Car Buying Process

Hello everyone. Welcome to the Car Buying Process - Don’t Get Taken for a Ride Presentation. My name is Gregorio Alcantar. I’m a Financial Aid Counselor and a Financial Literacy Coordinator here at Cal State Northridge. I’m also an alumnus. I received my Master's in Counseling 2006. Now, before we begin, in the Chat Box, please put whether you are a CSUN student or alumni. Please take a moment to follow the link in the Chat Box to take our survey after the presentation. And, we’ll go ahead and remind you at the end of our presentation. Okay, so this presentation is broken into four parts. And so these are the four steps to the car buying process. This presentation, I believe, is very important because students, alumni, individuals who are interested in buying a car, would be great if they actually were informed what steps are important and necessary to take to be a well-informed consumer. And so the way I'm going to break this down is going to be budgeting. So we're going to talk a little bit about the legwork that has to be done way before you even step inside the dealership. We're going to talk about picking a car which involves a lot of research. Then we're going to talk about when you’re actually there at the dealership buying the car, the negotiation
process. And then we will end with the importance of what happens after you have your car and, believe it or not, there’s also a cost involved with that as well and that will be under “Maintenance”. Okay. So a lot of work has to be done way before you start the car buying process, in terms of when you start going to the dealer. So the first thing, let’s talk about budgeting. Before you start shopping for a car, you need to determine how much can you afford to spend. And what I placed here is a chart or an excel breakdown of a budget, which includes both income and your expenses. And as you are considering getting ready to purchase a car, you need to find out how much car can you afford. And so as you can see there by the red indicator there, car payment, you need to include that as part of your budget. It definitely begins by reviewing your budget and see where you are with your other expenses. And then the budget really helps plan where your money is going. I tell individuals that the budget is a way to determine where you are at this moment and where you want to be. And if one of the goals is the buy a car then you need to budget so that you can plan for that expense. How much can afford? You need to be real. Okay. And here are some guidelines. You should not have a car payment that can
take up more than 20% of your discretionary income after paying your regular expenses. Okay, so what does that mean? So, if I go back here for a moment, as you can see here we have our budget again. There are fixed expenses and there are variable expenses. Fixed expenses are those expenses that you need money for that are important, kind of think of your survival expenses, right. And, then you have your variable expenses, which are expenses that don't usually happen every month and are always continuous. When you talk about discretionary income, that's money after you address your expenses and you have money left over. So that money left over is more so, for example, when you're paying for your Netflix subscription, you're going to the movies or you're going to eat out. Things like that. So that is discretionary income. So once you’ve budgeted and you’ve come up with discretionary income, then 20% of that seems like a good manageable guideline for purchasing a car or for putting for a car payment. So, if my discretionary income was $2000, then I'm looking at about a $400 car payment. If I was going to go higher than that, then something has to give in terms of my budget. I'll have to make adjustments. Okay. So now that you've looked at your budget and you’ve determined that, okay this is how
much car I can afford or my expenses are in order, and
now you still can't go into the dealership, you still
have to do some more work and that involves picking the
car. Now, I have placed here some examples of places
that are very reputable and these are websites that you
go to, to get good information on cars. Research is
important because it also gives you bargaining power.
If you're very knowledgeable about the car that you
want, that you like to buy, and you know everything,
the in's and out's about it, then when you're at the
negotiating table they can't, they can't throw a fast
one on you. They can't really tell you something that
you don't already know. And so it really, really
helps. You want to pick a good car that's reliable.
Yes, if you're interested in shiny bells and whistles,
that's fine. But it shouldn't be the main thing you're
really seeking here. Reliable is really the key here.
Review reliable sites for information, as I mentioned
the Kelly Blue Book is a very good site. Cars.com is
another one. And Carfax is another site and I invite
you to definitely use those as a way to research your
car. Okay. So, as you continue to review the
importance of picking a car, how much car do you really
need? And as you're looking at those books or those
websites, you want to look at the type of car. Are you
interested in a compact car, are you interested in a sedan, in a sports car, in a truck, in a two-door and a four-door and then we can just keep going on and on; right? All those things have to be looked at and considered. Will you drive it much? Do you need a car because you are commuting from far? Is there a lot of wear and tear? Are you going to be in traffic a lot? Do you live close to campus? Car features, are you interested in Apple's Car Play, the bells and whistles that's when you start getting into that, heated seats, power windows. Are you okay just using the manual up and down? And those are some things you want to keep in mind when looking and picking your car. Now, you also want to identify your needs versus wants. Now you may think that this has to do with what we mentioned earlier in terms of your budget and expenses, and fixed versus variable. But, it also involves regarding the car. You need to prioritize. You may need to trade off some of the wants for a lower price. So, for example, if you really like the Apple’s Car Play, but you really like something else about the car that's more important. Then are you willing to sacrifice that particular -- you know, what do they call it? -- add on or additional, I’m missing the word -- object that can be part of the car. Select three or four choices that
