



**Arizona Attorney General**

**Terry Goddard**

Educating • Protecting • Empowering

Arizona Consumers

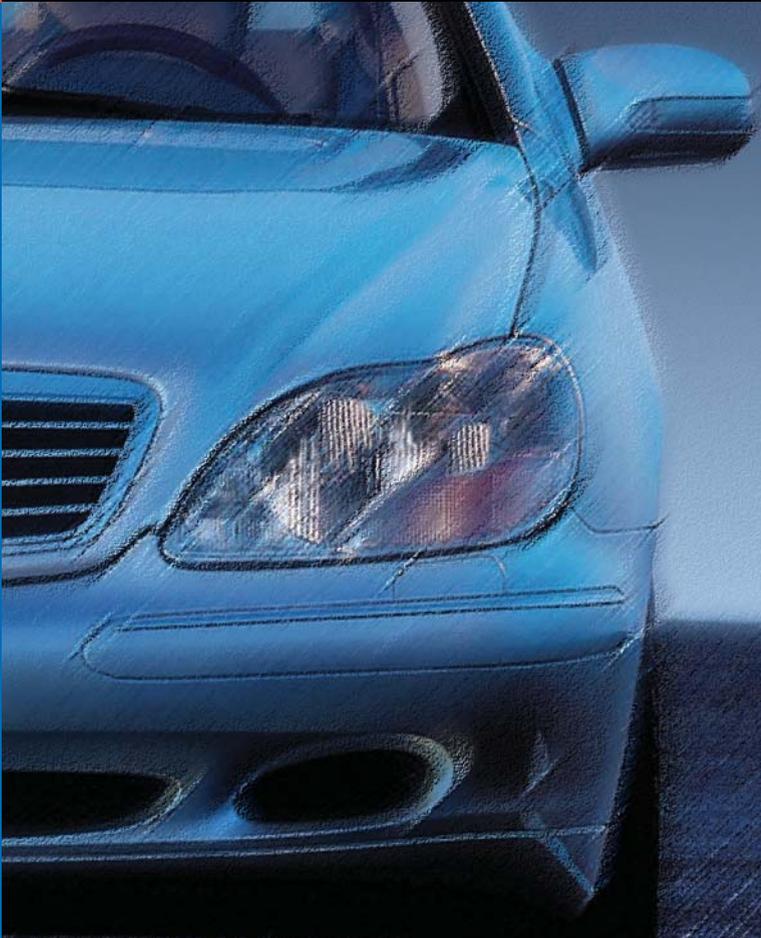
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Tucson, Arizona 85701  
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Outside the Phoenix  
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800.352.8431

[www.azag.gov](http://www.azag.gov)



**CONSUMERS' GUIDE  
TO BUYING A CAR**

**Steer Clear of Trouble!**

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# Message from Attorney General Terry Goddard



August 2006

Next to a home, an automobile is often the largest purchase we make. Yet, shopping for the best deal on a new or used car can be a mysterious, painful and often regrettably expensive experience for many. Auto sales and repair complaints consistently rank #1 among the consumer complaints filed with the Arizona Attorney General's Office.

Many problems consumers experience can be avoided. Any deal you make is one you'll have to live with. Arizona does **not** have a three-day right to cancel a car sale. Before heading out the door to shop for your next car, take time to do your homework. Consumers armed with information such as loan interest rates, purchase prices, trade-in values and expected monthly payments tend to get the best deals. You will be much more successful keeping in mind one basic truth – ***everything about buying a car is negotiable.***

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Sincerely,

A handwritten signature in black ink that reads "Terry Goddard". The signature is written in a cursive, slightly slanted style.

Terry Goddard  
Arizona Attorney General

# Consumers' Guide to Buying a Car

## Advertising

- *Be skeptical of car advertisements and read the fine print.*
- *Sometimes, the advertised deal only applies to a few vehicles or is available only under certain conditions (i.e., a credit score over 750!).*
- *Beware of advertised minimum trade-in amounts or “free” gifts with a new car purchase. Dealers may raise the price of the car to offset a low value trade-in or the cost of the gift.*

## Do Your Homework

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- *Know what make and models you are interested in and what they should cost before you visit the dealership. Use the library or the Internet to get an idea of a price range and the cost of options.*
- *Find out the dealer's cost from a reputable online authority. You can look up this information on Web sites such as [www.edmunds.com](http://www.edmunds.com) and [www.kbb.com](http://www.kbb.com).*
- *Know the value of any auto you plan to trade in. If it's worth less than what you owe, the dealer will always try to add that difference to your cost.*
- *Check with the Better Business Bureau on the dealer's reputation for honesty and service.*
- *It is often cheaper to arrange financing with a bank or credit union **before** going car shopping.*



