

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

- 1. FORMULATING YOUR BUDGET** – SCIENCE OF THE PRICE RANGE
- 2. FEELING SECURE** – OBTAINING FINANCING
- 3. SAFE JOURNEY** – SAFETY RATINGS AND SAFETY FEATURES
- 4. NEW *VERSUS* USED**
- 5. TO LEASE OR NOT TO LEASE?**
- 6. TIMING MAY BE EVERYTHING** – SYNCHRONIZE YOUR PURCHASE
- 7. TRADE-IN AND TRADE-UP** – USED CAR VALUATION
- 8. ART OF NEGOTIATION** – WHEEL AND DEAL AT THE DEALERSHIP
- 9. WARRANTY 101** – NEW , FACTORY, THIRD PARTY
- 10. POST PURCHASE** – RECURRING EXPENSES & OTHER CONSIDERATIONS

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

The frequency of automobile purchases exceeds that of home purchases and marriages combined per capita – over the course of a lifetime. Whether driven by vanity or necessity, this frequency makes the decision to purchase your next vehicle a very important one.

The following is a Car Buying Checklist, outlining the 10 things you must consider before closing the deal.

1. FORMULATING YOUR BUDGET – SCIENCE OF THE PRICE RANGE

What can you truly afford? Where do you begin when attempting to answer this question? Consumer Reports' experts recommend that your Debt to Income (DTI) ratio be less than or equal to 36% of your gross (pre-tax) income. Considering this, the following equation can be used to demonstrate how much of a car payment you could afford on a monthly basis.

Gross Monthly Income	multiplied by 36%	Max Monthly Funds Available	Existing Monthly Debt	Max Monthly Car Payment
	36%	=	-	=
\$5,175.00	36%	\$1,863.00	\$1,525.00	\$338.00

Making certain to pad this figure for long-term ownership costs; you will then want to determine how much car this monthly payment will buy. The science of your price range will also take into account these additional factors.

- ✓ Down Payment and/or Trade-In Allowance (*See Chapter 7*)
- ✓ [Rebate Programs](#)
- ✓ *If Applicable* – Application Fee
- ✓ *If Applicable* – Financing Term

Armed with this information, utilize a [car-buying calculator](#) to arrive at a figure that represents how much vehicle your monthly payment can purchase. You will then want to compare this figure to the going rate or cost of your desired vehicle. Making use of no-obligation pricing and referral services such as, [Edmunds.com](#) or [KBB.com](#) will help manage your expectations before setting foot on the dealership lot; saving you time and money.

Now that you have crafted your budget, short of having cash in hand, you will need to find a way to pay for your vehicle purchase.

2. FEELING SECURE – OBTAINING FINANCING

It may seem harder to navigate the course surrounding auto finance when considering current economic conditions along with the recent restructuring, and bankruptcy of auto industry conglomerates.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

As a well-informed consumer, you will want to know the condition of your credit before seeking financing of any kind; as the lending landscape has changed. Obtain a copy of your free annual credit report by visiting www.AnnualCreditReport.com.

The first thing to keep in mind regarding auto financing at the dealership is that a “car loan” obtained from the dealer is not specifically a loan, but rather a Retail Installment Sales Contract (RISC). You and the dealer enter into this contract and it is then sold to a bank or other lending institution; generally at a small mark up. Dealerships, in most cases, offer financing through their Manufacturer (Captive Financing) and often times have rates lower than banks or credit unions. A good thing to remember is that offering to arrange financing is a service that the dealership provides and it does save you legwork as long as the rates are as good or better than what you qualify for through your own sources.

By the same token, if you are seeking to compare a dealer's interest rate to that of your pre-approved financing, you may be doing so with repercussion. As is typical, your application is “shopped,” or sent out, to multiple lenders in an effort to get credit approval; resulting in multiple credit inquiries.

There are many methods to choose from when financing the purchase of your vehicle. Whether using dealership financing sources or pre-approved loans from a traditional or online lender, be certain to [compare rates](#); always seeking your best deal.

3. NEW VERSUS USED

Typically, a used car was the better value with respect to price; traditionally being less expensive to repair than buying a new one. If it were merely a question of price, using a [new versus used comparison tool](#) would be sufficient to help you make a determination.

