

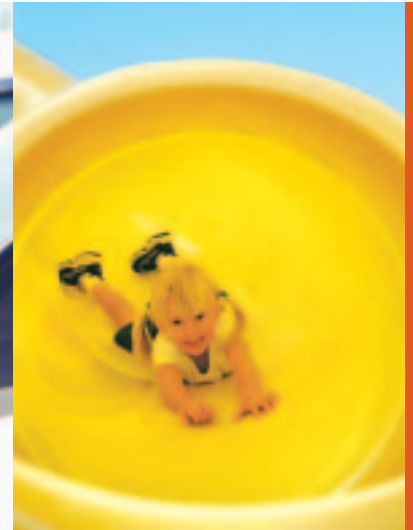
WHAT AUTOMOBILE DEALERS DO FOR YOU AND YOUR COMMUNITY



Presented by



www.nada.org



AUTOMOBILE DEALERS AND YOU

YOUR STEP-BY-STEP GUIDE TO BUYING A CAR

There are many options available for purchasing and financing a new car or truck today, but some things never change. Finding the right vehicle at the right price is still the main objective. A new car or truck is one of the most expensive and important purchases consumers will ever make. Taking the time to prepare for and understand the buying process will help you get the vehicle you want at the terms that are best for you.

Many consumers are turning to the Internet to find the answers to their preliminary questions, and then visiting their local dealership. The National Automobile Dealers Association (NADA) and its 20,000 dealers have helped prepare this guide—not only to make your purchase as easy as possible, but to make your experience with your vehicle as pleasant as possible.

Assess Your Driving Needs

As with any major purchase, knowing what you want and what is available makes the buying process much simpler and more enjoyable.

Assess your transportation requirements before heading to the dealership showroom. A quick lifestyle assessment can point you in the direction of the vehicle most suited to your needs—whether it's a sports car or a sport-utility vehicle (SUV).

Do Your Homework

Once you've decided what type of vehicle you are looking for, it's time to do some preliminary research on the makes and models that interest you. This will not only facilitate the buying process, but will enable you to get the best deal and make you sure of your final purchase decision.

No one would buy a house without first researching the area, the market and the home itself, and the same rules apply when purchasing a car or truck. Helpful consumer automotive publications can provide comparison information on vehicles within specific categories. These publications allow you to compare different cars and narrow your choice of individual models, features and options. They can also offer

information about frequency of maintenance and passenger comfort, among other features of today's newest cars.

When deciding on the type of car you want to buy, compare such factors as safety and reliability, fuel economy, theft rates and options.

AUTOMOBILE DEALERS IN THE COMMUNITY

NADA's Role in Our Communities and Our Economy

Auto dealerships play a significant role in our nation's economy, accounting for 21.7% of total retail sales in the U.S., generating \$679 billion in total annual sales last year.

In addition to playing an important part in our nation's economy, automobile dealers are generous community leaders as well. New-car and -truck dealers and associates donate to the National Automobile Dealers Charitable Foundation to help communities large and small across America. Their charities range from emergency relief funds to medical grants.





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Safety and Reliability: All new vehicles offer air bags on the driver's side and the front passenger's side. Consumers can compare the relative crash safety of vehicles within the same size and weight class by contacting the National Highway Traffic Safety Administration (NHTSA) at www.nhtsa.com or at 800-424-9393. A car's accident history, based on the frequency of medical claims filed by various car makes and models, is available from the Highway Loss Data Institute (www.carsafety.org).

Fuel Economy: According to federal law, there must be an Environmental Protection Agency (EPA) label on the window of every new car. The label lists the model's average fuel economy for city and highway driving according to EPA tests. The average fuel economy across the board is now more than 28 miles per gallon. With affordable and environmentally-friendly hybrid electric vehicles (HEVs), fuel efficiency is increased by at least two times that of a conventional car.

Theft Rates: Certain cars have a higher risk of theft than others, and the insurance is consequently higher for these vehicles. Data on the frequency of car thefts can be reviewed through the Highway Loss Data Institute.

Options: Many options are available for cars and trucks, such as air conditioning and power windows. Some options can be purchased separately, while others may only be available as part of an "option package." Use publications to compare the cost and availability of different options. Prioritize the options most important to you before visiting a dealership, and have a list ready of all those you would like for the vehicles that interest you.

Surf the Web Before You Hit the Road

Manufacturers' Web sites often contain a wealth of information that can assist consumers with their car or truck purchases. The Web site for the NADA (www.nada.org) offers helpful information about buying and financing new and pre-owned vehicles, and provides access to dealers, buying guides and an online inventory of over one million new and used cars and trucks.

