

Don't Buy the Lies:

We Debunk 15 Scams, Tricks and Lies surrounding the Car Business

- **5 Common Car Dealer Scams to Avoid**
- **5 Common Car Dealer Advertising Tricks, and**
- **5 Consumer Advocate Group Lies (about Car Dealers)**

"There's a sucker born every minute" according to Carnival King, P.T. Barnum. History, unfortunately, has misdirected this quotation. Barnum never did say it. Actually, it was said by his arch-rival Adam Forepaugh. Forepaugh attributed the quote to Barnum in a newspaper interview in an attempt to discredit him. However, Barnum never denied making the quote. It is said that he thanked Forepaugh for the free publicity he had given him.

While it is not true of many car dealers, there are some unscrupulous car dealers who seem to have adopted this quote as their "standard operating procedure." They seem to take some sort of perverted pleasure in taking advantage of trusting customers.

They have, in the process, blemished the reputations of all auto dealerships through dirty tricks, shady deals, outright lies, and other undesirable tactics. They are the bad apples that have tarnished the reputations of the truly ethical car dealerships that don't participate in deceptive practices and truly care about long-term relationships with their customers.

The problem is in knowing how to spot the bad dealers and in being able to identify their tricks and scams.

So I've listed the most common scams the "bad guys" like to pull so you can be on the look out.

Now you'll know – when you see one of these games being played, run the other direction!

The material you are about to read in this complimentary eBook will help you **SAVE TIME AND MONEY** and can prevent you from being a victim of potentially unethical or dishonest car dealers.

I have spent the past 19 years of my life trying to improve the bruised image of car salespeople. During this time frame I have overseen the sale of well over 15,000 vehicles. I have analyzed and researched the tendencies of customers that get the "**BEST DEALS**" and have found many things that these customers have in common, namely they ask very good, very tough question before they spend their hard earned money on the purchase of an automobile.

“DON’T BUY THE LIES” IS POWERFUL. It will save you 18 years of research and let you in on these “Secret Scams!”

To establish my credibility, I was recently recognized as one of the Top 12 Used Car Dealers in the United States the year this e-Book was written. My philosophy has been “If you want to be successful in the car business, look at what everyone else is doing and then to the opposite.”

I encourage and look forward to your feedback regarding this complimentary eBook. Please feel free to write me or email me your comments, questions, etc. at the address listed at the end of this publication. Thank you for your interest in this publication.



"Congratulations Scott Pitman on being recognized at the #12 Ranked Independent Retailer in the United States for calendar year 2006." Scott's stores are always ranked very high in customer satisfaction; Whether new car buyer or Buy Here Pay Here, everyone is treated the same and all business is genuinely appreciated. One of the keys to high customer satisfaction is high employee satisfaction. Scott's team makes the store a fun place to work."

KNOW BEFORE YOU GO

Consumers need to be educated when seeking a new or used vehicle. You'll be wise to do some research and run the numbers yourself. Fortunately, the Internet is a great source of information you can use to arm yourself with pertinent facts before heading to dealer showrooms and display lots.

You need to know that dealerships treat the car buying process as three components to the sale. In other words, there are three opportunities for the dealership to profit from the transaction of your purchasing a vehicle: 1) Vehicle Price; 2) Trade In; and 3) Finance & Insurance. In most cases, it will involve all three transactions. So you need to manage all parts of the process by doing research ahead of time.

You will see the following symbols throughout this publication. They are intended to alert you of an important point worth noting.

 **Key Point**

 **On the Other Hand**

 **Don't Buy the Lie!**

 **Scott's Advise:**

[View Our Inventory](#) | [Arrange Financing](#) | [Meet The Team](#) | [Contact Us](#)

Don't Buy the Lies was created with your best interests in mind. It is a comprehensive report that will inform you about the DO'S and DON'T'S of the car industry. It will help you GET THE FACTS that you need to separate the good car dealers from the bad ones.

This report will protect you, debunking 15 LIES surrounding the automotive industry. In it we will outline:

- 5 Common Car Dealer Scams
- 5 Common Car Dealer Advertising Tricks
- 5 Lies Consumer Advocate Groups would have you believe about car dealers.

**AND WE WILL TELL YOU THE TRUTH ABOUT THEM!
TO GET THE FACTS AND TO READ BETWEEN THE LINES READ ON....**

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SECTION ONE: CAR DEALER SCAMS 1-5

MISREPRESENT THEIR CREDIT | CAR DEALER SCAM #1:

Situation: Once you've found the vehicle you want and the price has been established, you enter the credit approval phase. You complete a loan application and it is taken by the salesperson to their finance manager for approval.

Normally, approvals can be accomplished very quickly. Reputable dealers have both local and national lenders, and in some cases even internal financing capabilities. However, the dishonest dealers use the financing transaction to maximize their profit dishonestly.

In this ploy the salesperson or finance manager will return with your credit application, stating that your credit isn't as good as they had hoped it would be...and, that they weren't able to obtain financing through their preferred source. You're embarrassed and disappointed and you feel you've wasted your time and won't get the vehicle you wanted.

Usually, at this point, the salesperson tells you that they are going to have one last visit with their finance manager because "They are on your side." They're gone for a few minutes only to return with a smile and the "I've got Good News!" that they pushed their finance manager to call in a favor with another bank and they were able to get you approved.

