

## Six dirty secrets of car sales

*Getting overcharged on the car lot? You may not even know it.*

January 10, 2003: 5:31 PM EST

By Annelena Lobb, CNN/Money Staff Writer

**NEW YORK (CNN/Money) - This may not surprise you, but not all automobile dealers are completely honest when dealing with potential buyers.**

Before you make the rounds of auto show rooms, make sure you're aware of the tricks that a dishonest car dealer can pull in order to get a little more money out of you. If you fall for one of them, you can easily overpay for your car even while thinking you just landed a great deal.

**1) Beware the eleventh hour:** Signing for your new car usually takes place in a rush, said Ashley Knapp, researcher at [Autoadvisor.com](http://Autoadvisor.com), and that's no accident. Many dealers will purposely heap decisions on you at the last moment, usually regarding pricey extras: whether to buy an extended warranty, floor mats, car alarms or tinted windows.

What's more, those "extras" don't have posted prices at the dealership, Knapp said.

"The salesperson can just make up numbers," he said. "They will often overcharge you for all of them."

**2) About that extended warranty:** Knapp said dishonest dealers often add an extended warranty to your contract and mention it to you in passing, or not at all.

What they usually will not volunteer is that you actually have 30 days to get that extended warranty after buying the car. The only difference is that you'll be billed separately for it -- that is, you cannot have monthly payments for it built into your bank loan -- if you choose to purchase it a few days after driving off the lot. "If you take good care of your car, you don't want this policy anyway," Knapp added.

**3) Credit/life insurance:** When signing for the car, many people buy "credit/life" insurance policies they don't need, Knapp said. It's a death payment policy, meaning that it will pay the balance of your car loan if you die. But your life insurance policy should provide enough money to do that anyway. As such, you don't need to fork over the extra dollars each month for credit/life.

"You shouldn't duplicate coverage's," said Jeanne Salvatore, a spokesperson for the Insurance Information Institute. "One person out of a hundred might need [credit/life insurance], but a lot of people would be fine with just their life insurance policies."

**4) Documentation fees:** "Doc fees", as they're called, pay for the cost of your paperwork. In some cases, you may get overcharged, said Joe Cashen, director of pricing strategy for CarsDirect.com.

In some states, doc fees are regulated, such as New York, where they're \$20, and California, where they're \$45. In other states, like Florida and New Jersey, doc fees are unregulated, and Cashen has seen them as high as \$600.

"Ask to see the invoice so you know what you are paying," Cashen said. "If it's not regulated, it's negotiable."

**5) Negotiating from invoice price:** Manufacturers raise model prices several times a year, Cashen said. Sources, such as CNN/Money's Car Finder, which provide invoice prices, are generally updated to reflect current invoice prices.

So, if you're looking at an invoice price on the Internet, that invoice price will apply only to vehicles that have been on the dealer's lot a relatively short time. Cars that have been on the lot longer might actually have come in with a substantially lower invoice price.

"If you're going in with a figure you've seen online and say you know the invoice price, you might actually be overshooting it," Cashen said. "Ask the dealer for the original invoice price, and negotiate from there. That can save you several hundred dollars."

**6) Getting the right car loan:** You may agree to a certain interest rate and payment when you're negotiating for the car, Knapp said, but dishonest dealers may still try to pull the wool over your eyes when it comes time to sign the contract.

They'll raise the interest rate and lengthen the term of the loan -- but keep your payments as promised. You'll fall for it if you only make sure you're paying a certain amount each month, without realizing exactly how long they're shackled to those payments or what comprises them. Check that you're getting the rate you were quoted, before you sign.

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