

AUTO GUIDE FOR CONSUMERS



PURCHASING A CAR CAN BE ONE OF THE MOST EXPENSIVE DECISIONS YOU WILL EVER MAKE.

From financing to fees to scams, the process can be overwhelming. Follow the South Carolina Department of Consumer Affairs' (SCDCA) road map for getting your new set of wheels.

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1 Check the dealer out. Ask friends and family for recommendations. You can background a business on SCDCA's website. Head to consumer.sc.gov and click "Business Lookup" or visit consumer.sc.gov/background-business to search complaints, dealer closing fees and more. A simple online search can also reveal good and bad apples.

2 Financing the purchase? Dealers and lenders offer a variety of terms, so, shop around, compare offers, and negotiate the best deal you can. Make sure you understand the agreement before you sign any documents.

3 Buying Used? Is there a Buyers Guide? The Federal Trade Commission requires dealers to post a Buyers Guide in every used car they sell. This guide is important because it tells consumers important purchase and warranty info, including:

- If the vehicle is being sold "as is" or with a warranty.
- What percentage of the repair costs a dealer will pay under warranty. Note: if you negotiate with a dealer, the Buyers Guide MUST reflect the changes.
- The guide is NOT enough to convey the entire written warranty. The guide and warranty must be separate documents.

*Remember to keep the Buyers Guide for reference after the sale.



Tips for every situation:

Whether the car is new or used, from a dealer or not, here are some things to keep in mind before you buy:

- Test drive the car on various road conditions.
- Oral promises are hard to prove. Get them in writing.
- Ask to have the car inspected by an independent mechanic.
- Conduct an inspection of the car yourself.
- Ask to see the car's maintenance records. You could find these with the owner or at the place the car was serviced.



SCAM WATCH: BUYING A VEHICLE ONLINE

Thinking about buying a car online? *Make sure you get all the facts before you buy!*

- **Never wire money** via wire transfer service or to someone's bank account. It's like sending cash and it is virtually impossible to get back.
- **Don't buy something you can't test drive.** If the vehicle is in another state, it may be best to wait for a deal closer to home.
- Look out for a seller who is **unwilling to speak to you by phone** and whose e-mails may contain spelling and grammatical errors.



Selling online? You can be scammed, too. Overpayment scams are common and involve the "buyer" writing a check for more than the advertised price. The extra is often said to be for "shipping" or was done in error. No matter the reason, the main goal of the scammer is for you to deposit the check and send them the "extra" money back. Turns out the check is fake and you are on the hook for it!

A COMMON MYTH: LEMON LAW



What is a "LEMON"?

- A new private passenger vehicle (i.e. car, truck, van) or motorcycle;
- With a defect that impairs its use, safety or will lower its market value substantially; and
- Which the manufacturer cannot repair in reasonable time.

Vehicles are not covered if:

- The defects are due to the owner's abuse, neglect or unauthorized alteration of the vehicle; or
- The defect(s) don't show up within the first 12,000 miles or 12 months, whichever comes first.



ADS: READ THE FINE PRINT!

- 1 What exclusions apply?
- 2 Do you qualify for any listed rebates or discounts?
- 3 Is the advertised price based on you getting financing from the dealer?
- 4 Does it show a closing fee that will be added to the advertised price?
- 5 Do any disclosed financing terms work for you?
- 6 Is the vehicle marked as new or used with the year, make, & model?
- 7 Beware of the word "FREE."



NOTE: It is illegal for an advertisement to guarantee the value or range of value for your trade-in.

CLOSING FEES

Dealers are **NOT** required to charge a closing fee, but some do. If a dealer chooses to do so, the fee must be (all three apply):

- **Filed with SCDC** (You can compare them at consumer.sc.gov, just click on "Licensee Lookup"),
- **Displayed in the dealership,**
- **Disclosed in an ad for a specific vehicle and shown on the contract.**

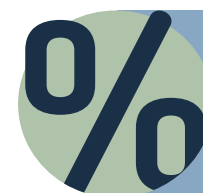
If you are not happy with the amount of the fee, **you can negotiate with the dealer.** It's a good idea to shop around for the best deal.



ANNUAL PERCENTAGE RATE

What is an Annual Percentage Rate ("APR")?

- APR is the cost of credit expressed as a percentage. This includes any interest, fees, and other charges you will pay under the contract.



Dealers who charge an Annual Percentage Rate of more than 18% are required to file a Maximum Rate Schedule with SCDC. So, before you sign on the dotted line, make sure you look up the dealership at consumer.sc.gov "Licensee Lookup." The maximum closing fee they charge will also be listed.

GUARANTEED ASSET PROTECTION

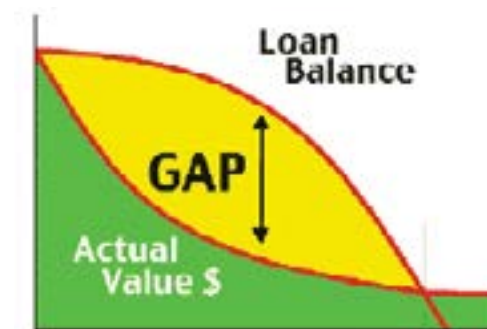
What is Guaranteed Asset Protection?