What you didn't realize is that the rate of interest you will now be paying is higher than it should be. Often, they will have misrepresented what they learned from your credit score. They may say you have "B" credit when; in fact, you may have "A" credit. Now, you will have to pay the higher interest cost over the term of the loan.

It's not uncommon for dealers to tell you that you have worse credit than you actually do. This allows them to penalize you with higher rates, which allows them to make more money.

If a dealer won't show you a copy of your credit score from one of the 3 major credit bureaus, **LEAVE** (They can't give you a copy of your credit bureau, but they can show you your 3-digit FICO score).

The three credit bureaus utilize the FICO score or credit score as part of their overall credit reporting to lenders. In Fact, there are many today who actually look no further than the FICO or credit score. In other words, if your FICO score is below a certain level, you will not be considered for a loan by certain lenders. On the other hand, if your FICO or credit score is above a certain level, the doors to certain lenders automatically will swing open.

Equifax | www.equifax.com


Experian | www.experian.com


Trans Union | www.transunion.com



On the Other Hand It is worth noting that a reputable dealer with good lending relationships may often be able to get a better rate than you can get on your own. This is


accomplished through relationships and suggesting other items that lenders use to determine interest rates (Year, Make, Miles, Amount Financed, etc.)

 **Don't Buy the Lie!** YOU need to get a copy of your credit report BEFORE you begin shopping for a vehicle from one, or all, of the three aforementioned credit agencies: Experian, Equifax and TransUnion. If you have this information, their scam won't work on you. You may also want to get a rate quote from your bank or your credit union.

 **Scott's Advise:** At my dealerships, we will always be happy to “show and share” your credit score with you. We train all of our people to discuss credit scores and the effect they have on rates, insurance, job applications, promotions, etc. If you need help with your credit score, we can offer you our expertise and other credit score specific publications that you will find helpful.

THE LENDER SETS THE PRICE | CAR DEALER SCAM #2:


Situation: In several dealerships, you may notice that the total price of the car isn't marked. When asked directly for the price of the car, the plaid-suit salesman will respond something to the effect of: "We don't set the price, the lender sets the price."


 The dealer may try to determine how large a down payment you intend to make before revealing to you the price of the vehicle. Either of these responses or tactics should raise a red flag and send you running the opposite direction.


A reputable dealer will always have the price clearly marked before any negotiations begin. Most good car dealers will have these prices marked on their websites and advertisements as well.


A car dealer who does not reveal the total price of the vehicle before discussing with you your down payment is trying to increase their profits; Here's How: Banks and lenders will often issue a specific loan approval or deal structure to a dealership based on a percentage of the book value of the car they are willing to loan. This is usually based off of numerous factors (year, mileage, make, etc.) but is mainly based on a customer's credit bureau score.

This allows the finance manager flexibility in how much they charge for the car. In short someone who has a \$2000 dollars down payment will actually pay more for the car than somebody who only has \$1000 because then the dealer can simply set the price of the car \$1000 dollars higher for the person who had a larger down payment. You read that correctly...

 You can actually be punished for having saved up for a larger down payment at the wrong dealership! It reads like a spy novel, but it's true!

 **On the Other Hand** There is no other hand. Don't fall for this scam!

 **Don't Buy the Lie!** To avoid this scam, demand that the dealer set a price for the vehicle if it is not already clearly marked on the car! If they won't, go somewhere else immediately! Verify their price against the Kelly Blue Book and NADA Book Values to ensure that you are receiving a fair price.

 **Scott's Advise:** At my dealerships, we clearly mark the prices both on the windshield of our vehicles and on the Internet. We post a our price on every vehicle; still most of our vehicles have some wiggle room. This allows us to give you a little extra for your vehicle or throw in a little extra savings. Oftentimes we actually give you a better deal then you even dreamed you would get! We also have an open book value policy; we show every customer both the NADA and Kelly Blue Book Values on any vehicle they are interested in. We also provide a complimentary Vehicle History Report on any vehicle of interest.

ADD ON ADDICTION | Car Dealer Scam #3


Situation: After hours of shopping, you've finally found the perfect vehicle. Now, you're staring at the stack of paperwork and fine print. There is, perhaps buried in the fine print a few lines that mention one or a combination of items including paint-sealant, rust-proofing or fabric sealant. These "add-ons" can range from \$200 up to \$1000.

IF performed legitimately, these add-ons can extend the life and value of your vehicle. However, the unscrupulous dealer may not even ask if you want them. In some cases, the additional services are either not performed, or are performed at a level that is much less than was represented.

For example, you might have paid for paint sealant and all the dealer did was clean and wax the vehicle. You may have paid for fabric sealant and all the detail department did was to spray a can of Scotchgard on the seats. Finally, you may pay for rust-proofing that was included in the original factory paint process (you should have received it for free).

TRUE STORY: I actually bought a new car once (in my hometown, before I got into the car business) that was promoted on the sales floor as "ding proof" due to its polymer (plastic) panels. Ironic then that they tried to sell me rust protection later in the finance office on a "plastic" car that has little to rust. Think about that for a minute.