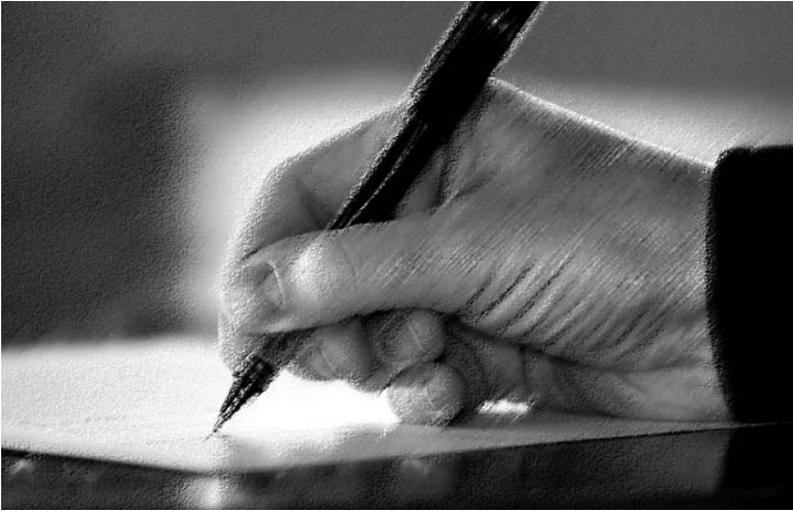
## Negotiating the Deal

- *Make buying your new car, selling your old car and financing your new car three separate transactions.*
- *Understand that the Manufacturer's Suggested Retail Price (MSRP) is the sticker price and not necessarily a fair price for the car.*
- *Even the dealer invoice price may be higher than the dealer's actual cost.*
- *Be prepared to walk away. Going "out the door" is your ultimate weapon.*
- *Ask for the dealer's best price up front and keep asking for it throughout your negotiations.*
- *Be sure the price quote includes everything, except for sales tax, registration and title fees.*
- *Keep track of the details of the deal. Take a notebook, calculator, pen and tape recorder to make it easier.*
- *Take someone with you. Two people are less likely to miss something.*
- *Do **not** assume salespeople are your friends. Most are paid on a commission basis, so the more you spend, the more they make.*
- **Remember, everything is negotiable** – no matter what the salesperson says.

# Consumers' Guide to Buying a Car

## Closing the Deal

- *Make sure **all** promises made by the salesperson or dealership are in writing. Review all documents and understand all terms **before** signing.*
- *If a contract has terms substantially different from what the salesperson promised, do **not** sign the contract unless you accept the new terms.*
- *Do **not** allow anyone to put false information on any forms. If something goes wrong, the false information could be held against you.*
- *Do **not** sign any forms that have blank spaces. Draw a line through any blanks on documents you sign.*
- *Do **not** take home a new or used car before financing is approved. This practice is called “spot delivery” and is designed to “lock you in” to a purchase. If your financing is not approved, you could lose your down payment.*
- *When financing through a dealer, always negotiate the car price first. Once the price is settled, then negotiate the monthly payment amount. Otherwise, you may end up with a reasonable monthly payment, but with a longer term and/or a higher interest rate (i.e., your car will cost more).*
- *Never buy life or disability insurance from a dealer, without comparison shopping with an insurance agent.*
- *Always ask the dealer if the interest rate being offered on dealer financing is the lowest rate he or she can offer and whether it includes a profit for the dealer. “Is this the lowest rate you can give me?”*
- ***There is no three-day right to cancel for new or used cars in Arizona.***



## Service Contracts

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- *Dealers often present service contracts, sometimes called extended warranties, in the final stages of buying a car.*
- *Service contracts provide for the repair of certain parts or problems. These contracts are offered by manufacturers, dealers or independent insurance companies. Extended warranties are often the most highly marked-up item in a car purchase.*
- *Service contracts may be a good idea if you intend to keep your car longer than the warranty period, if the car you're buying does not have a very good reliability record, or if you just want additional peace of mind.*
- *Beware of service contracts that are not offered by the manufacturer. You need to know that the company is financially able to stand behind its promises.*
- *Service contracts may not be worth the additional cost. Be sure you understand the full cost of the contract, not just your additional monthly payment.*

# Consumers' Guide to Buying a Car

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## Tips on Purchasing Used Cars

Obtain a vehicle history report on a used car before you purchase. The report gives you information on the used vehicle's title, registration, odometer, major damage and recall history. Several online services are available, and dealers usually provide this service for free.

