

Vehicle Acquisition Discussion Guide

1. Preparing to Buy a Vehicle

- What are things you need to take into consideration before purchasing a vehicle? (e.g. having a license, budget, loan, insurance, parking, maintenance, etc.)
- Where can you search for potential vehicles to purchase? (e.g. car dealers, websites like auto trader.com, carsoup.com, and Craig's list, family or friends, small automotive repair shops)
- What should you know about a vehicle before you purchase it? (e.g. mileage, gas mileage, accidents, ownership history, repairs, current condition of tires and brakes, muffler, body, etc.)

2. Setting a Budget

How will you determine what you can afford to pay for a vehicle? This should be based on how much you have saved and/or what you can afford for a monthly payment based on your income. Additionally, you need to consider expenses for insurance, gas, maintenance, parking, and annual license plate renewal.

3. Choosing a Vehicle

- Review Consumer Reports (website or hardcopy) to get an idea of what used cars have proven reliable.
- Consider buying from a dealer because the dealer will have likely completed a thorough inspection of the vehicle, made minor repairs, and cleaned it thoroughly. If you are buying from an individual, consider taking it to a mechanic to have it checked out.
- Test drive the car. Listen for engine noises, test the acceleration, check the brakes, inspect the tires for wear, look at the engine and see if it looks like it has been taken care of, check the electronics, air conditioning, and heat, and make sure the alignment and suspension are good.
- Have the dealer or owner review the vehicle history with you. Dealers should have a complete vehicle history. Look for cars that have been owned by a small number of owners (one owner if possible) and have no history of accidents. Also, if you are not satisfied with what you have learned consider ordering a CARFAX vehicle history. Some dealers and sites like Autotrader.com provide free CARFAX reports. Otherwise, you will need to pay for a report (approximately \$40 for one or \$50 for five).

4. Buying the vehicle

- Prepare ahead of time for the purchase of a vehicle by putting a savings plan in place so you have money available. Also, look for less expensive vehicles for your first vehicle.
- Check the value of the car on a site like Kelly Blue Book. You will need to enter the make, model, and year. Compare the asking price to the Kelly Blue Book Value.
- Negotiate. Make an offer lower than what the owner is asking and be sure it is reasonable compared to the Kelly Blue Book value.
- Never Pay Cash. Always write a check or get a cashier's check from the bank. This ensures you have a record of your payment.
- Financing is difficult to get on your own without an established credit history. Most banks will require you to have a co-signor on a loan. Dealers have first time buyer programs available but

the interest rate is generally very high (15%). Be clear about the difference in owning a car (paid in full) and taking a loan to purchase a car (car note).

5. Title, License, and Registration

When you purchase or receive a vehicle as a gift, you must immediately apply for a Certificate of Title. The seller must complete the assignment of title, including odometer disclosure (unless exempt) and signature and give you the original document with a lien release for each lien listed on the title. Never buy a vehicle without seeing and receiving a title signed by the previous owner.

To apply in person, you will need the following items:

1. The Certificate of Title (not a photocopy) signed by the previous owner
2. Completed and signed [MV1](#) form (make a copy for your records) Title/License Plate Application
3. Current identification, if applying in person at a DMV customer service center or to a DMV agent
4. A license plate to transfer or the annual registration fee if you do not have plates or if your current plates expire within the next three months (License Plate Fee is \$75)
5. [Title fee](#) (\$69.50)
6. Sales tax (5% of the purchase price)
7. [Local sales tax](#) (if applicable) (.60% of the purchase price)
8. [Wheel tax](#) (if applicable) (\$20 for City of Milwaukee)
9. Check or money order made payable to: Registration Fee Trust

6. Car Insurance

- Purchase insurance on the vehicle the day you buy the vehicle.
- Wisconsin Insurance Requirements

Liability insurance

Minimum liability coverage amounts are as follows:

- \$10,000 for property damage
- \$25,000 for the injury or death of one person
- \$50,000 for the injury or death of more than one person

Proof of insurance

Drivers and owners of motor vehicles are required to show proof of insurance at traffic stops/accidents if requested by law enforcement. Proof is not necessary for trailers or semi-trailers.

- Operating a motor vehicle without insurance may result in a fine of up to \$500.
- Drivers and owners who fail to show proof of insurance at the time of the stop/accident may be fined up to \$10.
- Offering proof of insurance that is found to be fraudulent may result in a fine of up to \$5,000.
- Get two or three insurance quotes. Ask family and friends for insurance company recommendations. Talk to the insurance agent about what type of coverage to obtain and

what type of deductible to have in place. The deductible is the amount you have to pay before your insurance company pays a claim. The higher the deductible, the lower your insurance premium. Make sure you have the deductible saved in your cash reserve.

7. Maintenance

- Oil changes are very important. Do this based on the recommendation for your car, usually every 3000 miles. For newer cars it may be every 5000 miles. If you have this done for you, the mechanic should check your air filter as well. If you buy a used car, check the oil every month to make sure your car isn't burning oil.
- Check tires and brakes. Make sure they aren't too worn. This can cause safety issues. Also, you should have your tires rotated every year. Be sure to check the air in your tires. Having the proper amount in your tires keeps the car safe and maximizes gas mileage.
- Wash your car occasionally, especially in the winter to get the salt off.