meet your needs and research the features of each car. That just kind of goes with trying to pick some cars or makers and seeing and comparing what are some of the good things on each car that you like. Make a pro’s and con’s list. That's very good. That's very recommendable. I compare your choices and weigh which one is the best option for you. Any car you evaluate must fit within your budget. And that’s really, never lose sight of that. Your budget is really your guiding force. And if you’ve already determined that this is how much car or payment I'm going to make, then kind of stick with that. And then it's really going to help you out there at the table. The reason why I want to say that it's important that you want to evaluate, the car you evaluate must fit within your budget. I want to share a story that I had heard. So one individual asked another, you know “What's going on? I feel that you're so nervous, you're jittery.” He said, “Yeah, I know I haven't been able to sleep, and you know, regarding my car.” So the other individual goes back and say, “Why haven't you been able to sleep, are you afraid they're going to steal the car?” He said, “No, I can't sleep because I don't know how I'm going to make next month's payment.” You don't want to be in that situation. Now there's a, here's a chart that
talks about three different things to think about or
different ways to picking a car or when it comes to
purchasing a car. So, there's leasing, there's buying
a brand new car, and there's a used car. And all three
of them offer their pro's and con's. Let's talk about
leasing first. When you lease a car, it's an agreement
that you're making with the dealer to use the property,
which is the car. It's not your property; it's their
property that you have an agreement for a specified
time and a monthly payment. Think of it almost like
renting. You don't own the car. You're only renting
it. The car is available for purchase at the end of
the lease. So, if you agree to a five lease term or
rent it for five months, I'm sorry five years, then at
the end you are welcome to purchase it if you like.
People can afford to lease expensive cars then they
would be able to finance. So leasing is an option for
those who are interested in getting a car every two
years, and don't mind the whole depreciation value or
really concerned about that. The leasing kind of helps
deal with that but it's usually for high turn around in
terms of vehicles. Advantages, there's no down
payment, no trade-in to worry about, new car every few
years. But just know this, you owe nothing, you own
nothing. And you may pay penalties for excess mileage,
wear and tear. Which basically when you're leasing,
then they say yes so we're leasing if for five years
you can't use more than 1000, 1200 miles per, 12,000
miles per year and so you have to be careful that you
don't go over that. There's also buying a new car.
And for, when you actually buy a new car, it may be, it
definitely is, it may be more expensive, it loses value
when it's driven off the lot. And that's just a fact.
Cars depreciate the moment it is driven off the lot.
There's less maintenance, however there's less
maintenance on a brand new car. So, there's not a lot
of after you buy the car there's not a lot of expenses.
And yes, you save a lot on repairs. You own the
vehicle, because you bought it out right. And one of
the great things about new cars, especially with laws
that have, if you're in the state of California is
there's no smog checks for at least seven years. When
you look into possibly considering a used car, you can
save a lot of money because when you buy a used car
there, you don't really worry about the depreciation
values, especially that big drop in depreciation as
opposed to a brand new car. Because when you're buying
a used car, it's almost true to the actual cost and
when you look at the Kelly Blue Book, you can actually
see the true cost there. It may need more repairs,
it's possible. But a used car actually means about a year or six months old as well. It doesn't have to be four or five years, it can be just, you know, six or a year old. That's fine too. The actual value bought at actual value occurred for the car, that's what I mentioned basically that you don’t have to worry about depreciation as much because you know the actual. And you keep the warranty. This is something very important to keep in mind. So as I mentioned to you, if you are interested in a relatively new car, slightly used, somewhere in the used area, and you bought a car which is about a year or two years old, know that the warranty that's still on the car goes with the car. And so you are still able to take advantage of those benefits. So, something to keep in mind as well. Now, don’t assume you have to buy a used car, that's something I recommend to consider, but you don't have to. Because, if you find the right new car, you get the right price, and you decide to keep it for a long time, you could save hundreds of dollars in the long run. So, I just want to present you with three options that you have. All right. So you're still trying to pick the car out and you’re trying to see which car feels right. Please consider test driving the car of your choice to see if the car lives up to your