Internet usage is on the rise with automobile consumers. Recent studies show that 32 percent of consumers buy their cars within the same month of viewing a manufacturers' Web site, and 37 percent make the purchase between one and six months of viewing the site.* The following information and services can be found on most manufacturer's Web sites:

- Model overviews
- Financing options
- Dealer locations
- Payment estimator
- Budget calculator
- Available accessories
- Credit applications

*Source: 2002 Friedman-Swift Associates

AUTOMOBILE DEALERS IN THE COMMUNITY

John F. Bergstrom, *Bergstrom Chevrolet-Buick-Cadillac Inc., Neenah, WI*

Bringing the Performing Arts to Appleton, Wisconsin

The Fox Cities community in Wisconsin looked to its local theaters for cultural enrichment, but longed for something more. It wasn't an easy task, and it would take several years of fundraising, but with John Bergstrom, a strong community leader heading the project, the dream became a reality in 2002.

The Fox Cities Performing Arts Center, a \$45 million facility, has been a success since it opened, featuring Broadway plays such as "The Producers" and performances by the Boston Pops and Tony Bennett. The center has brought the best of the performing arts to the community of Fox Cities, for audiences both young and old.



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Final Considerations

Do some detective work as well. Compare models and prices in advertisements and in dealer showrooms to get a feel for the price range of a particular car. Visit Internet sites that discuss new vehicles and prices. Ask your friends about their car purchasing experiences, and how satisfied they are with their vehicles.



Dollars and Sense

Once you've determined the cars you are interested in, it's time to review your finances and decide on the amount you will be able to spend on a new car or truck. If you need to finance your new vehicle, a realistic examination of your budget will allow you to determine how much you can allot for monthly payments.

Trade-ins: You can find out the value of your old car by looking through the NADA Official Used Car Guide at your local library or bank, or online at www.nadaguides.com. While selling the car yourself will probably net you more money than trading your old car in, many consumers appreciate the ease and convenience of a one-stop transaction, along with eliminating the hassle of dealing with another buyer. The best way to determine the actual value of your trade is to visit more than one dealership in your area.

Shopping for a New Car or Truck

After all your research and soul searching, you should have a clear idea of how much you can afford, and what model and options you want. Now it's finally time to go shopping. Five major factors to consider while shopping include: the dealership,

advertising, actual sales price, warranties and incentives.

The Dealership: One of the most important parts of the buying process is the dealership. Choose one that will be convenient to return to for service, and if possible, one

that is recommended among friends and neighbors. Your experience at a dealership should be a pleasant one. You can check on a dealership's reputation with the Better Business Bureau or a local government consumer office.

NADA has developed a code of ethics and has launched a national campaign to encourage all NADA members to adhere to the new standards and principles. This code helps the buyer since it clarifies the standard of business that they should expect from a dealership. You can find this ethics code at www.nada.org.

Advertising: Most states enforce strict laws to protect consumers against misleading advertising. Nonetheless, still keep your eyes open. Read the fine print, and remember that if it seems too good to be true, it probably is.

Actual Sales Price: Automobiles are the only consumer items required by law to carry Manufacturer's Suggested Retail Price (MSRP) stickers, although prices can be negotiable. The sticker can be found on the window, and it displays the base price of the model, manufacturer-installed options, transportation or freight charges, and the total MSRP. The MSRP sticker also offers guidance for negotiations. The negotiated final price may be higher or lower than the MSRP, depending on the demand for the particular model you are interested in.

Warranties: New-vehicle warranties have become an area of competition between auto companies, creating the wide variety of warranties available today. It is important to

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Marine Toys for Tots Foundation



AUTOMOBILE DEALERS IN THE COMMUNITY

Martin NeSmith, NeSmith Chevrolet-Oldsmobile, Inc., Hinesville, GA

Making Children a Priority

Few things are more rewarding than a child's smile. Through the Marines Toys for Tots program, community leaders like Martin NeSmith are able to work with the Marines to make sure that more children in Claxton, GA, have a reason to smile over the holidays, by contributing money, toys and time for the little ones in the community.



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understand exactly what the various types of warranties entail.

Be sure to consider:

- Length and terms of coverage
- What repairs are covered and who performs them
- Who pays for the parts and labor

Incentives: Many auto companies use incentives to attract buyers to their showrooms. These include leasing programs, cash-back rebates, cut-rate financing and option-package discounts. All represent solid savings off the MSRP.

To Lease or Not To Lease?

The number of consumers leasing rather than buying vehicles is increasing. There are both advantages and disadvantages to using a leasing option:

Leasing Advantages

- Monthly payments on a lease are usually lower than monthly finance payments on the same vehicle
- You can return the vehicle at lease-end and pay any end-of-lease fees and charges and “walk away”

Leasing Disadvantages

- You do not own the vehicle, and at the end of the lease it

must be returned. If you have a purchase option, you may buy the vehicle for the additional agreed-upon price

- If you exceed the mileage limit in the lease agreement, you may have to pay additional charges when the vehicle is returned

Consumers Who Lease

Leasing options are particularly attractive to people who:

- Trade their cars at regular intervals
- Use their cars for business
- Need a car for a limited time period

The dealership salesperson can help you with your decision by showing you on paper the financial difference between leasing and buying the same vehicle.

