

Eight Steps to Buying a Vehicle

Steering you to savings

Where To Start

Purchasing a vehicle is a significant financial decision that can feel overwhelming and confusing. From dealership fees to maintenance costs, these expenses can turn a good deal into an expensive mistake. The following information will help you in making an informed decision by explaining the purchasing process, learning to uncover hidden fees, and identifying opportunities to negotiate a better deal.

Step 1: Research Vehicles and Features

Start by asking yourself a few questions. What size vehicle are you looking for? Is fuel economy a big factor? Is there a manufacturer you have had a good experience with? Do you live somewhere that encounters all four seasons? This could influence your decision on front, rear, or all-wheel drive vehicles.

Use resources like Edmunds, Consumer Reports, IntelliChoice, JD Power, and Kelley Blue Book to find information on owner reviews, vehicle rankings, invoice prices, and new vehicle deals.

Step 2: Get Pre-Approved

After deciding on the make and model you want to purchase, you need to consider how you will pay for it. Getting pre-approved for an auto loan will give you the opportunity to shop for the best interest rate.

APCI FCU offers pre-approvals that are valid for 3 months, so you can shop with confidence knowing your financing is secured!

Step 3: Find Your Trade-In Value

If you have a vehicle to trade-in, do research on the value before going to the dealership. This will help to create a reference point and set an expectation for the vehicle's value. Make sure to input your exact model, trim, and condition into a trade-in value calculator to receive your vehicle's most accurate value.



Step 4: Schedule a Test Drive

Search for the vehicle you would like to test drive in your area. Once you locate a dealership that has the vehicle in stock, make an appointment. By making an appointment you are verifying that the vehicle is still available, and it will be ready for you when you arrive.

When test driving, take your time. Purchasing a vehicle is a big commitment. Make sure you like the way the vehicle handles and are comfortable in it. Check out all of the controls to see if they are easily accessible. Consider if the trunk or cargo space is large enough. If you are a parent with a child that uses a car seat, bring it along to get a feel for how much space will remain once it is secured in the vehicle.

If a dealership does not have all their inventory online, you can browse the vehicles physically at the dealership. Typically, dealerships have shorter hours or no hours on Sundays. If you'd like to browse without having to talk with a sales associate, this may be the best time for you to go.

Step 5: Review The Warranties

Ask about manufacturer warranties, extended warranties, paint protection, wheel insurance, and prepaid maintenance. These items could be negotiated if the seller is unable to decrease the vehicle's listed price. You may also be able to add additional coverage after purchasing the vehicle. Ask if this is an option, so you are not pressured into making a quick on-the-spot decision.

Step 6: Assess The Price and Deal

After you have selected the vehicle that you want to purchase and have a quote, you should complete market research of local available inventory. Having information from multiple dealerships may help in negotiating the price of the exact vehicle you want to purchase.

Is the price competitive? If the price differs, try to locate the reason why. Does one have pricey accessories that the other does not? If the price is above average, ask why.

There are a few reasons for the cost of the loan, other than the price of the vehicle. This includes the interest rate, the length of the term, and if you are trading in another vehicle. While you want to get the best rate for your loan, be aware that each hard credit inquiry will temporarily result in your credit score decreasing.

Step 7: Close The Deal

If you are happy with the financing and fees, it is time to sign the contract. The contract will be prepared to show the numbers that were previously discussed. Review the document to make sure the information is accurate. If you want to purchase an extended warranty, you can at this time. Remember, the vehicle is yours once you sign the contract. It is very uncommon to return a vehicle after doing so.

Step 8: Pick Up Your New Vehicle

Whether its brand new or used, the vehicle should be clean and the gas tank should be full. Inspect the vehicle for any dings or dents. If you notice something that was not previously there or that something is missing, bring it up with the dealership and ask them to address the issue.

Before driving away in your new vehicle, ask the sales associate to give you a final tour of the vehicle's features and assist with connecting your phone to the vehicle's Bluetooth.

Hidden Fees

Hidden fees can transform an attractive deal into an overpriced one. To avoid this, stay informed about potential costs, negotiate wisely, and thoroughly review all contracts and paperwork. Educating yourself on the vehicle buying process and asking additional questions can help you to steer clear of unnecessary charges in the future. Listed below are a few items that could add on additional hidden costs.

Destination and delivery (D&D): This is the cost of shipping a vehicle from the factory to the dealership. This fee is hard to negotiate or remove, as it is federally mandated to be listed on the window sticker and is legally part of the vehicle's overall cost.

However, this fee is often excluded from the advertised list price. As a general rule, assume that the listed price is the base price and add an additional \$500-\$1000 for the D&D fee.

Dealer options: Dealers can add accessories to the vehicle that makes it more desirable. These add-ons are usually included in the cost, but you may be able to negotiate the price or have the accessories removed.

Dealer prep fees: Whether you are purchasing a new or used vehicle, it should be clean when you get the keys. For used vehicles, there may be a hidden fee for cleaning and inspection. It is worth questioning this fee since any vehicle they sell should be clean.

Registration and title: Title, registration, and plate fees are not something that can be changed. These are not dealer fees, but instead are state fees. The cost differs depending on the state you live in.

Dealer fees: Dealer fees include a variety of additional costs, such as paperwork and advertising. While some are non-negotiable, it is important to review the charges. If the fees are not itemized in the final price, ask for a detailed breakdown. Documentation and processing fees are typically unavoidable, but advertising fees should be questioned. You are not obligated to cover the costs of the dealership's effort to market the vehicle to you.

Maintenance: Some costs are not immediately apparent when purchasing a vehicle. What may seem like a good deal could turn out to be less appealing due to expensive upkeep. Many luxury vehicles require maintenance that can only be performed by authorized service centers or specialty shops. These higher costs are often unavoidable, so it is crucial to understand what they can amount to over time.