

BUY SMART: Affordable Used Car Buying in 5 Steps

Courtesy of
METRO Federal Credit Union

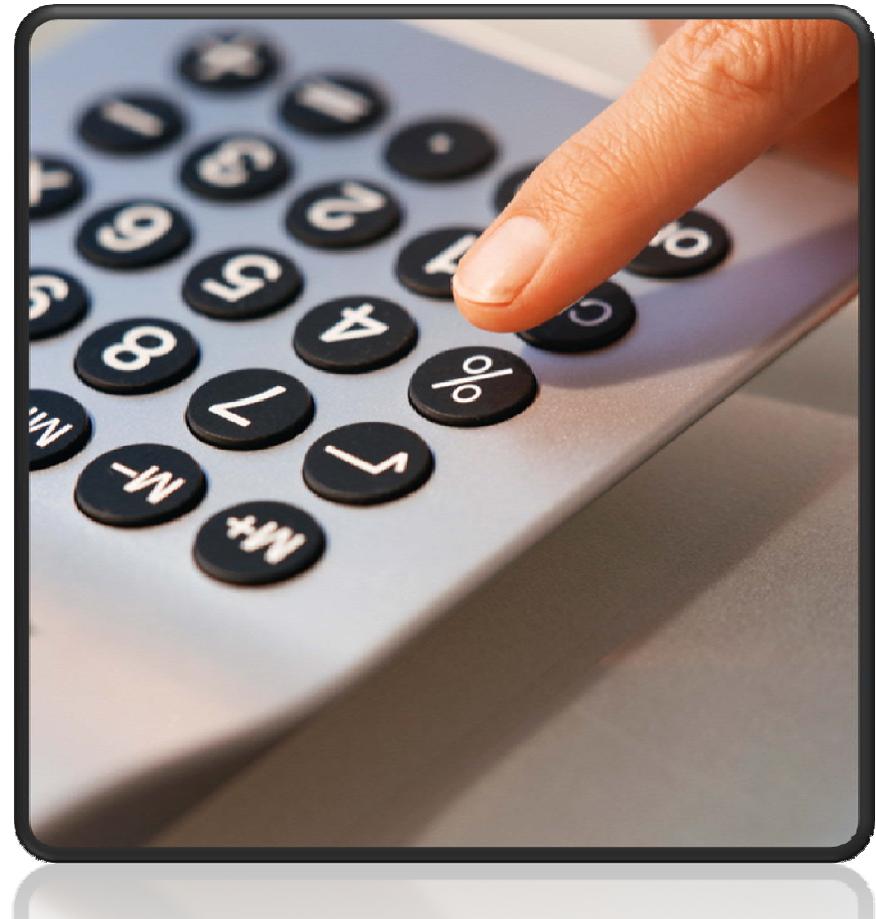


STEP #1: Piggy Bank and Pocket Book Planning

- 1) **Establish your monthly car budget limits.**
 - ✓ **Feel free to call METRO for payment estimates!**
- 2) **Review current monthly living expenses.**
 - **Mortgage/Rent**
 - **Utilities**
 - **Food**
 - **Clothing**
 - **Medical**
 - **Savings**
- 3) **Determine how much money is available from your NET monthly income for car expenses. (Don't forget car insurance!)**

“Do The Math”

