairs or warranties **get them in writing or forget them!** Oral statements made by car dealers are almost never binding and may be denied later.

### READ THE BUYER’S GUIDE

The buyer’s guide, which should be posted on any used car, contains information of critical importance to the buyer. Always retain a copy of the buyers guide for your records. When a warranty is offered, check whether the offer is **full** or **limited**. A full warranty provides the following:

- Warranty service will be provided for anybody who owns the vehicle during the warranty period when a problem is reported.
- Warranty service will be provided free of charge, including costs like returning the vehicle or removing or reinstalling a system covered by the warranty.

- At your choice, the dealer will provide either a replacement or a full refund if the dealer is unable, after a reasonable number of tries, to repair the vehicle or system covered by the warranty.
- Warranty service is provided without requiring you to return a warranty registration card.
- No limitation is placed on the duration of implied warranties.

If any of the above statements is not true, then the warranty is “limited.” A “limited” warranty tells you there are some costs or responsibilities the dealer will not assume for systems covered by the warranty.

Check the percentage of the repair cost the dealer will pay. For example, “The dealer will pay 100% of the labor and 100% of the parts.”

Check to see if specific systems are covered. The exact systems (the frame and body, the brake system, etc.) covered must be listed.

Check how long the warranty covers each system. For example, “30 days or 1,000 miles, whichever occurs first.”

### UNEXPIRED MANUFACTURER’S WARRANTIES

If the used vehicle is still covered under the terms of the original manufacturer’s warranty, the dealer may add the following language in the warranty disclosure: MANUFACTURER’S WARRANTY STILL APPLIES

This does not mean the dealer is offering a warranty, it refers only to the original warranty on the car. If you have questions about the warranty coverage, ask the dealer to let you examine any unexpired warranty on the vehicle.

### SERVICE CONTRACTS

A service contract, like a warranty, provides reimbursement for repairs that the vehicle may need during the contract’s duration. Unlike a warranty, a service contract must be purchased separately from the vehicle. The agreement may be offered directly by the dealer or the dealer may sell it on behalf of a third party warranty company. To decide if you should purchase a service contract

you should read the contract with the following questions in mind:

- What is the difference between the coverage under the warranty and the coverage under the service contract? Does the service contract really provide me with any additional coverage?
- What repairs and/or maintenance services are covered?
- Who pays for labor and parts and in what percentages?
- Who performs the repairs? Do you have a voice in selection?
- What is the area in which the warranty is accepted? Will mechanics where you live or travel perform repairs and bill the warranty provider or must you pay for all repairs and submit a claim to the warranty company?
- How long does the contract last?
- What is the cancellation/refund policy?

### FINANCING YOUR CAR

The financing terms you receive on a car are very important as they determine the total cost of the car to you – the cost of the vehicle plus the interest cost of the loan. The higher the interest rate and the longer the term of the loan the more money you will have to pay in interest. For a more detailed discussion of financing, please see this office’s “BUYING A NEW CAR” pamphlet.

### REMEMBER

*Spoken promises* are difficult, if not impossible, to enforce.

*Never sign any documents* until you are certain you want to buy a specific car and you have read and understand what you are signing. The legal office reviews contracts as part of our legal assistance program. Be wary of any dealership that will not let you have a copy of one of its contracts for review.

**\*This handout is general in nature. It is not a substitute for legal advice from an attorney regarding individual situations. (August 2021)**

**For additional information on this and other legal topics, see the Air Force Legal Assistance Website: <https://aflegalassistance.law.af.mil>**