

Car - 12 Car Buying Tips Revealed by an Auto Dealer

Houston car dealer revealed how to buy or lease new or used car, avoid auto dealer scam, how to negotiate for car loans, car insurance and auto extended warranty.

([PRWEB](#)) November 6, 2004 -- Dan Harris, new used car dealer from Houston revealed that auto dealerships utilize 12 different areas in the sale of a car to maximize their profits from the consumer. Every day consumers are talked into spending thousands of extra dollars on their car purchases. Auto Dealers capitalize on ill-prepared consumers regularly and they manipulate them using unfamiliar terms and almost alien negotiating formats. Dan reveal the profiting strategies car dealers use. The following is a list of where the car dealer can make profit from the sale of a car.

Combined and used to their utmost ability a dealer can easily profit \$8,000 from a single car sale. Besides the obvious problem of overpayment on the consumers part on the price of the car, the larger problem lies in the fact that the general public has no idea what's going on. Here is the details:

1. Sale Price: Anything above invoice price is profit.
2. Trade-in Value: Any amount between what the actual cash value of the car trade-in is and what the consumer agrees to accept for the car trade-in value is the dealer's profit.
3. Car Rebate: Many dealers take the rebate in lieu of the negotiated car purchase price. Do Not allow this to happen to you. The rebate is your money. Negotiate the car purchase price and take the rebate as cash back or cash down. If you allow the dealer to take your car rebate as part of the negotiated car purchase price the dealer adds the rebate to his profits.

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4. Cash Down: Profit is made indirectly from the car down payment. The dealer will pressure you for more cash down. The reason for this is to assure your new car loan will be approved from the lender with all of the high profits the dealer has packed into it. The greater the down payment the greater the profit that can be made.
5. Interest Rate / Monthly Payment: Let's say you qualify for a loan rate of 4.9% APR for 60 months. You have no idea what your monthly payments will be based on your agreed selling price. Because the payments are based on the bottom line of the entire car deal rather than the selling price alone it is impossible to determine an accurate car monthly payment. The car dealer calculates a payment of \$450 which seems agreeable to you and you sign the contract. The problem is when you get home and go through your paperwork you discover that your interest rate is actually 9.9%. The dealer profits the difference between your buy rate 4.9% and the 9.9% you sign for.
6. Holdback: The car dealer is paid anywhere from 1-3% of the net invoice on all new car sold from the vehicle's manufacturer.
7. Add-On's: Any car dealer addendum should be carefully scrutinized. Products like Fabric protectors, and window etching are ploys by the car dealer to increase their profits. We suggest pricing individual add-ons from after-market sellers to make sure the car dealer is not over-inflating the car prices.
8. Leasing: Extremely profitable because their based on a percentage of the car and car dealers can easily charge MSRP for the car and still quote low monthly payments.
9. Lease Deposits: If you trade in a car you leased you may have paid a refundable security deposit If you did make sure not to sign it over to the car dealer. Ask the finance manager to see the paperwork that requests the deposit be returned to you.
10. Extended Warranties: These are almost pure profit for the car dealer selling them. We recommend you buy a



discounted car warranty from our friends here.

11. Resale Trade-in: Anything the car dealer sells the car trade-in for above what they paid for it.

12. Pre-Printed Add-On's: Every car dealer charges varying prices for auto roadside car service which is pre-printed on every purchase order. It ranges in price from \$199-\$249. We recommend you don't pay for it. Have the car dealer reduce the selling price by the same amount as the pre-printed cost or have them omit the line completely from the car buyers order. We strongly recommend you use our car buying tools and deal calculator to assist you in your efforts to save money. Author have no liability for article, always consult related professional before make any final decision to buy car.

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