standards. Is it comfortable? Does it drive smoothly? How fast does it stop? Every detail that’s so important to you should be considered. Don't window shop. Try the car on. It's all about the feel. It's a very, it’s a major purchase. Does it feel right? Take your time. Don't be in a hurry when shopping for this purchase. One of the tips I like to give is it helps to leave your wallet in the car, especially, if you're window shopping and looking at cars and test driving. Do not, you know, car salesman are there, they know their job well. They have the right to, you know, to sell you the car, to make money and things like that. But also you want to have the upper hand in saying when you’re ready. And if it's really just to test drive, dealerships are definitely willing to go ahead and allow you to do that. But that's just the tip I like to give. Common mistakes when picking a car is not enough cross-shopping. And you definitely want to, and by cross-shopping I also mean when you go to different dealerships too, because they all have, although there may be a suggested manufacturer's retail price, dealers have different incentives and different perks or different prices that they add on or do not add on that can help you save. Settling for what is not on the lot that is a very big mistake. If you have
been doing your research and you have been really
looking at all the different aspects of the vehicle
that you're interested in and you know exactly what car
you are, then if that particular lot does not have the
car, then you don't have to stick with that. You can
go somewhere else or you can work with that dealer and
say okay could you go ahead and get the car. Personal
story I bought my car, what is it 12 years ago, 14
years ago, and I still remember like it was just
yesterday. I knew exactly what car I wanted, I knew
what color I wanted it, I knew what feature was going
to have inside, and if the dealer didn't have it that
was fine. I was going to go to the next. I remember
when I actually got to the dealer, and I said this is
the car I want and I pointed to it. It was actually
hanging from, I don't know, they propped it up so that
they can see it. And the guy said, "No no, why don't
you take this other car that's here, it's ready to go.
I said, "No I want that car. That's the car I want."
And so you know, it's what you want. Skipping the test
drive, no, do not skip the test drive. You got to feel
the car. Buying more car than you need is also a
mistake. Okay. Again know what you need, know what is
important to you. Stick with that and you should be
okay. Okay. So now, let's go ahead and get into
negotiating. Now, as I mentioned before, before I start here is that dealers or salespeople, car salesman have the right to make money and they have the right to go ahead and sell you the car and do what they have to do and that's fine. But when you walk in there, you just want to be that well informed. And so here's something that will help you in that process. This is about determining a fair price and I'll explain exactly what that is. You get to decide what price you think is fair before you make an offer for a car. When you look at the Kelly Blue Book, for example, as a resource it actually offers that type of information so that you already have a number in mind as you walk in there. Publishes great information and information on all models and for all years. By looking up the model and year of the car you are considering you can find an estimated fair price for it. And I'll explain that in a more detail. One of the things that also helps you have a, kind of like an upper hand if you want to think of it that way is the preapproval process. In preapproval is the process of getting a new or used car loan prearranged through a bank or a credit union. So before you even walk inside a dealership, you've already worked with a bank or a credit union, worked out the details about financing a vehicle. Got the
terms and conditions, got the correct rate, you're very
comfortable with the payment that you’re going to make.
And so with this preapproval letter is something that
they give you and saying okay, this is something you're
telling the dealership, I've already worked out the
details in terms of the negotiation process, I know
what kind of car I want to get. I know how much I'm
going to pay for it. I just want to make sure if I'm
going to be able to buy it here at this place. And so
it saves a lot of time too. Now, if you are going to
go ahead and purchase the car and finance your car,
this chart here on the right is basically wants to
share that the FICO score is very important. The FICO
is tied to credit. And so if you are going to finance
the car, more than likely you're going to buy it on
credit. And notice the bar is, if you have a low FICO
score, which is between 500 and 589, then whether you
go to a bank or credit union or the dealership
themselves, you will expect to pay more for your car
because you're going to pay a high interest rate. Or
if you go all the way towards the end of the chart, if
you have a credit score between 720 to 850, then you
because you are a person who is responsible with
credit, the lending institution is more than willing to
go ahead and have you pay a lower interest rate on that
particular loan. So, that’s just something to keep in mind too. Common mistakes when negotiating. And so, these are some of the things you want to avoid. Buying unnecessary add on’s. All right. So when you're there, if there is something in the research that falter that you missed or something like that and they kind of catch it, they may just start adding other things that, you know, hopefully if you did your research you already thought about. So, buying unnecessary add on’s is a mistake, a common mistake. Alarms, sound systems, floor mats, seat covers, navigation, those are fine any other way, right. As I said they have a right to make a buck. Focusing on the monthly payment, that's definitely a big mistake too. One of the questions that will come up again they like to ask and we like to answer it is how much would you like your monthly payment to be? And then, you know, say $200, and then in the end you're buying a $50,000 car because they guaranteed your $200 a month, but you're buying more car. Saying up front that you want to pay cash. That is something that I don't know, if you say you want to pay cash, usually what they say is with that is they will negotiate the price lower, something like that. But, it's a big expense already. Maybe not consider. Being clueless about financing,
that's why you're here in this webinar. I'm actually sharing with you that it’s important to understand how the financing process works. Because if you don't know then there's stuff they can slide in there, right.