In recent times, however, there are new factors to contend with when making your final decision. A new car purchase may rival that of a used car in today's market, but first, it is wise to examine a few of the top arguments for both.

NEW

- ✓ **BRAND'S FUTURE** – A negative; with the present restructuring, and even potential bankruptcy, of auto industry giants, certain brands may be phased out; influencing resale value.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

- ✓ **PURCHASE INCENTIVES** – A positive; in today’s market, the buyer is definitely in the driver’s seat. Many manufacturers are offering purchase-friendly incentives that are aimed at coaxing would be buyers back into the market.
- ✓ **REDUCED MAINTENANCE & WARRANTY COVERAGE** – A positive; with new vehicles, the manufacturer will warranty the new vehicle for at least the first three years; some offering even longer terms. Warranties offer peace of mind that maintenance costs will be lower and less frequent.
- ✓ **LAYOFF PROTECTION** – A positive; several manufacturers are offering a layoff protection plan to car buyers in the event of job loss or related incidence. This is invaluable when considering the current state of the economy. In short, some of these polices offer coverage if you experience job loss, develop a disability that prevents you from working, are transferred overseas, are self-employed and need to file bankruptcy, and in most cases of accidental death. This coverage would help make car payments or allow you to exit the purchase contract without hurting your credit.

USED

- ✓ **PRE-OWNED CERTIFICATION** – A positive; a lot of manufacturers offer a pre-owned certification program for their used vehicles. This means that the vehicle has undergone a more thorough testing process and provides a warranty for repairs.
- ✓ **AFFORDABILITY/LOW COST** – A positive; the costs of owning and operating a used vehicle can be significantly reduced, including lower depreciation, no sales tax, lower registration and licensing fees(which are generally based on the value of the vehicle), and lower insurance premiums.
- ✓ **DEPRECIATION COSTS** – A positive; the previous owner has absorbed the greatest amount of depreciation loss as new cars will generally lose nearly 40% of their value within the first three years of ownership.
- ✓ **REPAIRS** – A negative; repairs are an inevitable part of ownership. The older the vehicle, the greater the maintenance costs, and the probability that such repairs will not be covered under warranty. Repairs such as replacing brakes, tires, batteries, and mufflers might be on the horizon. If you are in the market for a used vehicle, obtaining a [vehicle history report](#) will help

you guide you towards the purchase of a vehicle that is without a checkered past.

Whether choosing a new or used vehicle, considering these factors will help you make a more informed purchasing decision.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

4. SAFE JOURNEY – SAFETY RATINGS AND SAFETY FEATURES

Your vehicle's safety rating should rank with cosmetic features on your list of importance. The safety features you will want to consider are crash test reports, airbags, rollover rate, antilock braking systems, tire pressure sensors, stability and traction control, and daytime running lights. In addition, installing an anti-theft system may provide for lower insurance premiums; although this system is not as critical a feature as the aforementioned.

- ✓ **CRASH TESTS** – The National Highway Traffic Safety Administration (NHTSA) www.nhtsa.dot.gov, and the Insurance Institute for Highway Safety (IIHS) www.hwysafety.org, conduct vehicle safety research and testing. The NHTSA conducts both frontal and side-impact collision tests using a five star rating. The IIHS conducts an offset frontal collision designed to mimic true to life impacts and offers a Good, Acceptable, Marginal, or Poor rating.
- ✓ **AIRBAGS** – Although it is mandated by law that a new vehicle be equipped with dual-airbag systems, many manufactures install side, rear, and roll-over airbags; keeping driver as well as passenger safety in mind.
- ✓ **ROLLOVER RATES** – SUV's are up to three times more likely to roll over than passenger vehicles. The NHTSA provides a [roll-over rating system](#) that is worth reviewing before making your vehicle purchase.
- ✓ **ANTILOCK BRAKING SYSTEMS** – Antilock Brakes (ABS) are proven safety devices, and oftentimes qualify for insurance policy discounts.
- ✓ **TIRE PRESSURE SENSORS** – The most basic, important, and overlooked, a well-filled tire is crucial to vehicle safety. Therefore, most manufacturers install tire pressure sensors on newer models.
- ✓ **ELECTRONIC STABILITY CONTROL** – Working in concert with a vehicle's anti-lock braking system, a stability control system uses sensors to detect a loss of traction; thereby keeping the vehicle on an intended path and in some instances reducing engine power. These systems are available on many different vehicles. Although usually optional, remember to inquire regarding this feature.
- ✓ **DAYTIME RUNNING LIGHTS** – Most published reports indicate that Daytime Running Lights (DRLs) are effective in preventing daytime frontal crashes by increasing a vehicle's conspicuity from a greater distance. With respect to

increased fuel consumption, the NHTSA estimates that a mere fraction of a mile per gallon will be lost while using DRLs.