When I was younger, a different dealer in my home town actually made my mother cry when she tried to buy a car from them. They told her to bring back her husband and then they would talk numbers. Unfortunately, she didn't have a husband to bring back (I was raised in a single parent household, my mother was a widow, my father was killed in the line of duty service the great United States of America in the Air Force). Sad but true. But then again, that's a whole other story.

 **Don't Buy the Lie!** You should talk specifically about any add-ons you want. Again, you should research the value and cost of each of these add-on with third parties before arriving at the dealership.

CAUTION: Some really scummy dealers may even tell you something like this:

"The bank is requiring you to buy, a vehicle service agreement (or whatever)"

These add-on products may also include: Gap Insurance, Life & Disability Insurance, or VIN Etching. Many of these products are good products to purchase, but only if you ask for them and are aware you are purchasing them on a voluntary basis!

 FEDERAL REGULATIONS SPECIFICALLY PROHIBIT A CAR DEALER FROM FORCING YOU TO BUY ADD-ON PRODUCTS. You are not required to buy ANYTHING from the dealer in addition to the car itself, DON'T FEEL LIKE YOU HAVE TOO!



On the Other Hand It is important to remember, however, that a reputable car dealer may present these products to you as options, and often it is a good idea to take advantage of these offers. When offered these products, weigh your options and decide what's best for you.



Don't Buy the Lie! If you feel pressured to buy, LEAVE!



Scott's Advise: At my dealerships, we don't even offer most of these products. I would recommend that you research and consider a vehicle service contract (commonly known as an extended warranty) and I would definitely consider GAP insurance if you are financing your purchase without a substantial down payment. I promise that we won't make you buy anything and we won't even offer you foolish items. I won't present any product to you that I would not offer my own Grandmother, sound fair?

KEYS ON THE ROOF | Car Dealer Scam #4

This scam sounds far fetched, but it really happens. You bring your vehicle into the dealership for an appraisal as a potential trade-in. You are not ready to make a buying decision and you're ready to leave. The sales person tells you "The guy who has your keys is at lunch and won't be back for an hour. His office is locked. Why not test-drive another vehicle?" It's really just an sleazy way to keep you at the dealership. The more time you invest, the more committed you're likely to become...and the more likely you are to agree to terms you aren't comfortable with.

Old School dealers think this is funny and that they are so clever. But, you can outsmart them by bringing two sets of keys to your vehicle with you. If it appears that they are using this tacky tactic, get into your vehicle and drive away. Call the police and tell them the dealership is trying to steal your vehicle. You'll get your keys back!

Another variation of this scam is for them to hold your driver's license while letting you take a test drive. Then, when you want to leave, they can't find it, etc. You can avoid this situation by asking the dealership to make a photocopy of your license before you test drive (or bring them a copy that you made before you came). Then, it's impossible for them to hold you hostage!



Don't Buy the Lie! I love the car business when it's done right. I'm embarrassed for dealers who do it wrong. You deserve better than this. Find a good dealer in your hometown via referral from a friend or research dealers online through the Better Business Bureau or Chamber of Commerce...just don't fall for silly dirty tricks!



Scott's Advise: At my dealerships, we hand you your vehicle keys immediately when we return from the appraisal. If you like, you can even ride with us on the appraisal...just don't try and keep my drivers license! We sell a lot of cars. We don't need to resort to mean tricks.

THE BUMP AND GRIND | Car Dealer Scam #5

This little gem is a classic “negotiating” tactic used in car dealerships across the country.

It goes something like this: You finally find the vehicle you’re looking for and you decide to make an offer. In your mind the offer is a little low – but still seems fair. You’re willing to move a little bit, but don’t want to show your cards. So you present your offer to the salesperson. He (or she) shakes his head and explains that he’s on your side, of course, but he thinks he might get fired if he went to his manager with your offer. He goes on to ponder the situation and decides that if you would just increase your offer by a little bit – maybe \$200 – he thinks he could take it to his manager. Being the reasonable person you are, you agree to increase your offer by \$200. Heck, you were willing to pay a little more anyway.

That’s BUMP #1. Now, watch out, here comes the grind.

The salesperson disappears for 10 minutes or so. He says he’s going to go talk to his manager. In my experience, this means he’s going to take a coffee break, a restroom break, a TV break, or a smoke break. He may talk to his manager, but it will most likely be to tell a joke or talk about last night (sometimes you can even hear them laughing in the “tower”).

All the while, you’re sitting there with the belief that he’s in the office “grinding” away for your benefit trying to work out the best price. You may even think to yourself that you’re a great negotiator and really have these guys working for your business.

Think again.


A few minutes go by and he comes back to where you’re waiting.


“Ahh shucks,” he says. “I thought \$200 would do it, but I guess I was being a little optimistic, it’s gotta be more like \$500 or the boss won’t even consider it.” At this point you have so much invested that you’re no longer willing to walk away. So you agree. Maybe you even split the difference.

There’s BUMP #2.

This game can continue round after round through the price negotiation, to the trade appraisal, to the credit approval, to the add-ons.

In the end, much like a casino, the house always wins. When you spot the bump and grind routine going on, that’s a sure bet that you’ll wind up paying more than you wanted to.