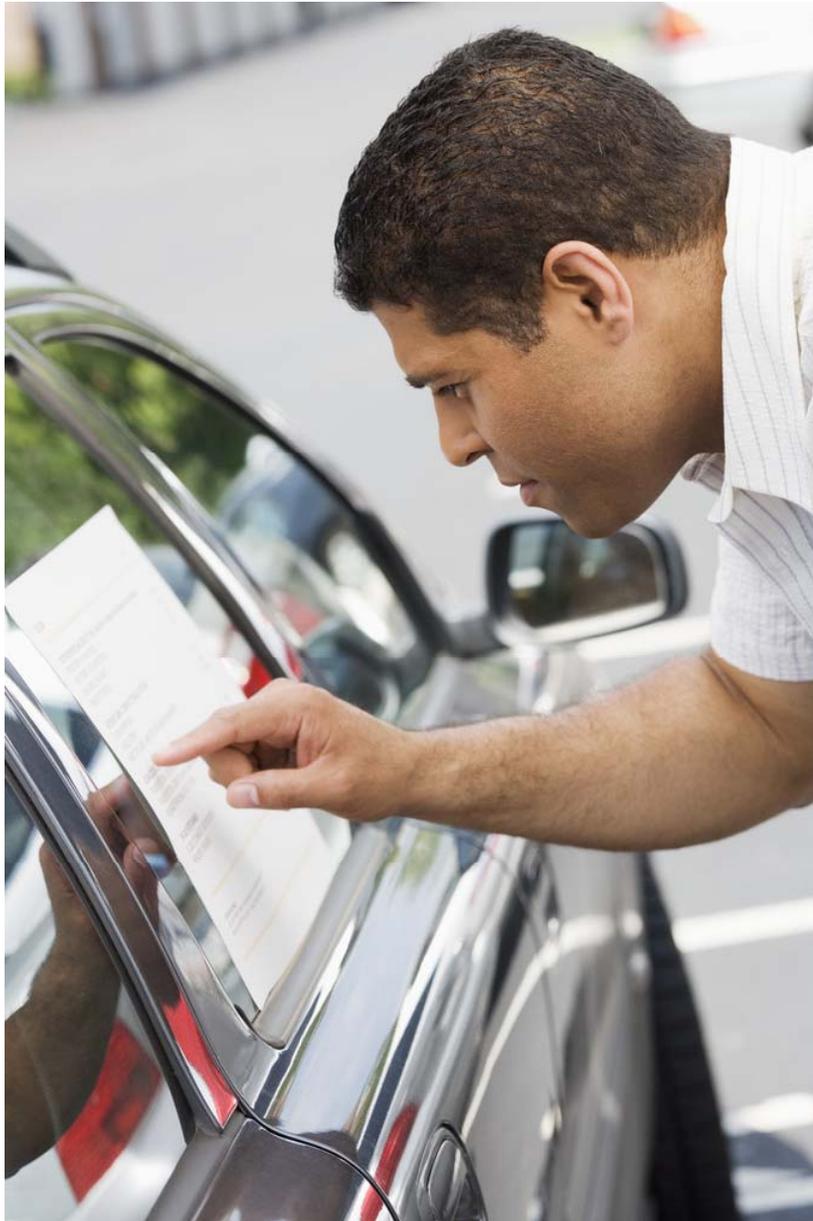
- Don't Forget..... **STASH SOME CASH!**
 - Set aside money every paycheck for emergency bills OR to help with your down payment



Get Pre-Approved at METRO

- METRO offers FREE loan Pre-Approvals
- Print an application from our website and view current, competitive loan rates
 - www.mcu.org





STEP #2: Used Car Valuation

- 1) **Collect used car values for vehicles you are interested in.**
 - Your BEST negotiating tool is NADAguides.com for Used Vehicle values - NOT Kelley Blue Book.
 - Kelley Blue Book is inflated for dealership pricing.

- 2) **Calculate the value for the vehicle including all options and any mileage credit or penalty.**
 - ✓ See next slide.....