Lastly, if you will be transporting children, your vehicle should be equipped with [child safety features](#); enabling you to control doors, locks and windows.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

Understanding the importance of these features will help keep you safer while on the road. Take the time to review [a vehicle's safety rating](#) as well as any active defects, or recalls, prior to making your purchase.

5. TIMING MAY BE EVERYTHING – SYNCHRONIZE YOUR PURCHASE

Not just another belt under the hood, the timing of your next vehicle purchase can save you money or feelings of regret down the road.

So when is the best time to make your purchase? There is no time like the present, and, as well, you may want to coordinate the timing of your purchase with one or more of these complimentary factors.

- ✓ **PRICING TRENDS** – If you have already decided on a particular model, take the time to review a ["Predictive" True Market Value](#) (TMV) report or similar finding. This will allow you to evaluate a forecast of any pricing increases, reductions, or trends for a given model.
- ✓ **END OF MONTH** – A Salesperson or Dealership quota may be the bargaining chip that helps broker your best deal. Look for larger dealerships with greater inventories, as these will be more inclined to engage in a consumer-beneficial transaction to achieve coveted sales goals.
- ✓ **End of Model Year** – The first week in September is typically when a Dealer gets their shipment of next year's model vehicles. Consequently, they will be looking to move the prior year's models quickly in the months preceding. Understanding that last year's model has already lost a year of depreciation, if a cost savings now outweighs residual value, trivial preferences of color or other non-essential amenities, then this may well be the deal for you.

[DEALER INCENTIVES & FACTORY-TO-CONSUMER REBATES](#) – Dealer incentives are perks or a reduction in price that a dealer pays to purchase cars from the factory. A dealer is under no obligation to pass these savings along to consumers; however being aware of these may assist you in negotiations, when a dealer is approaching sales targets at or near the end of month. Further, **ALWAYS** ask if the price of the vehicle includes a dealer incentive.

Dealer Incentive:

Manufacturer's Suggested Retail Price (MSRP)	Selling Price	Dealer Incentive
\$15,000	\$14,000	\$1,500
\$12,500+T&L		

Consumer Rebate:

MSRP	Selling Price + Tax & License (T & L)	(Minus)Customer Incentive
\$15,000	\$14,000 + T & L	-\$1,500

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

Conversely, factory-to-consumer rebates are just that – direct from the manufacturer to you. In most cases it is to be used as a credit against the purchase of your new vehicle or in some you are offered to have the rebate sent to you after the deal is finalized.

Incentives and rebates are offered regionally. You will want to have an idea of what is being offered at local dealerships before you begin purchasing negotiations.

- ✓ **GOVERNMENT INCENTIVES** – As of July 24, 2009, the new Cash for Clunkers, or C.A.R.S., program will provide a credit of up to \$4,500 towards the purchase of a new energy-efficient vehicle through November 1, 2009.

Synchronizing your purchase with one or more of these factors may prove exceptionally gainful, keeping you in line with your allotted budget.

6. TO LEASE OR NOT TO LEASE?

The answer simply put is – it depends. A common dilemma, whether or not to lease a vehicle is largely dependent on your individual situation. When leasing, you are only paying for a portion of the vehicle's cost, or the part you will "use up" during the time you drive it.

Understanding that a lease loan is structured around, or based on, the use of a vehicle rather than its purchase, you will need to consider the following to make an informed decision.