 **Don’t Buy the Lie!** Here’s how you can avoid the bump and grind scam. For starters, you may want to indicate the fact that you’re wise to typical car dealer games. Explain that you don’t think they’re THAT kind of dealer, but that you’ll be on the look out nevertheless.

 **Scott’s Advise:** At my dealerships, we have put an end to the “Bump and Grind.” You will work numbers directly with a manager who is authorized by me to make decisions on

behalf of the dealership. Most clients that I speak with appreciate this old fashioned face-to-face communication. I don't know about you, but I appreciate dealing with a decision maker. That's what you deserve.

SECTION TWO: CAR DEALER ADVERTISING TRICKS 1-5

THE ROLLOVER | CAR DEALER ADVERTISING TRICK #1

"We'll Payoff Your Loan No Matter How Much You Owe!"

You hear these ads on TV or Radio almost everyday, right? Car Dealers and Ad Agencies, rely on your brain to trick you, as if the obligations of your current loan just magically goes away. You can't just dump a finance contract, it's a contract.

Dealers run this ad as if they are doing you a favor. The truth is, they cannot get a title or lien release to the trade UNLESS they pay it off.

When you trade a car with a loan balance, the dealer pays off the loan balance and then adds that pay-off to the new loan! Simple enough to understand? So, when you pay on the [new car](#), guess what? You're paying for your new car and the amount of negative equity that you had in your old car!

Here's how ads would be worded IF customers wrote them:

"We'll Get You out Of Your Current Loan, and then we'll roll what you still owe into your new purchase, so you can payoff 2 cars!"



On the Other Hand If your car is worn out (bad engine, bad transmission, high mileage, body damage) and you are stuck with a balance and an unreliable vehicle, you have to do something, you have to get to work. If I am describing you, then carefully find a good deal on a vehicle (used cars below book value or a new vehicle with rebates) and secure a fair loan. The only way to get out of this cycle is to find a vehicle that you will be happy driving the entire term of the new loan. Then buckle down and accelerate those payments. Get your loan balance knocked down below the wholesale market value of the vehicle and avoid being upside down.



Don't Buy the Lie! Ever dealer in the universe will pay off your trade...they have to!



Scott's Advise: At my dealerships, a non-commissioned professional will walk you through this entire process. We will explain your loan balance vs. what we are offering you for the vehicle. We will help you hand-select the perfect vehicle that has the best chance of dealing with your negative equity AND leaves you with a loan balance and payment you can deal with.

PS: Do you know why banks have drive-up windows? Most people think that this is for convenience, but they are actually there so that vehicles can visit their rightful owners (If you have any funny car jokes, please email them to me). Approximately 86% of vehicles have a

balance due to the bank and some reports indicate that up to 40% of all vehicles have “negative equity” based on the wholesale market. So don’t feel bad, you’re not alone.

CAN YOU SAY OVERPRICED? | CAR DEALER ADVERTISING TRICK #2

"We'll give you \$3,000 more for trade than it's actually worth!"

When the AD Reads "Push it, Pull it, Drag It...\$3,000 more for your trade than it's actually worth", look for the fine print that says...

- *Not applicable with other offers*
- *All Rebates to Dealer*
- *On Stock # _____*

Let's assume that your vehicle has a wholesale value of \$1000 (Not yours, I know it's worth much more than that, this is your neighbors car we're talking about here). The dealer has promised you \$3000 "More" than it's actually worth...calculated, the dealers owes you \$4000 for your trade in, correct?

If you are buying a car that has \$3,000 in rebates and your trade is worth \$1,000 ACV (Actual Cash Value) then they can have you assign the rebates to the dealership, give you the \$3,000 "More" as advertised and basically take the trade for the ACV of \$1000.

In this example, you are left paying full sticker price for the vehicle. It's gets worse on vehicles that have \$4000 or \$5000 or More in Rebates.

CAVEAT EMPTOR is Latin for "Let the buyer beware."

Be ultra cautious on conversion vans...these oftentimes have over \$10,000 in markup built in. So, if they give you \$3000 "More" on a vehicle with \$10,000 markup, then they have duped you into paying \$7000 too much for a conversion van (yuck).

Less "sophisticated" dealerships will simply inflate the prices on their new or used vehicles (RAISE the price to lower the price) by \$3000 to show on paper that your car is worth \$3,000 "More."



Don't Buy the Lie! The rebate money is yours, PERIOD! Now, use the NADA and Kelly Blue Books as a guide to verify fair pricing on the car you are researching and the car you are trading. Catch them by looking at Book Values or researching values via the Internet.



Scott's Advise: Ask the dealer for best price on the vehicle they are show you without a trade and ask the dealer for a "bid to buy" on your current car. Now you will have all of the facts to make an intelligent decision. Remember in many states you only pay Sales Tax on the trade difference, so you will save ___% in tax on whatever value the dealership places on your trade. My hometown is 6.3%, thus if you trade a \$10,000 vehicle in, you would "save" \$630 in sales tax and get a trade equivalent of \$10,630.

[View Our Inventory](#) | [Arrange Financing](#) | [Meet The Team](#) | [Contact Us](#)

MAKE US AN OFFER | CAR DEALER ADVERTISING TRICK #3

"No Reasonable Offer Will Be Refused!"