Negotiating down from the sticker price. I'm going to show you how to negotiate from the bottom up instead of from the top down. Fumbling on the trade-in. And that's if you're really interested in trading in your car. And that will come up. You definitely want to let the trade-in weigh at the end or not bring it at all. Or consider donating your car instead. Okay.

Negotiating and determining a fair price. Okay. So I'm going to, let's see, I had to go over this over myself many times as well. But let's see if I can explain it very clear. So, the sticker price on the car or the, actually the manufacturer's suggested retail price is the price that's shown on the tag in the car's window. Also known as the MSRP. The sticker price is also shown in the car's window. I'll show you a picture and how that looks like. The fair price for a new car usually lies somewhere between the sticker price and the price the dealer pays for it. It's usually known as the invoice price. Now notice for the fair price I didn't say used car, okay because that's a whole different thing. But for a brand new car the
fair price is somewhere between sticker price and the price the dealer pays for it. Now according to AAA, the dealer's invoice is approximately 90% of the sticker price for compacts and subcompact cars and 84% for a certain selection of vehicles. I'll explain that a little more in detail. A fair price is likely between three to sick percent over the invoice price. Let me show you what I'm talking about. All right.

So, here's an example of what you see on a car, right, or a sticker price, the information about the vehicle. All right. So look at the top right at the MSRP. And this is the manufacturer's suggested retail price.