- ✓ **KEEPING CASH IN HAND** – With lower out of pocket and monthly costs a lease may be the budget friendly choice. Oftentimes you will be able to roll many of the fees and taxes associated with the lease into the monthly payment. This will significantly reduce the amount of down payment if not eliminate it; enabling you to satisfy any pressing need for cash.
- ✓ **LOW MONTHLY PAYMENTS** – If low monthly payments are of utmost concern, a leasing deal may be your best bet. For example, when you lease a \$25,000 vehicle that will have an estimated resale value of \$16,000 after 24 months, you are only paying for the \$9,000 difference (*depreciation*) plus finance charges, and applicable fees; thus the lower monthly payment.
- ✓ **LIFESTYLE: STABILITY & DRIVING HABITS** – Terminating a lease can be costly. In the absence of foreseeable or abrupt life changes such as moves or job loss, for at least the term of the lease (2-3 years), a lease may serve you well. Additionally, 15,000 miles is the average yearly allotment of mileage for most leases. Ideally, as a lease customer, you will want to drive at or near

this amount and maintain your vehicle in good condition. Anything above this and you will begin to pay extra. If this is anticipated, you will need to negotiate the cost of the additional mileage upfront as this charge could be anywhere from 15 – 20 cents per mile at lease end. Driving substantially less may have the adverse consequence of paying for depreciation you are

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

not causing. In this instance, a vehicle purchase should be strongly considered.

- ✓ **OWNERSHIP INTEREST** – If having some ownership interest in your vehicle is important to you, then leasing would not be ideal, as you will have little if any equity in the vehicle at lease end. At the conclusion of your lease, you will be able to return the vehicle or purchase it for its depreciated resale value(Residual). Whether or not you intend on purchasing your vehicle at lease end, you will want to be certain that your lease is inclusive of a fixed price purchase option should the need or desire arise.
- ✓ **LEASING COMPANIES** – When taking out a loan to purchase a vehicle, you create a relationship with a bank. When taking out a “lease loan” you are creating a complex financial relationship with a company. It is best to lease from an automaker or other reputable leasing company with a vested interest in repeat business.
- ✓ **GAP INSURANCE** – This insurance pays the difference between what you owe on your lease, and what your vehicle is actually worth in the event it is stolen or destroyed, and should always be included in your lease.

Therefore, to answer the question of whether or not to lease, consider the following. If you enjoy driving the latest model vehicle every few years, having a vehicle equipped with up to date safety features, always having a warranty, don't enjoy selling or trading used cars, have a predictable lifestyle, and don't mind forgoing ownership interest in your vehicle, then the answer would be an emphatic yes. The reality is you never own your car on a finance contract until you make the final payment and as we have already mentioned the average person trades a car every 3-4 years. Finally, always check with your tax advisor to see if a lease will offer any tax benefits.

7. TRADE-IN AND TRADE-UP – CAR VALUATION

If you are planning to trade in your existing vehicle in the hopes of significantly offsetting a required down payment, you must first contend with the [value of your used car](#); keeping expectations in line. Use online tools, newspaper listings or even shop the vehicle to several dealerships to ascertain what your trade-in is worth realistically.

There are definite advantages to trading in your used vehicle. One factor being: In some states, you will pay sales tax only on the difference between the new vehicle's price and the value of your trade-in. For example, if the value of your trade in is \$6,000, with a sales tax is 7% you could save up to \$420.

So how do you get the most for your trade-in?

Logically, the better the condition of the vehicle the higher its trade-in value; making the argument for maintaining your vehicle's curb appeal. A professional detail will

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

cost about \$100, but is well worth it when considering the boost in resale value this can provide.

So what value will the dealer credit you? On the average, a dealer's value of your trade-in is largely based on cash values a vehicle sells for at auction. This figure will take into account reconditioning costs and profit margins. For higher-quality vehicles, the dealer must also contend with the cost of keeping the car in inventory such as flooring charges (interest), lot security, and advertising. Further, most states require that a dealer warranty, or even guarantee, a used vehicle for a period of time or specified mileage when reselling it to the public. All of these things can add up to a trade-in value less than expected.

If you are intent on seeking and receiving top dollar for your used vehicle, it may be best that you sell it to a private party. This will always fetch a considerably higher price; however, you must weigh this against the time and effort necessary to make the sell. (i.e. having strangers come to your home, test driving them, etc.)

Trading in your vehicle is convenient and rolls all of your car-buying concerns into one transaction. Never go before you know—having an informed idea of what your trade-in is worth makes you a well-informed consumer as well as capable negotiator.

8. ART OF NEGOTIATION – WHEEL AND DEAL AT THE DEALERSHIP

Negotiating the price of your next vehicle doesn't have to be rocket science. A little research and stick-to-itiveness goes a long way at the negotiation table. The following are tips that can help you stay focused when engaging in this important "Purchasing Power Play."

