

**Hello and welcome to Car Buying  
for the Savvy Consumer: Module 3  
*Closing the Deal.***

**During this training session you  
will learn about sales techniques,  
negotiating the deal, and  
reviewing the contract. The last  
slide lists websites which apply  
to this module**

**This training consists of 12 slides  
and should take approximately  
20 minutes**



# Points To Ponder

Before you get started we would like you to take a couple of minutes to read the following questions. Look for the answers as you review this module.

1. When negotiating for a new or used car I should negotiate these steps in order
  - A. The price of the car, the amount for the trade in, then monthly payment amount
  - B. The monthly payment amount, the price of the car, the financing
  - C. The price of the car, the financing, the trade-in
  - D. The financing, the price of the car, the trade-in
  
2. The dealership is required to refund my deposit if I decide not to buy the vehicle
  - True
  - False
  
3. I should review my contract carefully before signing it and do the following
  - A. Get copies every document before leaving the dealership
  - B. Double check all figures and make sure I do not leave any blanks on the contract
  - C. Take my time and make sure I understand everything
  - D. All of the above

# Dealers Extra's

## **Consumer Tip**

***Dealers make additional profit on selling you extras which usually can be purchased cheaper and at a later date. Evaluate each item carefully to determine if you really need it.***



- **Pin Striping/Customizing/Detailing**
- **Vehicle Protection Packages**
  - Roadside assistance & rental vehicles - (does your warranty or insurance company provide roadside assistance and rental cars?)
  - scratch removal, touch up paint
- **Credit life insurance**
  - this pays off the vehicle in case of death. Ask yourself how much insurance do you already have and is it enough (SGLI). If you need additional insurance consider buying a term life insurance policy.
- **Service warranties**
  - see slide on auto service contracts located in module two *Inspections, Warranties, and Financing*.
- **Pre-paid maintenance**

# More Dealers Extra's

## **Consumer Tip**

***Don't let your guard down just yet. The Financing & Insurance (F&I) Department manager will try to sell you additional items. You do not have to buy these "extras."***



- **Security / alarm systems**
- **VIN etching**
  - shop around for the best deal as you may be able to purchase this cheaper at a later date.
  - contact your insurance company for more Information and to see if your insurance company will provide a discount
- **Gap insurance**
  - if you owe more on the car than it is worth your insurance company will only pay what the car is valued at.
  - you might consider gap insurance if you did not place a large enough down payment on your vehicle to cover the difference (TT&L, extras, depreciation)
- **Bad Credit – No Credit – No Problem**
  - expensive and costly.
  - dealer may use subprime lenders & last chance financing lenders

# Sales Techniques

## Consumer Tip

*There are a number of sources which further discuss sales techniques. Please do your research as we can only cover a few in this segment.*



## Tactics

- **Bait & Switch**
  - the purpose of the ad is to get you to the lot
  - salesperson will try to sell you a different car which they say better fits your image
- **Affordable monthly payments**
  - You should focus on the whole deal; financing, price of car, etc. not just the monthly payments
- **Lowball/highball**
  - setting a low price for the car you want to purchase or a high price for your trade-in.
  - later the salesperson comes up with a reason for not following through with that amount
- **How much were you thinking of putting down on the car?**
  - don't tell them you have a down payment until after you have negotiated the deal

# More Sales Techniques

## Consumer Tip

***Deposits are usually not refundable. If you leave a deposit ask if you can get your money back if you change your mind. Get this promise in writing!!!!***



## Negotiating Strategies

[www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37](http://www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37) (used)

[www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2](http://www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2) (new)

## What you might hear at the car lot

- **Today only**
  - how many cars are in the central Texas area?
- **We will pay off your current loan**
  - negative equity added to your current loan
  - contract might state you are still responsible for the next 45 days of payments.
- **Free food and other events**
- **We need approval from the sales manager**
  - this technique is meant to wear you down
  - the salesperson will try to put the blame on the manger

# The Three Deals Of Car Buying

## *Consumer Tip*

*If at any time you feel pressured to act, are tired, or are unsure about the deal walk away. Limit the time you spend at the car lot and during negotiations*



## Keep each transaction separate

- **First step - Set the price**
  - don't discuss down payments, affordable monthly payments, financing, etc
  - negotiate the price of the vehicle you are looking at
  - this does not commit you to purchasing the vehicle
- **Second step - Arrange Financing**
  - check your credit report and fix any errors **before** going to the dealership (discussed in segment two)
  - contact your financial institution to obtain pre-approval **before** going to the dealership
- **Third step - Negotiate Trade-in**
  - if asked about a trade-in before this step divert the conversation to another aspect of the deal
  - determine the NADA value of your car before visiting the car lot or dealership

# Remember These Basics

## *Consumer Tip*

*If you take the vehicle home overnight to check it out you will probably be asked to sign a statement. Look at both sides and make sure you are not signing a contract or any type of buyer's order*



## Tips, Advice & Cautions

- Control your excitement
- Be ready to walk if not satisfied
- Don't bring the children
- Don't spend more than you budgeted for
- Think about the deal overnight
- Deposits are non-refundable unless you get it in writing
- Write down the VIN of the car you test drive and make sure it matches the contract you sign.