That's not the actual price of the car, that's what the manufacturer is saying, this is what we recommend, and this is what I think the value of the car. But that's what we suggest. The sticker price is at the bottom. That is kind of like the total. Think of it almost like if you are buying a pair of jeans. That's the price of the car. So, the MSRP is the manufacturer's suggested retail price. The sticker price is the price at the bottom that is the final price on the window. The dealer invoice is the price the dealership paid. So when they get the vehicle, they purchased it for a lower price, way lower than the other top two, the MSRP and the sticker price. The fair price is trying to be
right in the middle between that dealer invoice, which is that low price that they paid for it, and then that sticker price. So you want to be in between that. So as you can see in the bottom right corner, so the sticker price would be 100%. So, let's say okay, what's the cost of the car? Here's the money, right. You paid 100% plus taxes. But the dealer paid for the car 90% of that price. They got a break. Well, you want to pay anywhere in between that. Because again, they do have a right to go ahead and make a buck or two, right. Because, if you say you want to pay way less than 90% of that, no, no. I don't even think they will give you the time of day. So you want to negotiate between 94 to 97% of the price of the car.

So, if you go ahead and take, again the Kelly Blue Book also gives you information about what, kind of what the dealer paid, but I'm already giving you an idea. It's about 90% usually. And so you can go up from that and get a number. I hope this part makes sense. Now go ahead and ask your questions. And then at the end we can go ahead and probably give you some examples.