- ✓ **SEPARATE DEALS** – If trading in a used car, be sure to compartmentalize the new car negotiations from the used car valuation, keeping them separate. Each value is independent of the other and since you have done your research you will know the profit margin that is in the new vehicle. Get a solid figure for your trade-in from the used car manager, having the cash value amount written into the new car contract as a credit.
- ✓ **REBATE REMINDER** – Again, **ALWAYS** ask if the price you are being offered includes the value of a dealer incentive, keeping in mind that MSRP minus the dealer incentive means the dealer has contributed nothing to the deal and you are effectively paying MSRP—very few cars command MSRP these days.

For factory-to-consumer rebates, you can either receive this directly from the manufacturer or have the dealer apply its value to your purchase price, further reducing the price of the vehicle.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

- ✓ **RATE NOT PAYMENT** – It is best to negotiate based on the interest rate of a loan rather than the actual monthly payment, as interest is the cost to borrow money. Look for a low rate and pay off the vehicle in as short amount of time as possible. The longer the repayment terms, the more you will pay in interest; thus, a lower payment over 60 or even 72 months more than likely is not the best “deal” mathematically.
- ✓ **BYPASS COMMISSIONS** – If wheeling and dealing on the car lot is not your cup of tea, you might consider dealing online with the dealership through the internet sales manager or through an online pricing or referral services such as Edmunds.com or KBB.com.
- ✓ **COMPLETE THE DEAL** – Never take possession of your vehicle without making certain that all documents have been signed, and negotiations finalized. This should include a full delivery of your vehicle. There is no right-of-rescission with the purchase of a vehicle, and unraveling a contract can be messy if not impossible. If you have reservations or concerns about your purchase deal, walking away rather than driving away might be your best line of defense.

Do not yield to pressure tactics. It is much better, to give yourself some time, or a cooling off period, rather than locking yourself into a commitment you may not be able to undo.

Remember, the first offer is often not the best offer a dealer can make unless you go into the negotiations prepared. Being informed, careful, thorough, and persistent will help you drive away feeling confident you have maximized your purchasing power.

9. WARRANTY 101 – NEW, FACTORY, THIRD PARTY

It is a foreseeable fact that your vehicle will need to undergo repairs during the course of ownership. Understanding your vehicle warranty will make completing these repairs a more seamless, timely and cost-effective process.

There are three general types of warranties – New Car, Factory (Extended), and Third Party, and a fourth and uncommonly known – After Warranty Assistance (AWA) that a manufacturer may offer.

NEW CAR WARRANTY – The traditional coverage of a New Car warranty will be measured by time and mileage (i.e. three years or 36,000 miles, with emissions equipment being covered for two years or 24,000 miles).

Two-fold, a New Car, or “Basic Warranty” will first cover the vehicle bumper to bumper with the exception of “wear” or consumable items such as brakes, tires, or batteries. Secondly, the “Power Train” component will cover everything that makes

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

your vehicle move such as the engine, drive shaft, transmission, and drive axles. Additionally, some manufacturers offer rust or corrosion warranties as well as emergency roadside assistance as an extra bonus.

FACTORY (EXTENDED) WARRANTY – First, you will need to ask yourself how long you anticipate owning your vehicle. If the new car warranty is for three years or 36,000 miles, and you plan on owning the vehicle for a lesser amount of time, as well as driving within this mileage limitation, purchasing an extended warranty would make little sense. Further, if purchasing a used vehicle, you will need to determine if there is any remaining warranty coverage from the dealership.

A manufacturer-backed warranty will be easier to use while an aftermarket warranty will be considerably cheaper. You will typically purchase an extended warranty at the time you purchase your vehicle. Some contracts can be purchased at a later date, but may have a penalty charge. Always inquire about any manufacturer extended warranty before considering those offered by other companies.

THIRD PARTY WARRANTY – Before purchasing an extended warranty, you will want to know which company underwrites the policy. Although third party warranties cost less upfront, they may require out-of pocket expenditures prior to providing reimbursement, and be less convenient to use.

Lastly, consider the transferability of any of the above extended warranty options; as this will be a great selling point, should you choose to sell the vehicle (private party) down the road.

