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Attorney General Releases Car Buying Tips; Reminds New Mexicans to Do Their Research

Santa Fe, NM - On Day 5 of National Consumer Protection Week, Attorney General Hector Balderas wants all New Mexicans to be informed consumers before they purchase their next car. A car purchase is second only to a home as the most expensive purchase many New Mexicans make. According to the National Automobile Dealers Association, the average price of a new car sold in the United States is about \$30,000. That's why Attorney General Balderas believes it's so important for New Mexicans to know how to make a smart deal for their financial future.

"Purchasing a car is a big decision for New Mexico families and it's important that they are informed consumers before they sign on the dotted line," Attorney General Balderas said. "Do your research, compare your options, and understand the terms of your loan agreement so you can make the best financial decision for your family."

Buying Your New Car

Think about what car model and options you want and how much you're willing to spend. Do some research and compare different options. If you do your homework, you'll be less likely to feel pressured into making a hasty or expensive decision in the showroom and more likely to get a better deal.

- Check publications, websites and apps that discuss new car features and prices. These may provide information on the dealer's costs for specific models and options.
- Shop around to get the best possible price by comparing models and prices in ads and at dealer showrooms.
- Plan to negotiate on price. Dealers may be willing to bargain on their profit margin, often between 10 and 20 percent. Usually, this is the difference between the manufacturer's suggested retail price (MSRP) and the invoice price.
- Whether you pay cash or finance your car, it is important to negotiate the price.
- Consider ordering your new car if you don't see what you want on the dealer's lot. This may involve a delay, but cars on the lot may have options you don't want — and that can raise the price. However, dealers often want to sell their current inventory quickly, so you may be able to negotiate a good deal if an in-stock car meets your needs.

Financing Your New Car

If you decide to finance your car, be aware that the financing obtained by the dealer, even if the dealer contacts lenders on your behalf, may not be the best deal you can get.

- Contact lenders directly. Compare the financing they offer you with the financing the dealer offers you. Since offers can vary, shop around for the best deal, comparing the annual percentage rate (APR) and the length of the loan. When negotiating to finance a car, be wary of focusing only on the monthly payment. The total amount you will pay depends on the price of the car you negotiate, the APR, and the length of the loan.
- Before you sign a contract to purchase or finance the car, consider the terms of the financing and evaluate whether it is affordable for your monthly budget. Before you drive off the lot, be sure to have a copy of the contract that both you and the dealer have signed and be sure that all blanks are filled in.
- Some dealers and lenders may ask you to buy credit insurance to pay off your loan if you should die or become disabled. Before you buy credit insurance, consider the cost, and whether it's worthwhile. Check your existing policies to avoid duplicating benefits. Credit insurance is not required by federal law. If your dealer requires you to buy credit insurance for car financing, it must be included in the cost of credit. That is, it must be reflected in the APR.

Learn the Terms to Be Successful

Negotiations often have a vocabulary of their own. Here are some terms you may hear when you're talking price.

- **Invoice Price** is the manufacturer's initial charge to the dealer. This usually is higher than the dealer's final cost because dealers receive rebates, allowances, discounts, and incentive awards. Generally, the invoice price should include freight (also known as destination and delivery). If you're buying a car based on the invoice price (for example, "at invoice," "\$100 below invoice," "two percent above invoice") and if freight is already included, make sure freight isn't added again to the sales contract.
- **Base Price** is the cost of the car without options, but includes standard equipment and factory warranty. This price is printed on the Monroney sticker.
- **Monroney Sticker Price (MSRP)** shows the base price, the manufacturer's installed options with the manufacturer's suggested retail price, the manufacturer's transportation charge, and the fuel economy (mileage). Affixed to the car window, this label is required by federal law, and may be removed only by the purchaser.
- **Dealer Sticker Price**, usually on a supplemental sticker, is the Monroney sticker price plus the suggested retail price of dealer-installed options, such as additional dealer markup (ADM) or additional dealer profit (ADP), dealer preparation, and undercoating.

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