Hmmm. Car dealer language can be confusing. "No Reasonable Offer Will Be Refused!" Then, why is it that your offer is NEVER reasonable? These ads rely on very subtle wording and tricks.

Our brain hears this and thinks "I'm gonna make them a low offer and they are going to take it and I'm going to get a great deal."

Actually, this is a mind game. The key word in the sentence is "Reasonable."

Read this: *No Offer Will Be Refused.*

Now Read this: *No REASONABLE Offer Will Be Refused (Except yours because it is unreasonable).*

Any offer less than the amount the dealer wants will be deemed "Unreasonable" by the dealership and immediately refused.

A Google search of "No Reasonable Offer Will Be Refused Scams" turned up about 233,000 searches. It seems that factory direct spas, motorcycles, furniture companies and many others really like to use this silly phrase.



Don't Buy the Lie! The guy who invented this word play probably cracks himself up. Read the ads and look for Carslang like this. Sometimes these guys are so good, that I have to read the ad 2-3 times before I catch the "hook" or the "out."



Scott's Advise: Buy from a good honest dealership that you have researched.

PS: Dealerships will often write ads like these because they think they are smarter than everyone else and they think they can trick customer and make fun of customers without getting caught. For example, I know of a dealership that has a weekly sales event that they call "Night of the Stars, where you are a Star." On the surface this sounds corny, but innocent enough. Well there is another side to this story. The dealership employees came up with this "Star" term because "Star" spelled backwards is "Rats." They get the biggest kick out of this, and laugh at customers who think they are "Stars" but the dealership refers to them as "Rats." I have a collection of other nasty names that I have heard other car people refer to customers by...email me and I will send you the list, I'm too embarrassed for our industry to list the names here.

At my dealerships, I promise that we will treat you with dignity and respect. We can provide you with a book of happy customers who will back me up on this. Our customers are #1.

CREDIT APPLICATIONS ACCEPTED | CAR DEALER ADVERTISING TRICK #4

"All Credit Applications Will Be Accepted!"

Or, "No Credit Refused" which properly translated means:
You can fill out a credit application...it doesn't mean you can actually get a loan!

Q. How do you know when a car salesperson is telling a lie?

A. Their lips are moving...

I know that's an old joke, but lots of people actually think that every word out of a car salesperson's mouth is a lie. It's sad, but there is a lot of monkey business out there when it comes to trying to sell you a car. While there are lots of honest, hardworking salespeople who want to formulate a win-win deal with you, you're likely to run across one or more of these scams on your journey towards finding that honest car dealer.

ACCEPTED doesn't mean approved. If you fill out a credit application, and hand it to someone at the dealership, then that application has been **ACCEPTED**.

Now, if they offer you a loan and you drive off the lot in a new car, then that application has been **APPROVED**. There's a lot of road between those two words, so be sure that you know the difference.



Don't Buy the Lie! Read the fine print. Read the disclaimers. Think through the ad word for word.



Scott's Advise: Buy from a good honest dealership that you have researched. If you are planning on financing your purchase, then shop with a dealership that has finance experts and a lending network of all types of specialty lenders. At my dealerships, nobody works harder to get you APPROVED on a loan that you are flat out excited about than my team of experts (with a combined 100+ years of experience).

TOO GOOD TO BE TRUE PAYMENT | CAR DEALER ADVERTISING TRICK #5

"A Brand New Suzuki Grand Vitara for only \$59 a month!"

Let's do some quick math; I will do all the work...

On a 60 Month loan term you can borrow \$1000 for around \$18 a month at a decent interest rate with good credit. Thus, you could borrow \$10,000 for around \$180 a month or \$20,000 for around \$360 a month, and so on and so forth.

So, how is it possible to buy a new \$20,000 vehicle for \$59 a month? The quick answer is, "It's NOT possible."

Many dealers are using this "advertising hook" to lure you into the dealership with too good to be true payments that you want to believe. Then, they put you on a long term finance contract (usually 72 to 96 months).

To achieve the advertised payment, the dealer will use the Rebate Money or Dealer Markup to lower the payments for the first 3, 6 or 12 months.

For example, if the dealer has an \$1800 Rebate available, they will use this \$1800 to lower your FIRST 6 MONTHS OF PAYMENTS BY \$300 EACH (\$1800 divided by 6 = \$300 a month). If the normal payment is \$359 a month, then this allows them to advertise the vehicle for \$59 a month with a small asterisk (*).

* Payments of \$59 for the first 6 months, then 54 (or 60, 66, 72 etc.) payments of \$360.

Read the fine print. The \$59 lasts for the first 6 months and then the regular payment kicks in for the next 54-90 months depending on how long you financed.



Don't Buy the Lie! Ads that seem too good to be true often are. After having all of the facts, you may still be interested in this type of offer. Maybe you just started a new job or maybe its Christmas time and your budget is tight. I just want to make sure you understand exactly what you are agreeing to.



Scott's Advise: Look at ALL of the facts so that you can make an intelligent decision. Many banks offer 90 days until first payment that will help you get past Christmas or Tax Time. This may be a better solution for you? Find a dealership and a salesperson who you trust and ask them to give you all of your options. The more options, the better!