Okay. All right. Continue talking about negotiations. Statements like: This is the only car I want; and this is just what I'm looking for; and wow, and no. That weakens the bargaining position. Because then you're
tapping into emotion. And, I got to give props to car
salesman. You know I do think they take Psychology
101, because, they really know how to tap into that.
And so, that's one of the things you don't want to do
that. And I think shopping with emotion doesn't really
help you either. So don't reveal your emotion. Make
your initial offer lower than the top price and then be
prepared to negotiate. So, you want to start above
that dealer price, so between that 94 to 97% range. A
car buying service allows you to choose the vehicle
features you want and service will locate it in
negotiating the price and arranging for delivery. At
the end I will show you that there are places that you
can go to where you don't have to go through all this
process yourself. The negotiating, this is all done
through the companies that can do this for you. You
just basically say this is the car I like, this is what
I want to buy, this is how much I'm willing to pay or
this is how much I want to finance. And that's it.
Everything else is handled by the organization. Oh,
there they are right there. If you don't want to
negotiate, you can go through other means to purchase a
car. So I've outlined three. They are just examples.
For example, Costco. If you are already a paying
member, for example, not only are you saving, for
example, on that gallon of milk, right? You can save even for purchasing a car because for members only they already bring down the price and also try to stay within that 94 to 97% price that I'm talking about that you want it to be the fair price. Autoland is a service, for example, that works closely with credit unions. You can walk into your credit union and let them know I'm interested in this kind of car, I want it to be this much old, two- or three-years old, these are the features I like, this is how much I would like to pay, I'm like to check the financing. And then that's it. And then they go ahead and do what they have to do. And then they call you and tell you they found the car. This is what it is. Would you like to see it? Would you like to test drive it? So that's pretty good too. And then CarMax, CarMax, one of the things I like about CarMax, in doing research, I found out that, with CarMax, their tag line is “There’s No Haggling.” Okay. There's no negotiation. The price that you see is the price you pay. They've already accounted for where that 94 to 97% is. Yes, they are going to make some money, but they are promising that they have the lowest price you will find anywhere. And so, for example, that’s something that if, you know, just want to go, they won’t, you can’t even, don't even try it because
they won't even give you the time of day to negotiate it. That price is what you get. Always try to ask for some figures. It doesn't hurt. Okay. And so, this kind of goes into, it's a lot of information, but I always been kind of mentioning that it's important to look at whether you're going to finance your car through a finance institution or unless you went through the preapproval process you've already talked about the terms and conditions. Whether your car loan is going to be 36, 48, 60 or 72 months. Do you know that if you extend your time to pay your car back, you're going to have lower payments, but you're going pay more interest over time. That's something to keep in mind. You could also finance your vehicle through the car dealership. Now, one of the things I believe is at the end of the day, car dealerships are definitely interested in keeping your business and keeping you a longtime customer. One of them is to consider their financing, which is something you can always explore. If it works for you, great. If it doesn't, then you've already went to your financial institution. But here's some examples of things you want to keep in mind when it comes to financing with the car dealer. Most manufacturers offer similar programs. And, in the end sometimes car dealerships
are owned by one major company, so the financing is usually from the same company any ways. But know that as well, are you planning to finance through the car dealership or you're planning to finance through your financial institution? My advice is that you should definitely come more prepared with the preapproval. You've done all that work so that it helps a lot in the negotiation especially, because you’re saying this is what I can afford and that is what I can pay. And I just want to so if it is going to work out with you here. Maintenance. So, we covered budgeting. We covered picking a car which is research, and then we covered the negotiation process. The last part of this four part process is the Maintenance. So you’ve driven the car off the lot. You either leased it or you bought a brand new car, you another bought a used car. Okay great. What happens the day after that? Weeks after that? Months after that? Well, the car has to be maintained and do you know there's costs involved with that as well. There's something I like to car the TCO which is the Total Cost of Ownership. Because, we only focused on the first three things, but what about that fourth thing? That really covers the whole gamut. Because depending on what car you buy it may have certain maintenance and repair requirements. The
owner’s manual will always tell you what that is and when your car needs to be serviced. Typically you change the oil every few thousand miles. Have a major engine tune-up every 20 to 30,000 miles, but it really depends on the car, right? Especially if it's a brand new car, with technology nowadays, a car can last you a very long time before it needs any service or oil change. But definitely follow the owner’s manual. You should definitely plan for unscheduled repairs, like flat tires, broken belts, leaky hoses. Maybe if you bought a used car or even if you bought a new car, again, I'll disclose about myself, I bought that brand new car 14 years ago. In four years when driving the car, I was still under warranty, my transmission blew out. And so as you can see, it can happen; right? And I'm glad that it was covered under warranty. But say it wasn't. That would be something I would have to get myself. Here's some other things to consider when, in terms of having a car for maintenance, the cost of operating a car the part of the whole total package, fuel, gas; right? The cost of gasoline depends on the fuel efficiency of your car. What does that mean? Well if you've gone to the gas station you have noticed three different numbers right; 87, 89 and 92, so depending on the manufacturer’s requirements you need
to go ahead and put the correct octane. That's what they call it. Usually for high performance vehicles they usually use the higher octane. And so, Science 101, if you use higher octane, usually the fuel burns faster and you'll be going to the gas station more often. And so, that's something you need to keep in mind. Whereas 87, which is cheaper on the side with the gas, but it usually reserved for trucks, and smaller vehicles, small SUV and things like that. It's a little different, but there's a price difference there and you’ll definitely want to keep that in mind as well. Depreciation and decline in the value of the property due to normal wear and tear. Well, depreciating, as you can see by the image here, every day the car is depreciating; right? Even though if you're maintaining the car that's just how it happens. You can look at the Kelly Blue Book as a guide and you can see. It gives you kind of like a chart on how it depreciates. Now some cars depreciate faster, other cars do not depreciate faster. All right. I know, for example, that the Honda and the Toyotas depreciates slower than other cars. As a car ages the number of miles driven increases, the physical condition begins to deteriorate, the mechanical difficulties arise. And that's all part of the depreciation process. Also
styles and consumer tastes change over time. This, you want to be careful about this. Because, I've been driving my car for 14 years, it's still the same car and yeah, I've seen new cars. You know, I've been interested in a new car, but you know I have also have to keep things in mind as well. All these factors cause cars to lose market value as well. Now, about cars depreciate as I already mentioned. Depreciation is one of the single, greatest costs of owning a car. Especially one of the ways to keep that in mind is let's say you buy a car, a brand new car, and as you know it depreciations very quickly within its first year. In the year two or three, you decide to get a different car. You're going to lose more money in the long run because you lost that money in the depreciation. Gasoline is the second. You know cars run on gas, and we find ourselves having to do that. The car will retain more of its value over time if it's well maintained and has fewer miles on it at the time of sell. Easier said than done, but it's something to keep in mind. And there are some, as I mentioned there are some makers and type of cars that maintain their value and they hold their value more, refer to the Kelly Blue Book, for example, with more information on that. Okay. So we're getting near the end. I want to
leave with you seven signs that you bought a good car.

