A weekly question/answer column

Where Should I Look to Buy A Used Car?

Liz Gorham* answers:

For every new car sold each year, it has been estimated that three used cars will change hands. Each year Americans spend about $85 billion to buy more than 17 million used cars. Because of a new vehicle's depreciation rate of 20-25 percent a year for the first two or three years, it makes financial sense to investigate the used car market. There are many places to buy a used car. Consider these options.

• New car dealers who also sell used cars usually are more expensive than independent used-car lots, but it is there you will often find late models in good shape that the dealer received as tradeins. The best cars on the lots are usually the ones of the make the dealer sells, since the dealerships have service facilities. They also usually offer a warranty and have a fixed address where you can complain in case of problems.

• The stock at independent used-car lots may be cheaper, but the quality of the merchandise may be more doubtful. If you do not have first-hand knowledge of the dealer, whether it be a new or used car dealership, ask for names and addresses of previous used car owners who bought more than six months ago. A reliable dealer will give you this information. Then contact these people to see how they were treated after the sale, what kind of service they got and whether the car was as reliable as it was represented to be.

• If you decide to look at privately advertised cars, keep in mind the advantages and disadvantages of buying this way. You may get a good car for less money than from a dealer, or you may buy from the original owner who can tell you all about the car. If the private seller is not the original owner, however, you probably will have no way of knowing the full history of the car. Request that the owner supply you with service records, service station or dealer references, and record of original purchase. You will also have to handle the registration paperwork yourself, which you will generally need to do before you can drive the car away. Be sure your bill of sale notes the car’s mileage.

• Some other places to consider buying a used car are banks, credit unions and other lenders who sometimes offer fairly new, repossessed cars. Also, auto rental agencies often sell newer, well-equipped cars from their fleets. The cars may have covered a lot of ground, but have generally been well kept. Most agencies will show you the maintenance records and will often give you a limited warranty.

• Next week: What features should I look for on a used car?

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