

## Ten Easy Steps That Will Help You When Buying A New Or Used Car

**10.** Know your budget – know exactly what you can spend on a vehicle, and make logical decisions. Example: Let's say you have \$4000 to spend on a new compact car so you can transport your belongings to college (and save money on gas). Then, you spot a cool Dodge Charger and you are trying to convince yourself that you need it; don't fall into this trap. (This step uses economic reasoning in the form of a *Budget: A spending-and-savings plan, based on estimated income and expenses for an individual or an organization, covering a specific time period.*)

**9.** Research the model – make sure to do your **due diligence!** Research the model to understand what model you want, known weak points, the typical repair, known accidents, etc. Blogs and forums are a great resource for customer feedback on all types of cars. (Researching information requires the use of *Resources: The basic kinds of resources used to produce goods and services: land or natural resources, human resources (including labor and entrepreneurship), and capital.* Although you're not producing a physical good or service, you're compiling data that will support you in your purchase.)

**8.** Check out the buying forums – it may be easier to buy a car on one of these sites because you can talk one on one with the owner, as opposed to dealing with a car salesperson. Plus, a lot of times the sellers are more apt to give deals to other forum users. Also, you can look back to the seller's history to see potential issues. (This step you'll use *Decision Making: Reaching a conclusion after considering alternatives and their results.* After researching the alternatives and analyzing the benefit and cost, you will reach a decision as to how you want to purchase your vehicle.)

**7.** Look for local auto auctions – most times you won't be able to do an inspection with your mechanic, but sometimes you get a great opportunity to save a lot of money. Regardless of any mechanical issues you might run into, you have a chance to be ahead of the curve when comparing the debt you might incur from buying elsewhere. (This will help you grasp the meaning of *Opportunity Cost: The second-best alternative (or the value of that alternative) that must be given up when scarce resources are used for one purpose instead of another,* by understanding that you might forfeit the ability to have the car inspected, but will buy the car for a much cheaper price.)

**6. CLARIFY** what certified means – You must realize that most times the certification at a dealership means very little, and that the warranty that's backed by the dealership, and that's it. Don't fall victim to "certified".

(*Fraud Risk: The chance that an investment has been misrepresented.* Sometimes these warranties or certifications can be over exaggerated to sell the car.)

Petrány, M. (2013, July 15). *Ten Steps For Buying A Used Car Without Getting Screwed.* Retrieved from <http://jalopnik.com/ten-steps-for-buying-a-used-car-without-getting-screwed-786640612>

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**5. Don't fall victim to your impulse!** – don't buy a vehicle because you think it's cool at the time, or you **KNOW** this is the vehicle for you. Buying on impulse leads to unforeseen trouble, and could end up hurting your credit.

(An impulse purchase could lead to a bad *Credit Rating: An evaluation of a borrower's ability to repay a loan based on his or her character, capacity and capital*, – if you can't make payments on what you purchased.)

**4.** Use your own mechanic – when test driving a vehicle, ask the dealership if you can have it inspected by your mechanic. Your mechanic will be more apt to inform you of current and possible future problems with the vehicle. If they say no, leave that dealership right away! (This step involves the use of *Human Resources: The health, education, experience, training, skills and values of people – Also known as human capital.*)

**3.** Assess the owner, not just the car – Is the owner trustworthy? Would the owner tell you about something wrong with the car if you asked? Is the owner one to neglect maintenance? Is the owner eager to get rid of the car? You can tell a lot about a car by the owner(s); good thing to remember when buying privately.

(Try to minimize your *Assumptions: Beliefs or statements presupposed to be true*, – about the seller before you meet with them because assumptions could hold you back from getting a great deal.)

**2. Don't get financing through the dealership!** – Unless it's a 0% interest rate. Your bank or lending institution will have better or comparable rates.

(If you get financing through the dealership, you run the risk of high *Finance Charges: The total cost of credit, including interest and transaction fees.*)

**1. Be willing to walk away!** – don't get pressured into buying something you don't need. Go into it with the mindset that if you're not 100% satisfied; walk away.

(You always possess the self-determination of *Choice: Decision made or course of action taken when faced with a set of alternatives*, – when purchasing an item.)