- *Have a trusted mechanic inspect the used vehicle before you buy. This may cost around \$100 or more, but could save you money in the long run.*



- *Almost all used cars in Arizona are sold “as is.” That means that no matter what a salesperson may tell you, the dealer doesn’t have to fix the car if it breaks, unless*
  - *your contract specifically includes this promise; or*
  - *the problem falls within Arizona’s Used Car Lemon Law (see below).*

## Arizona’s Lemon Law

**New Car.** The Arizona Lemon Law (A.R.S. § 44-1261 *et seq.*) has a number of specific protections. Consumers should consult the law or an attorney, if their new car does not operate in a reasonable manner. Here are the basics:

The period covered by the Lemon Law is the same as the term of the manufacturer’s warranty or two years or 24,000 miles, ***whichever is earlier.*** The covered period begins on the date the consumer receives the vehicle.

During the covered period, if the manufacturer fails to repair the defect(s) after four attempts, or if the car is out of service by reason of repair for a cumulative total of 30 or more calendar days, the manufacturer must accept return of the car or replace it with a new car (contact your dealer).

**Used Car.** A used car is covered by the Arizona Used Car Lemon Law (A.R.S. § 44-1267) if a major component breaks within 15 days or 500 miles after the car was purchased, ***whichever comes first.*** If it breaks, you’ll still be responsible for a small amount of the repair cost. The recovery for the consumer is limited to the purchase amount paid for the car.

# Resources

## **Arizona Attorney General's Office**

Consumer Information and Complaints

1275 West Washington

Phoenix, Arizona 85007

602. 542.5763 (Phoenix)

520.628.6504 (Tucson)

1.800.352.8431 (In-State Toll Free)

***www.azag.gov*** [Online Consumer Complaint Form available]

## **Arizona Auto Dealers Association**

### **AUTOCAP (Complaint Mediation Program)**

P.O. Box 32717

Phoenix, AZ 85064-2717

602.468.0888

***www.aada.com/consumer.asp***

## **Arizona Independent Automobile Dealers Association**

### **(Used Car Dealers)**

Complaint Mediation Program

5517 North Black Canyon Hwy

Phoenix, AZ 85015

602.246.1498

***www.aiada.net/consumer***

## **Arizona Department of Insurance**

### **(Warranty Company Complaints)**

2910 N. 44th Street, Suite 210

Phoenix, AZ 85018

602.364.2499

400 W. Congress Street, Suite 152

Tucson, AZ 85701

520.628.6370

Statewide 1.800.325.2548

***www.id.state.az.us/consumer***



## **Arizona State Statutes**

Many public libraries and law libraries provide public access to the state statutes in book form, including:

Law and Research Library Division of  
Arizona State Library Archives and Public Records  
602.542.5297 or [www.lib.az.us/is/locations/index.cfm](http://www.lib.az.us/is/locations/index.cfm)

Maricopa County Law Library  
602.506.3945 or [www.superiorcourt.maricopa.gov/lawlibrary/](http://www.superiorcourt.maricopa.gov/lawlibrary/)

Statutes can also be accessed online at  
[www.azleg.state.az.us/ArizonaRevisedStatutes.asp](http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp)

## **The Better Business Bureau of Central/Northern Arizona**

4428 North 12th Street  
Phoenix, Arizona 85014  
602.264.1721 (Phoenix)  
1.877.291.6222 (Toll Free)  
[www.phoenix.bbb.org](http://www.phoenix.bbb.org)

## **The Better Business Bureau of Southern Arizona**

434 South Williams Blvd., Suite 102  
Tucson, Arizona 85711  
520.888.5353 (Tucson)  
1.800.696.2827 (outside metro Tucson)  
[www.tucson.bbb.org](http://www.tucson.bbb.org)

## **Consumer Reports**

[www.consumerreports.org](http://www.consumerreports.org)

## **Web sites for dealer cost and trade-in values**

[www.edmunds.com](http://www.edmunds.com)  
[www.kbb.com](http://www.kbb.com)



ARIZONA ATTORNEY GENERAL  
**Fraud Fighters**  
PROTECTING ARIZONA CONSUMERS

The Attorney General's Community Services Program includes **Satellite Offices** and the **Fraud Fighter Van**. Satellite Offices make it easier for residents to get information on consumer fraud and civil and victims' rights issues in their own neighborhoods. Volunteers are available to make educational presentations to community groups and distribute materials at local events.

Satellite Offices are located throughout Arizona. A complete list of locations and schedule of events are posted on the Community Services page of the Attorney General's Web site.

The **Fraud Fighter Van** is the newest tool to bring services and information to senior centers, libraries and neighborhoods. The Fraud Fighter Van is filled with information about identity theft, scam alerts, Internet safety and much more.



**For more information, contact:**

Community Services Program  
Arizona Attorney General's Office  
1275 West Washington Street  
Phoenix, Arizona 85007  
602.542.2123 or 1.866.358.6661  
communityservices@azag.gov

**Other Consumer Publications available from the Arizona Attorney General's Office include:**

- Top 10 Consumer Scams
- Fraud Fighter Accounts
- Identity Theft
- Internet Safety
- Predatory Lending