To Determine Mileage Credit/Deduction

NADA Guides Online www.nadaguides.com

- After entering in your vehicle information and options, the mileage credit/deduction will automatically be determined. You will see the credit/deduction along with a list of each additional vehicle option values.
- The three values you will use to determine your trade-in value are:
 - **Rough Trade** – if vehicle is in bad condition
 - **Average Trade** – if vehicle has average wear and tear
 - **Clean Trade** – if vehicle is in ‘like new’ condition

NADA Used Car Guide (available at METRO)

- Find your vehicle year, make and model: there will be two values – use the **Clean Retail** value
- Notate the **Mileage Class** – listed to the right of the year & model
- Locate the additional options for your vehicle and either **ADD** or **DED** (deduct) from the **Clean Retail** value
- At the front of the NADA Book, find the **Mileage Table**
 - Locate the **mileage** of the vehicle and **Mileage Class**
 - Follow the class line over to the correct **year** of the vehicle – this is your mileage credit or deduction
- If the number is **positive**, **ADD** to the Clean Retail value
- If the number is **negative**, **SUBTRACT** from the Clean Retail value

STEP #3: Current Car Trade-in Values

If you have a trade-in to use toward your purchase:

- 1) Confirm model & year with your VIN number
- 2) Check on Low Mileage Credits or High Mileage Penalties
- 3) Make several copies of the data for your trade-in
 - ✓ METRO suggests that your best negotiating tool is Kelley Blue Book for your trade-in value - the pricing on KBB is inflated for dealership use. This means that KBB will give you the highest value for your trade-in.
- 4) Confirm your payoff amount for any current auto loan
- 5) Trade-in Credit = Trade-in \$ Value minus Loan \$ Payoff
 - \$9,000 (trade-in value) - \$7,500 (loan payoff) = \$1,500 Trade-in credit
 - \$9,000 (trade-in value) - \$9,500 (loan payoff) = \$500 negative trade-in equity (added to bill of sale)

Trade-In Value Using Kelley Blue Book

www.kbb.com

- After entering your vehicle information, zip code, and vehicle options on KBB, the mileage credit/deduction will automatically be determined.
- You will be provided with four different values. Each value is based on the current condition of your vehicle:
 - Excellent, Very Good, Good, or Fair
- Pick the value that best describes the condition of your auto.

STEP #4: Negotiating Your Best Deal

1) Vehicle Price = Cost based on NADA Guides valuation

- If Dealer refuses to accept NADA price, stop talking, leave and find another dealer!