Sign Number 1: It's reliable. It does not breakdown often, will last you at least 10 years. If you hold on to a car for 10 years and its done good with very low maintenance, you have a reliable car. Number 2: A car you love. You enjoy getting into the car. You enjoy driving it. Even if it’s just to go buy a gallon of milk, you want to go in your car. You love your car a lot. That’s great. Re-sale Value: Means that after seven years, which is usually a good marker. Your car is still worth at least half of its driven off price. That's a good car. Insurance: Very affordable. Right. New cars are more expensive than used. Fuel Efficiency: Must I say more? Right. We can more money for the gallon, more miles for the gallon. The Down Payment: You placed a large down payment and you are saving on interest. So, if you financed your car and you were able to put a lot up front, then you’re financing less and therefore you're paying less interest. You bought a good car. And finally the Interest Rate: which is tied to the first one is because you're financing less. And also you have a recent, a very good FICO score. You have a low and affordable interest rate, which means you're going to save hundreds of thousands, hundreds of dollars over
time as you are financing this car. Okay. And the last key I would like to leave you with is the Key to Car Purchasing Success. And that is, that is to know, the Key to Car Buying Purchasing Success is to know what you need, Number 1; have done the research, Number 2; and you don't budge and you are reasonable at the negotiating table. And with that I like to thank you. I've had placed here some resources that helped me in putting together this presentation. And I invite you to use them to do more research or to just get more information here. And, so with that thank you so much. Thank you so much to the Alumni Association for allowing me to be here and to do this webinar with you. And at this time, we will go ahead and open up for questions that we may have from you folks in the webinar. All right. Gregorio, thank you. So, our first question of the evening:

Q  When you plan on buying a used car, how much mileage should the car have and how old should the car be?

A  Okay, great question. So, this is the first part, how many miles should the car have? A general rule of thumb is that a car should not exceed more than a 1000 miles a month. So, usually about a 1000 miles. So 1000 miles x 12 months, which is a year, would be
12,000 miles. So, if you use that as a marker, then you can then go ahead and determine for the used car how many miles, how many miles the car has. So, if a car is five years old, then 5 x 12 would be 60,000 miles or less, is a good used car. And then the second part -- Jonathan -- excuse me what was it? How old should the car be? How old should the car be? Okay. Well, that really depends and it also depends on your budget. Because you did the whole research at the beginning, and you determined okay at this time I know that we in your audience, we may have some college students at this time and you are interested in buying a used car. And, maybe right now your budget is very small and you can only afford $200. Well, I'm not sure what kind of used car $200 can get you. But at this point it’s really more about is it a reliable car. Does it have what it need for the time that you’re going to actually hold the car? If you are thinking of buying a car that's a little bit higher in terms of price, but also it's a used car, I would say if you stick within the three year mark, three to four years, three years actually sounds good. Three years or less, that’s good because, as I mentioned, you do keep the warranty of the vehicle. All right. Perfect. Thank you. Your next question here.
Q  Will I get a better deal at the end of the year for a new car?

A  Oh, yes. I heard of that. And, I actually agree with that. I also listened to a podcast about that, car dealerships and one of the things I found, that yes, at the end of the year car dealerships and this is part of their business process has to make certain quotas. If they have been successful throughout the year, then they don’t have nothing to worry about. But if they haven't and that's through the dealership or that company has not made certain quotas -- that's the best word I can come up with -- then what happens at the end of the year, they're rushing to make a sale of a vehicle, then they're willing to give you a lot of saving, a lot of, they're willing to be more flexible with the negotiations. Yes, they do want to make some money, but they're willing to sacrifice a lot because in the end they would like to make their quotas. What does that mean? If they are successful in selling the cars they need to sell especially by end of year, then they win in the end when they're working with the company or the maker they get their incentives there. But for you, yes, you can get more deals towards the end of the year. The answer is yes.
Q Thank you. Our next question, which is the best way to present a car in order to negotiate a trade-in.