AFTER WARRANTY ASSISTANCE (AWA) – If your vehicle needs repairs after the expiration of the factory warranty, some manufacturers offer After Warranty Assistance (AWA) or sometimes called “Goodwill Assistance”. The following are things you will want to keep in mind when pursuing this type of assistance.

- ✓ Extended Warranties – If you still have assistance available to you under this type of warranty, you will not be eligible for AWA.
- ✓ Maintenance Records – Dealers will be looking to ensure that your vehicle has been maintained properly, and that you were a dealership-oriented and maintenance-conscience customer.
- ✓ Inquiries – Be persistent, as this type of assistance is not simply offered; but rather you must ask for it.

Weigh all of these warranty factors carefully before making your choice.

10. POST PURCHASE – RECURRING EXPENSES & CONSIDERATIONS

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

The average person will keep their vehicle 3-4 years before trading it in or selling it. This longevity of ownership results in costs well beyond the sticker or contract price of your vehicle.

Below are some post purchases expenses to consider and tips on how to lower your long-term ownership costs.

- ✓ **MONTHLY LOAN PAYMENTS** – It is advisable to structure auto loans with repayment terms of 48 months or less. This will allow you to stay on par with your vehicle's depreciation losses and decrease the amount of interest paid. Extended loan terms could leave you paying substantially more in interest and with little or no equity at the end of your repayment schedule. If you must acquire a loan with an extended financing term, be certain to maintain a good payment history. The opportunity to refinance the loan may be forthcoming, ultimately lowering the interest rate, and producing a more manageable payment.
- ✓ **DEPRECIATION** – Depreciation can be likened to a “race against equity”, as a vehicle loses value over time. When driven off the lot, a new car can lose as much as 20 percent of its value. Further, the average vehicle will depreciate as much as 65 percent within the first five years of ownership. If financing your purchase, structure the term of your repayment to 48 months or less if possible.
- ✓ **INSURANCE PREMIUMS** – Insurance costs vary depending on many factors including the vehicle model, age, and location of housing. A driver's age, gender, continuous maintenance of insurance policies, and driving record, all have additional impacts on annual premiums. Additionally, if you have teenage drivers that will be added to your policy, how well they are doing in school can be a determining factor for insurance policy rates.

For used vehicles without liens, consider the type of coverage that is necessary; as a liability policy may be sufficient. For new vehicles, consider carrying all of your insurance policies (home, auto, business) through one provider.

You will also want to consider a Guaranteed Auto Protection (GAP) insurance policy, as this insurance pays the difference between what you owe on your loan or lease, and what your vehicle is actually worth, should it be stolen or destroyed.

It is also a common occurrence for loans, or leases, to be rolled over, and refinanced into new terms, with little or no down payment being made. This creates an “upside down” scenario; whereby you owe more than the vehicle is actually worth. In the event of an accident or theft, having gap insurance could save you hundreds or even thousands of dollars.

Don't fall into the “Gap.” Discuss gap insurance with your dealer, insurance agent for a gap insurance policy.

CAR BUYING CHECKLIST: 10 THINGS YOU MUST CONSIDER

- ✓ **ANNUAL REGISTRATION** – When making your purchase, the titling, and registration of your vehicle is taken care of at the dealership. Afterwards you may well do some research, respective of your state; considering the best method to continue to [register your vehicle, either in person, by mail or on the internet](#).

Keep in mind that the newer the vehicle the greater the registration fees. Some states mandate an annual registration process, while others allow for longer periods of time, and better, some states allow registration prepayment a year or two in advance.

OPERATING COSTS & MAINTENANCE – Proper and consistent maintenance of your vehicle requires little effort to avoid costly repairs associated with negligence. Early and timely diagnostics will keep your vehicle running in key condition and increase the probability of repairs being covered under your vehicle's warranty. You will also want to keep maintenance and expense logs to record repair costs for future reference.

Fuel consumption is the most frequent long-term ownership expense. Depending on your driving habits, you will want to consider a [vehicle's fuel economy rating](#) before making the purchase, as fuel costs can add up quickly.

Lastly, *Consumer Reports* provides [new owner-costs estimates](#), which can help you compare models; choosing the vehicle that will be in line with you budget; potentially saving thousands of dollars.

May you have a safe journey, navigating with care and confidence, when considering the factors surrounding your next vehicle purchase.