

State agencies license dealers, and may help enforce warranty performance.

You may decide the remaining warranty is enough or consider buying extended service coverage or mechanical breakdown insurance. With additional insurance, you're betting you'll need to pay more for repairs than for premiums. You may decide instead to self-insure by taking what you'd pay for insurance and depositing it into your credit union share savings account for any future repairs.

### Determining a fair price

Use online price books and Web sites (Kbb.com and Edmunds.com) that provide this kind of information; there's often a wide range among them on specific used-car prices.

One good way to determine a reasonable price is to call your credit union and ask for the "loan value" for a car of the year, model, mileage, and equipment level you are considering. (Ask about used-car loan options, too.) That gives you a starting point. Some shopping around and comparing prices will fill in the fine points of used-car pricing.

# How to Buy a Used Car

# Sample

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The upside of buying used cars is that generally they're much less expensive than comparable new cars, and they don't lose their value as quickly. Let someone else take that major whack on depreciation—sometimes as much as 35%. The downside is that you may be buying someone else's problems, and used cars don't always come with the "security blanket" warranties that cover new autos.

To successfully buy a used car, follow some simple strategies, exercise some discipline and do your homework.

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## Determining where to purchase

Where you buy makes a difference. In some states, car dealers must perform safety inspections on the used vehicles they sell, and disclose adverse information about a car's condition and/or history to prospective buyers.

Also, the Federal Trade Commission's Used-Car Rule requires dealers to disclose whether used cars have warranty protection, including unexpired manufacturers' warranties.

Check with officials in your state Justice Department or Transportation Department to learn the ground rules. These agencies also can tell you about lemon-law coverage. In some states, lemon-law protection transfers beyond the original buyer.

If you buy from a dealer, you probably will have better recourse if something goes wrong than if you buy from a private party.

That's one reason dealers often charge more than private parties for the same used car—they stand behind it, more or less.

Private sales rarely are regulated, and your risk can be enormous. That's why you should always assess the seller carefully. Do the repre-

sentations of a car square with what you've learned about it and what you can see? Insist on an independent mechanic's inspection, at your expense.

Cars don't improve with age and mileage, so research the when-new and after-new reputations of the cars on your list. Make a trip to the library—or the Internet—to look at road tests, long-term tests, and ownership reliability surveys.

While low-mileage cars generally are preferable to those with higher mileage, the quality and frequency of the maintenance a car has received is as important as its mileage, if not more important. That's why it's best to purchase a used car from someone who knows its history. Dealers get their cars mostly as trade-ins, as lease returns, and from auctions.

Autos that carmakers buy back from rental fleets and subsequently sell to dealers at auctions are called "program cars." Typically, these cars have 15,000 miles or less and cost thousands of dollars less than their new counterparts. But, as with any used car, a program car requires thorough examination.

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## Scoping out the history

Find out as much as you can about the history of any used car. It also is good policy to see any used car's title. Only a few states require "title branding," which discloses on the title that a manufacturer repurchased a vehicle as a result of a settlement or decision relating to state lemon laws.

If you purchase from a dealer, get a specific warranty on the car's driveline and other mechanical systems. Make sure the automobile's complex electronic systems are covered. Be sure that a dealer has the facilities to make good on any warranties, or has a contract with someone to perform this work.

If the vehicle carries a remaining factory warranty, make sure it's transferred to your name. You may have to pay a fee of perhaps \$100 for the transfer.