2) Sales Tax = ONLY (Vehicle Price LESS Trade-in Value) X's Tax Rate

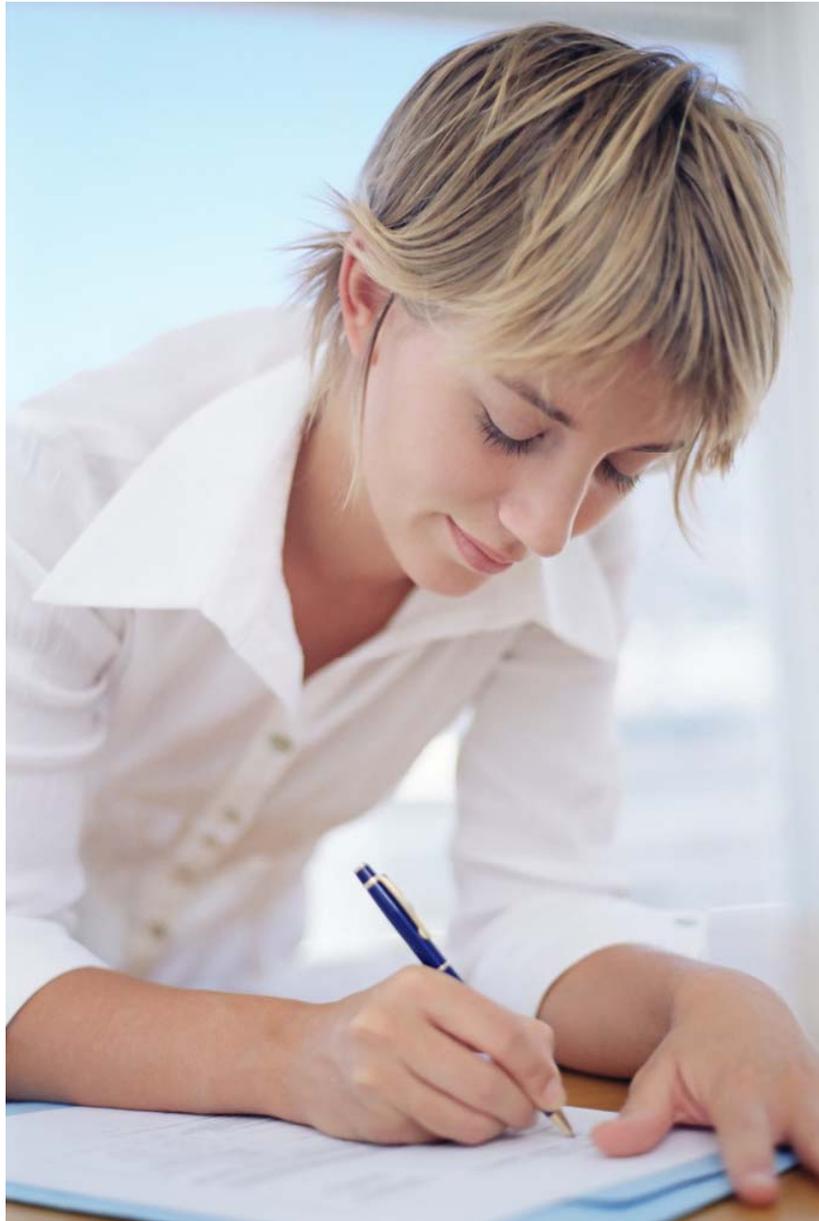
3) **ADD:**

- +Vehicle Price
- +Sales Tax
- +Misc Doc Fees
(Title, Transfer, etc.)

• **SUBTRACT:**

- Trade-in Credit
- Down Payment

• **TOTAL =** Bottom Line Purchase Cost



STEP #5: Completing the Transaction

- 1) Most Dealer provided add-ons (extended warranty/undercoating/etc.) are available more economically from third parties, i.e., aftermarket.
- 2) Keep in mind that dealerships often run your credit multiple times when negotiating financing. Too many credit inquiries can negatively impact your credit score.
- 3) **If you are already Pre-Approved by METRO, there will be NO dealer inquiries on your credit! Tell the Salesperson that you already have Credit Union financing.**





BENEFITS OF FINANCING AT METRO:

- FREE PREAPPROVALS
- COMPETITIVE RATES
- ONE CREDIT INQUIRY ON CBR
- PAYROLL DEDUCTION
- PERSONALIZED SERVICE

ENTERPRISE CAR SALES

**Borrow Smart.
Buy Smart.®**

Borrow from your credit union.
Buy from Enterprise Car Sales.



- * Manufacturer's Warranty
- * Extended Warranty Options
- * Haggle-Free Buying
- * Worry-Free Ownership
- * Top Dollar for Your Trade-in