How to be a Smart Negotiator

[www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf](http://www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf)

# Get It In Writing

## ***Consumer Tip***

***If you are unsure about any part of the contract ask to take it with you unsigned. Stop by your legal office and ask them to review your contract***



- **If it's not in writing it's not going to happen**
- **Double check all figures**
- **Don't leave any blanks**
- **Get copies of all documents before you leave**
- **Review your contract carefully before signing**
- **Take your time**
  - don't allow yourself to be rushed
  - watch out for the "it's in every contract, initial here, sign here, bit."

# Tips, Hints, Etc

## ***Consumer Tip***

***Bring a clipboard or notebook with you to the car lot. Write down every fact or figure and who made the promise. Review your contract before signing to ensure it is included.***



**Automobile Insurance Made Easy**

[www.tdi.state.tx.us/pubs/consumer/cb020.html](http://www.tdi.state.tx.us/pubs/consumer/cb020.html)

- **Contract might not allow you to take car with you on PCS moves**
- **Spot delivery**
  - when you take the vehicle home pending approval of the loan
  - limits your options if you are not approved
- **Shop around for insurance before signing the contract**
  - ask your friends who they use and shop around for the best overall insurance
  - some dealerships may add insurance to your contract. You may still be required to purchase a separate liability policy through an insurance company
- **Negative Equity**
  - when you owe more than your trade-in vehicle is worth you are limiting your options.
  - contact your financial institution or your Battalion Command Financial Specialist for advice on how to avoid this situation

# Alternate Buying Strategies

## *Consumer Tip*

*Watch out for bait and switch tactics. When visiting the lot don't tell the salesperson you already have a quote. Shop around and negotiate first to see if you can get a better deal.*



## Methods

- **Phone the dealership**
  - repeat figures and write them down
  - write down who you are talking to and the persons position
  - don't give out your credit information
- **Use the Internet**
  - auto buying services
  - referrals
  - dealers website
  - email

[www.bbb.org/us/article/144](http://www.bbb.org/us/article/144)
- **Fax offers**
- **Cautions** (especially private dealers, online auctions)
  - verify the source, read all disclaimers, refund policies and fine print
  - physically check over vehicle before sending money
  - verify ownership of vehicle with DMV if a used vehicle
  - do not wire transfer money or give out account information

# Websites

## Negotiating the deal

Texas Attorney General  
How to be a Smart Negotiator

[www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf](http://www.oag.state.tx.us/agency/weeklyag/2005/0605car.pdf)

How to get a great deal on a New Car

[www.pueblo.gsa.gov/cic\\_text/cars/cardeal/cardeal.htm](http://www.pueblo.gsa.gov/cic_text/cars/cardeal/cardeal.htm)

Negotiating Strategies -NADA

[www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37](http://www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=8&as=37)

[www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2](http://www.nadaguides.com/default.aspx?LI=1-20-9-5101-0-0-0&l=1&w=20&p=9&f=5102&a=1&as=2)

## Miscellaneous

Edmunds.com Confessions of a Car Salesman

[www.edmunds.com/advice/buying/articles/42962/article.html?tid=edmunds.a.landing.feature..3.\\*](http://www.edmunds.com/advice/buying/articles/42962/article.html?tid=edmunds.a.landing.feature..3.*)

## Alternate Buying Strategies

Better Business Bureau  
Purchasing a car online

[www.bbb.org/us/article/144](http://www.bbb.org/us/article/144)

## Texas Department of Insurance

Automobile Insurance Made Easy

[www.tdi.state.tx.us/pubs/consumer/cb020.html](http://www.tdi.state.tx.us/pubs/consumer/cb020.html)

Glossary of Auto Insurance Terms

[www.tdi.state.tx.us/auto/autoglossary.html](http://www.tdi.state.tx.us/auto/autoglossary.html)

Automobile Insurance Sample Rate Comparisons

<https://apps.tdi.state.tx.us/helpinpublic/Start.do?type=auto>