IF YOU LIKE TO WASTE TIME | CONSUMER ADVOCATE GROUP LIE #1

Advocate Group's Suggest:

Do not give the dealership permission to pull your credit information until you are ready to negotiate the sale of a vehicle.

Whoever suggested this drives a new Lexus, makes tons of money, has perfect credit and lives in fairy tail land.


It is estimated that nearly 60% of consumers today cannot walk into a bank and arrange a conventional bank loan for an automobile. It is said that one of the leading banks in the USA declines nearly 80% of all automobile loan applications.

In a recent survey of car shoppers performed by NADA, it was found that the number one complaint that shoppers have with car dealers is that we "Waste their valuable time."

If you have credit challenges (which I have had), then this is completely opposite of what you want to do. You need to find a finance expert that you can give your credit information to UP FRONT so that they can match you with a vehicle and loan that fits your budget WITHOUT WASTING HOURS ON THE LOT. Yes, this needs to be a dealership that cares about customers; so choose wisely. There are a handful of online application options through banks, but most of these sites cater to customers with FICO scores of 680 or higher.

If you have good credit, by all means, feel free to shop for the perfect vehicle and best price before you talk financing, as long as you know how much you can borrow for your specific budget. I still think you need to know your credit score before you go shopping so that the dealership can talk intelligently about interest rates (the rate ties almost directly to the FICO score range).

Dealerships will often have 30+ lending relationships. As I sit in my dealership writing this, we have one bank that is seriously having a year end sale on auto loans. They are offering rates that are well below the current market average. We helped a customer yesterday (who had financing pre-arranged at 7.99% and did not initially want to hear what we had to offer) save \$1,419 by insisting that he at least look at our option. In the end, we were able to secure a rate of 5.50%, 2.49% better than he was able to do on his own. This translated to a savings of \$21 a month on his monthly payment. Good thing he listened to a good dealer and didn't blindly follow his consumer advocates advice.

 **Scott's Advise:** Many consumer advocate groups seem to be so negative and paranoid that they are hard to listen to. I do agree with them on this, DO NOT let just anyone pull your credit information. Rather, find someone you feel like you can trust and let them put their lending relationships and expertise to work for you.

TIME IS MONEY | CONSUMER ADVOCATE GROUP LIE #2

Advocate Group's Suggest:

Sell Your Used Car Yourself. You can get \$3,000 more for your car on an online auto classifieds site or on an auction site.

Interesting. Maybe. Maybe Not.

Have you ever sold a car yourself? Some people break out in a rash just thinking about this idea...First you run an ad in the newspaper, auto shopper, or online. You have to provide them your phone number (or you sell it on eBay and have to worry about the growing number on online scams). Then, the prospect comes to your house to test drive the vehicle (you then hope they come back with your car). Now you negotiate. You close the sale and have to worry about collecting certified funds and hoping nothing breaks since they know where you live. Sounds fun to me.


Seriously, I am in the car business and I don't sell my own cars from home.

None of these things may bother you, but what about this...

What about financing? Most people finance. Most people cannot walk into a bank and secure a bank loan. What if they have bad credit?

What do you price the car? Do you look at book values? I can tell you from past experience that oftentimes I will appraise a nice vehicle in the under \$5,000 category more than NADA Average Retail Value. By the time you factor in the sales tax savings (in most States); a dealer may well have given you more than you can get for the car selling it outright.

I would agree that if you are upside down in your car or if your vehicle is in a higher price category (\$20k plus) that you may well be money ahead to sell the vehicle yourself. But let's talk real numbers...The advocate group's quote this "\$3,000 more" over and over again. Even that number is more like \$1,740 more net of the sales tax savings on a \$20,000 trade. After advertising, a complete detail and calculating your time investment, are you really money ahead?

 **Scott's Advise:** Maybe you like selling cars. If so, that's great, go for it. Maybe it is therapeutic for you. If so, you should see me about a career. When I leave work, I like to spend time with my family, not sell cars.

IT'S ALL ABOUT FINANCING | CONSUMER ADVOCATE GROUP LIE #3

Advocate Group's Suggest that you DON'T FALL FOR THIS LINE FROM A DEALER:

"We found you a lower APR on your car loan, come down and resign the papers..."


Here is what the consumer groups are saying:

Some dealers have been known to call customers days or even weeks after they signed a purchase agreement to tell them that the financing fell through. "It's a crock. They can check your financing in 15 minutes." SORRY, SCOTT DISAGREES!

Was it Chicken Little who said "The sky is falling?"

Again, dealerships will often have 30+ lending relationships. We have banks and credit unions that all have a different opinion on what a good car loan looks like (It's a lot like talking politics with family). A good dealer will gather all of the vehicle information and all of the customer information and then speak with several lenders to make sure you are getting the best deal...

- Sometimes rates and terms improve because of a variety of things.
- Sometimes financing does fall through because of a variety of things.
- Sometimes finance approval still occurs but the terms aren't as good as a dealer thought they would be.
- We can check your credit and have an EXPERT OPINION in under 15 minutes, but
 - Sometimes terms improve on newer cars
 - Sometimes terms improve based on the make and model of the vehicle
 - Sometimes terms improve based on the structure of the loan
 - Sometimes terms improve with a different bank or loan officer
 - Sometimes terms improve just by the dealership asking for better terms
 - Sometimes the real people know more than the bank's computers
 - Sometimes customers are better than their 3-digit FICO score
 - Sometimes your Experian score is better than your Trans Union
 - Sometimes we re-look at your trade and raise the value
 - Sometimes the manufacturer gives us some additional incentives
 - Do I need to keep going?