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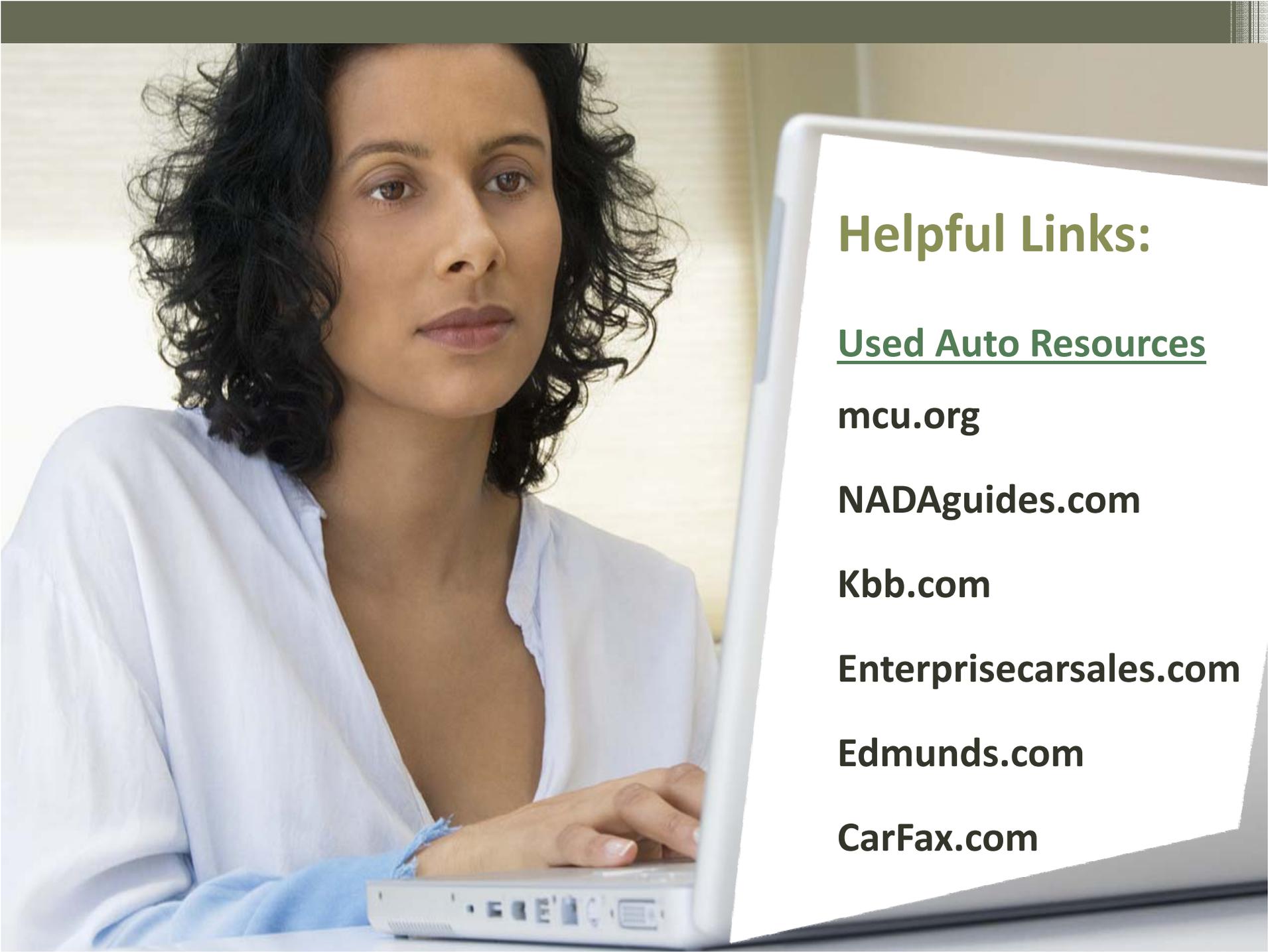


More Helpful Information.....

- Insurance
 - Notify your agent of your car purchase!
 - Keep in mind that many factors determine your insurance rate – specifically the **year, make and model** of your new auto, your **driving record** and your **personal demographics**
 - Be prepared for an increase in your insurance premium
 - Ask your agent if your carrier has a New Car Discount
- Other Factors that Determine Insurance Cost:
 - Vehicle safety features
 - Car alarm
 - Coverage
 - Number of vehicles you insure
 - Driving record
 - Number of drivers insured

More Helpful Information.....

- **Mileage**
 - Try to buy a used vehicle with low mileage
 - Vehicles with lower mileage typically last longer and have fewer problems
 - A car should have no more than 15,000 mile of use per year
 - Depending on the mileage, a manufacturer's warranty may still be available on the vehicle
- **Used Auto Buying Safety:**
 - Obtain a CarFax.com vehicle history report
 - Test drive the car
 - Have your mechanic inspect the vehicle
 - If the deal is too good to be true, it probably is!



Helpful Links:

Used Auto Resources

mcu.org

NADAguides.com

Kbb.com

Enterprisecarsales.com

Edmunds.com

CarFax.com