A Oh, I see. Okay. So, if you are going to trade in the car, what’s the best way, well, first of all, you definitely want to make sure you are very honest and disclose everything about the car; right? It helps to have your folder for all the maintenance that was done on the car. Any work that has been done on the car, all that is important. And you want to introduce the trade-in at the end after you’ve done the negotiation. You have given the car, you already determined the terms and conditions, and so you have this total out-the-door price that you’re going to go ahead and be willing to pay for. At that point, I would recommend that you introduce the trade-in, so that you can then see it taken off from that total amount. Sometimes they’ll ask you at the beginning of the conversation, do you have a trade-in or are you willing to trade in my car, but it just gets lost in the negotiation process and you don't want to do that. It's something you want to present after. If it helps parking around the block, that’s cool. Otherwise, definitely just keep that at the end.

Q Awesome. Thank you. How does the
negotiating process differ when you are leasing a car rather than buying a car?

A Oh, very good question. What is the difference between negotiating a leasing and buying a new car? Well, I think that with the leasing, there's, I think there's less negotiation, because remember, you're renting their property. And so they really kind of determine, they dictate, how it is you're going to use this car. What the price is for renting and things like that. And so, there is not really that much negotiation there. Now, as buying a new car, because you are owning the car, it's going to be your car, then yes, there's more leeway there than leasing.

Q Awesome. Thank you. Our next question, can you explain how Costco can help finance cars?

A Okay. So, Costco is an example of a company that you can go and, well, if you visit the local Costco, I'm not sure if they have a - what do you call it? - like a booth where you can talk about cars or car program, their auto program, usually you have to call a 1-800 number. But the way they can help is, first of all, they are an example of a company where they already determined the price for the car at a lower price for their members only. So, I if I am not a Costco member cannot go and work through them and to
get this vehicle. It's only for members only. But
they’ve already have worked with these car makers or
these local dealerships, if that's what they're working
with in the business and have already determined this
fair price for you. And so, you just have to work with
them. And there's really no negotiation on that end
when you work with, for example, with Costco, it's
already you just go pay the price that they determined
it is.

Q  Awesome. Thank you. Just a couple more
questions here.
A  Sure.
Q  So, we have a question, how and where can I
get my personal FICO score?
A  How and, okay good. One of the ways that,
well, for FICO score, it's a little different. Let me
first, before I answer that question, let me say that
one of the ways to check your credit worthiness is to
check your credit report. And, I know that the
government now allows Americans to go ahead and check
their annual credit. To check your credit score and
your annual credit report.com, I believe that’s the
site. But, you can check all three different bureaus
and then see, make sure that it's really reflects a
history of your credit worthiness. The reason you want
to make sure that's all in order is because all that information affects the FICO score. To answer your question where do you get that information, usually you have to pay a fee. And if you went on Google, then type in FICO score, you will get all these companies that are willing to go ahead and give you this information for a fee. And so, I’ll just basically say that you can also go to your banking institution. Maybe they will just charge you a small fee, but they are willing to run your credit and then actually get that number for you. Otherwise, you can go ahead and go online, and then follow their instructions and then go ahead and get the score that way.

All right. Thank you. That looks like it’s about all we have for tonight’s presentation for our Car Buying Webinar with Gregorio Alcantar. You can see there in the last slide in the Chat Box, if you haven’t done so already, please indicate whether you are a CSUN student or alum and lastly take the survey and let us know how we did. If you like this webinar, we do have several other webinars available to view online. They are all archived on our website at www.csunalumni.com. There were a bunch of questions that we weren’t able to answer tonight. So, if you do have further questions, feel free to email us at www.alumni@csun.edu and we
will be happy and pleased to respond to you. Our next event coming up is December 3rd, called Better Advantage Points. Feel free to check that out and all of our other events online at www.csunalumni.com. And I believe that’s it for tonight. Thank you so much for folks for joining in tonight and we’ll see you at our next event. Thanks.