 **Scott's Advise:** These advocates need to sell cars for 6-months at a good dealership that cares about customers. If a dealership changes terms for the worse, don't buy the car. If a dealership changes terms for the better, you would be silly for not re-signing the paperwork. I just told you about a customer that we saved \$1,419 with a phone call. If I saved you \$1,419 would you spend 30 minutes to resign some paperwork (that's like getting paid \$2,838 an hour)?

[View Our Inventory](#) | [Arrange Financing](#) | [Meet The Team](#) | [Contact Us](#)

FINANCE EXPERTS DO EXIST | CONSUMER ADVOCATE GROUP LIE(s) #4 & #5

Advocate Group's Suggest:

Don't waste the salesperson's time car shopping if you have a recent bankruptcy. You won't get auto loan approval after recent bankruptcy. SORRY, SCOTT DISAGREES!

- OR -

DON'T FINANCE AT THE DEALER if you have bad credit. SORRY, SCOTT DISAGREES!

Easy for them to say, they obviously have never had any challenges from bankruptcy or bad credit (Remember they drive a new Lexus).


I need to share something with you. As much as I hate to admit it, I had challenges with credit. My credit was so bad that I couldn't buy a pop and charge it. I couldn't borrow 10 cents for 10 minutes (that's bad). It took me a while...it took a lender taking a chance on me...a changed attitude on my part...and a commitment to better my credit...but today I don't have to worry when I apply for credit. Nice! I have to say this...I had challenges with credit and now I have good credit...it is better to have good credit (If for nothing else but for the respect you get with good credit). If I can do it, then so can you!

Maybe it's true that your credit is less than perfect. Frankly, all this talk about FICO credit scores makes me sick. I help good people get the vehicle they deserve. I restore dignity, respect and value to my customer's lives!

Remember those 30+ lending relationships that I keep talking about?

We have a lender who's primary focus and business plan revolves around helping clients who have a recent bankruptcy. Their whole business is revolves around this customer.

Don't finance at the dealer if you have bad credit? Say what? Where else are you supposed to finance?

 **Scott's Advise:** Find someone who has proven their commitment to your well-being and satisfaction. Someone who stands up for what is right and demonstrates an unwavering sense of consumer concern. Find someone who has the expertise to get you the financing you deserve. Did I mention that I know such a person? At my dealerships, we are about more than just selling cars. We care about helping people. But don't take my word for it. Go on our website at www.ridehomehappy.com and read some of our Love Letters from our customers.

Contact the Author:

Thank you for the chance to share this information with you. Please accept my invitation to contact me personally whenever you have a question about car buying or are thinking about buying a vehicle for yourself or someone you love.

Scott E. Pitman, D.M.N.

“If you don’t know cars, you better know the dealer.” (And know you know one!)

**President
Suzuki of Wichita**

11610 E. Kellogg

Wichita, KS 67206

spitman@ridehomehappy.com

www.ridehomehappy.com

About the Author:

Scott lives in Wichita, Kansas with his wife Michelle. They have 3 great kids and 2 dogs. Scott has spent the past 19+ years trying to change the landscape of the car business and the bruised reputation of car salespeople all over the country.

Scott was recently recognized as one of the Top 12 Independent Automotive Retailer’s in the United States by Auto Dealer Monthly Magazine.

Scott is a Christian Business Owner whose goal is to run his business “By the Book.”

BONUS SECTION:

LEGAL LANGUAGE FOR THE CAR BUSINESS

ANNUAL PERCENTAGE RATE (APR). Interest rate which is charged on the outstanding declining balance and is an average of the principal available over the term of the contract divided by the total finance charges. **APR is the only legal way that interest rates can be presented to a customer.**

BILL OF SALE. A formal instrument used to transfer title to a vehicle from one party to another party.

BUYER'S GUIDE. The Federal Trade Commission's Used Car Rule that must be posted in the window of each used car offered by a dealer for sale. The Buyer's Guide tells a prospective buyer: 1) whether the vehicle comes with a warranty, and if so, what specific protection is provided; 2) whether the vehicle is being sold "**AS IS**" or with implied warranties only; 3) that the customer has the right to have vehicle inspected by his/her own mechanic before buying; 4) that all promises should be in writing; and 5) will list some of the major problems that might occur in any vehicle.

BUYER'S ORDER. While not a legally binding document, the Buyer's Order provides a full written description of the vehicle, including base price, option costs, fees, and taxes. The customer's signature on the Buyer's Order signifies his/her intentions to purchase a specific vehicle.

CERTIFICATE OF ORIGIN (C O). A certified instrument designating a vehicle (import) enters the USA and is used to verify that the vehicle has never been titled. In certain states the CO is used to transfer the ownership of a vehicle from the manufacturer to a dealer.

CERTIFICATE OF TITLE. A document issued by most States to evidence ownership of a vehicle. In most States the lien holder's interest is recorded on the title.