Guaranteed Asset Protection (GAP) waiver can be helpful when you are upside down in your loan (meaning you owe more on the car than it is worth). Be sure to weigh the pros and cons before purchasing GAP. If you purchase GAP you will pay for it through the duration of your loan. However, it may only be useful for a short period at the beginning of the loan.

REMEMBER:

- You are **NOT** required to purchase GAP.
- GAP is **NOT** insurance; it's a **debt cancellation contract.**
- GAP cannot be sold if:
 - a. The loan is for an amount less than \$4,000 or a duration less than 12 months;
 - b. Your vehicle does not qualify for or conflicts with any restrictions or limitations of the GAP product; or
 - c. The amount financed is less than 80% of the manufacturer suggested retail price for a new vehicle or the average retail value for a used vehicle (i.e., NADA, Bluebook).

- You have at least 30 days to cancel the GAP waiver without penalty. Check the contract for details.



IS LEASING RIGHT FOR YOU?

VEHICLE REPAIRS

LEASE OR BUY?



Consider the following before leasing:

The agreed-upon value of the vehicle. This will impact your monthly payment amount.

Upfront costs. Things like a security deposit, capitalized cost reduction (similar to a down payment), taxes and other fees can add up quickly.

The length of the lease. How long will you have the car? If you move often, you might want to have a shorter lease.

End of lease fees or charges. Will there be hefty fees at the end of the lease term? The law limits the amount to 3 times the average monthly payment.

Allowable mileage. What are the charges if you exceed the allowed mileage?

Is there a purchase option? Some leases allow you to purchase the vehicle at the end of the lease. Decide if that is something you want to do, before you sign on the dotted line.

Sooner or later, your car will need a tune-up, oil change or repair. Here are some tips to avoid extra stress while you get your car back into tip-top shape:

Think ahead. Look for a shop before you need repairs to avoid making a last-minute decision. Ask friends and family for recommendations. Do a simple online search to find any complaints against the business.

Find the Best Fit. Look for shops that hold current certifications and are experienced in working on your vehicle's make and model.

Get an Estimate. Ask for a written estimate that shows what will be repaired, the parts needed and anticipated labor charge. Make sure the shop will contact you for prior approval if the work exceeds the estimate.

Repair going to be expensive? Get a second opinion.

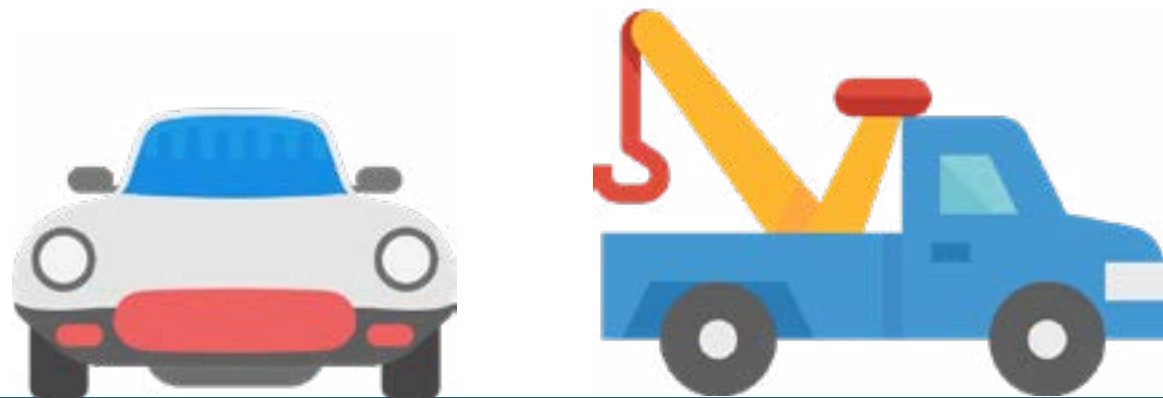


REPOSSESSIONS: WHAT YOU NEED TO KNOW

CHECKLIST & NOTES

What if you miss a payment?

- **Before repossessing your car,** the creditor must send you a "right to cure" notice. It can't be sent until your account is more than 10 days past due. You then have 20 days to pay the missed payment.
- If you make the payment, it is as though you never missed the payment. *However, if you miss another payment, the creditor does not have to issue another "right to cure" notice before taking back the vehicle.*
- A creditor can also repossess your car if you drop your insurance coverage or put the vehicle in jeopardy somehow. *When this happens, the creditor does NOT have to issue a right to cure notice.*



Vehicle Repair Shops

Name: _____
 Contact Info: _____
 Experience in Servicing Your Vehicle Make/Model (Yes/No) _____
 Give Estimates? (Yes/No) _____
 If so, estimate: _____

Name: _____
 Contact Info: _____
 Experience in Servicing Your Vehicle Make/Model (Yes/No) _____
 Give Estimates? (Yes/No) _____
 If so, estimate: _____

Dealers

Name: _____
 Closing Fee: _____
 Maximum Interest Rate: _____
 Name: _____
 Closing Fee: _____
 Maximum Interest Rate: _____

Name: _____
 Closing Fee: _____
 Maximum Interest Rate: _____
 Name: _____
 Closing Fee: _____
 Maximum Interest Rate: _____

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