CONDITIONAL SALES CONTRACT. A legal document evidencing the sale of a vehicle on time that provides for retention of the title to the vehicle by a lender until the customer has paid for the vehicle.

CONSUMER LEASING ACT. (REGULATION M). Specifies information to be provided to the consumer before completing a lease, and the information to be disclosed when advertising a lease. Dealers who advertise a lease monthly payment or lease down payment must disclose: 1) that the advertised deal is lease; 2) the total amount due at lease signing; 3) number of payments; and 4) whether a security deposit is required.

DISCLOSURE STATEMENT. Written disclosure to a customer of the total transaction as required by local, state or Federal regulations.

EQUAL CREDIT OPPORTUNITY ACT. Prohibits creditors from denying credit to an applicant because of race, religion, national origin, sex, marital status, age, or because a person receives part of their income through a public assistance program. The law specifics

certain things that a creditor may not do when making a loan judgment, including some specific questions that the lender may ask when making a decision as to whether or not to extend credit to a prospective borrower.

FAIR CREDIT REPORTING ACT. Dealers are restricted in the use of credit reports by this act. Credit reports can be obtained only if customers have initiated a buying transaction. Dealers must also inform job applicants with a separate document if they plan to “pull” a credit report. If dealers deny credit or employment based on the report, customers and job applicants must be notified in writing of this adverse action.

FEDERAL BANKRUPTCY ACT. A dealer has twenty (20) days from the date a customer takes possession of a vehicle for the security interest to be perfected. This holds true regardless of state law. If the dealer fails to perfect within this time limit and the customer files for bankruptcy within ninety (90) days of the sale, the bankruptcy trustee then is entitled to a superior lien on the vehicle.

FEDERAL TRUTH-IN-MILEAGE ACT. Requires all odometer disclosures to be made on all states’ title documents. Also, the act imposes record-keeping to create a “paper trail” of odometer readings for previous owners.

FORM 8300. IRS form for reporting cash transactions of **\$10,000** or more, or a combination of cash with either of the following –cashier’s check, bank draft, travelers check, and money order.

FTC CREDIT PRACTICES RULE. Before a cosigner signs an installment sales contract, the dealer must provide a written disclosure statement for the cosigner’s signature.

IMPLIED WARRANTIES. In most states the purchase of an automobile is covered by an implied warranty unless the dealer specifically states in writing that implied warranties do not apply (**as found on the face of the Buyer’s Order**). There are two common types of implied warranties:

- a) Warranty of Merchantability means the seller of a product promises that a product will do what it is supposed to do. In other words, a car will run.
- b) Warranty of Fitness means that if a customer buys a sports-utility vehicle to pull a boat trailer, it should be able to do exactly that.

IRS POLICY: SALES INCENTIVES: The IRS treats factory incentives paid directly to salespeople as incentives, not wages, for tax purposes.

LEMON LAW. The law that protects consumers against the continuing mechanical problems of a bad vehicle (lemon). Most State Lemon Laws are patterned after Rule 703 of the Federal Trade Commission, which defines a lemon as a new vehicle that has been taken back to the service department at least **four (4)** times by the same repair or is out of service for a total of **30 days in one year**.

MAGNUSON-MOSS WARRANTY ACT. Act that relates to the promises that the nature of workmanship of the vehicle will perform the function for which it was sold. Also, prohibits any

disclaimer or modification of any implied warranties which must be conspicuously displayed (normally on the buyer's order) prior to consummating the deal.

MVR. A **Motor Vehicle Report** on file at a State Motor Vehicle Agency which normally shows a driver's violations, accidents and/or license suspensions.

POWER-OF-ATTORNEY. The legal ability, capacity or authority of a second party to sign a legal document on behalf of a first party; used normally when a customer is not available to sign a document.

RECALL. A model of a particular make that either the manufacturer of that vehicle or the National Highway Traffic Safety Administration (NHTSA), have concluded possesses a component that is potentially susceptible to failure or presents a hazardous situation for a customer, if the customer owns that particular model.

REGISTRATION. Vehicle ownership that is filed with the State Government where a customer lives.

REGULATION B. Implements the Equal Credit Opportunity Act.

REGULATION Z. Implements the Truth-in-Lending Law and was issued by the Federal Reserve Board to outline compliance guidelines and direction.

TAX REFORM ACT (of 1986). The Act that phased out consumer interest expenses and sales tax deductions on the purchase of automobiles; increased the cost of buying a personal use vehicle by **11%** for the average consumer.

TITLE APPLICATION. The legal document that registers a vehicle with the State licensing agency. It includes the customer's name and address, the VIN, a description of the vehicle, and a complete breakdown of the vehicle's purchase price.

TITLE CLEARANCE. The legal procedure followed to terminate an owner's interest in a repossessed vehicle.

TRANSFER OF EQUITY. Transfer of an obligation and/or property from one individual to another.

TRUTH-IN-LEASING ACT. This Act requires full disclosure of all lease terms and conditions in clear, understandable language. It also requires the **lessor** to give all details of lease terms and the lessee's liability if the lease ad advertises the price, number of payments, or the statement that no down payment is required.

TRUTH-IN-LENDING ACT. This Act requires all sellers and lenders to make clear and conspicuous disclosure of all costs in a credit transaction, as well as any advertisement that includes credit terms.