Shopping for a Pre-Owned Car or Truck

Buying a pre-owned vehicle can be advantageous for many reasons:

- Lower prices as used cars are normally 20 to 30 percent less expensive than new cars
- You will save money on insurance

Before you buy a pre-owned car or truck, however, do your research just as you would with a new car. A good place to

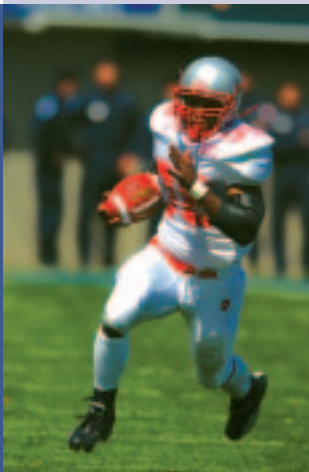
start is www.NADAguides.com, a comprehensive used-vehicle Web site that provides consumers with one-stop information and values for a full range of vehicles. In addition, you could sign up with Carfax (www.carfax.com) and purchase a vehicle history report, which can help you avoid buying a car with costly hidden problems.

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Sheilah Garcia, Garcia Auto Group, Albuquerque, NM

Investing in the Future of Student Athletes

The University of New Mexico’s “Lobos,” as its teams are nicknamed, have over 500 athletes participating on 21 varsity teams. The Lobo Club, supported by people like Sheilah Garcia, makes it possible for all student-athletes to participate in the university and the athletic program. Every year about 350 students receive athletic scholarships from the Lobo Club, giving the students the tools they need for academic and athletic success.





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Certified Pre-Owned Vehicles

Buying a certified pre-owned (CPO) vehicle from a dealership takes much of the guesswork out of buying a used car, and gives buyers a high level of assurance and security. CPOs are typically manufacturer-backed vehicles that have been put through rigorous inspections under a variety of conditions. In addition, CPOs typically come with extensive warranties, and are often promoted with incentives not offered with new cars, such as roadside assistance, loaner cars and free maintenance.

- Overall handling and feel of the car
- Safety features
- Visibility through windows and mirrors
- Braking and steering
- A smooth ride in all road conditions

If a spouse or someone else will be driving the car as well, make sure they go for the test drive with you and take a turn behind the wheel themselves.

The All-Important Test Drive

Now the fun begins! You actually get to try out the cars that interest you. Don't pass up your chance to test drive the models you are considering, as it's an incredibly important part of the buying process. The only way to get a proper feel for the performance, handling, ride and comfort of a car or truck is to test drive it. There are plenty of factors to consider during your test drive, such as:

Certified pre-owned vehicles typically come with extensive warranties, and are often promoted with incentives.

The Moment of Truth

After your test drive, the salesperson at the dealership will probably ask you if the car is right for you. There should be no pressure to buy the vehicle or to make a decision you are not comfortable with, and if you are unsure about purchasing the vehicle, you should say so. If, however, you are satisfied that you have found the car you want, then negotiating for the best possible price is your next step.

Show Me the Money

Most consumers need financing to acquire a vehicle—70 percent of all new cars and trucks are financed. Buyers can finance their new car from the dealer, banks, credit unions and other loan institutions. The most common source of vehicle financing is the dealership, and while rates may vary, the dealership continues to be a very competitive financing source.

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Charlie Zook, *Charlie Zook Motors, Sioux City, IA*

Keeping the Community Green

In the 1990s, the residents of Sioux City, Iowa became concerned about the rapid decline of woodlands, prairies and other natural areas in their community. After years of fundraising and planning by concerned citizens like Charlie Zook, a Nature Center was built in 1995 as a multiuse educational and recreational facility that is enjoyed by all ages.



Theresa Kruid

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Negotiating the Finance Costs and Price

When there are no special financing offers available, you may be able to negotiate the annual percentage rate (APR) and the terms for payment with the dealership in the same way you will negotiate the price of the car or truck. This negotiation can occur before or after the dealership accepts and processes your credit application. Understand that your credit history may affect the finance rate you are able to negotiate. The better your credit, the better your chance is of getting a lower rate.

Keep all negotiations separate when buying a car—financing your loan, trading in your old car and making a deal on your new or CPO vehicle—to make sure you know exactly what you end up paying.

Negotiating does not have to be an intimidating process. If you have done your research, you should feel confident that you are able to negotiate a solid and fair deal.

A Car and All the Trimmings

Just when you thought the hard part was over, you'll find there's still more to think about. You may be asked to consider such after-sale items as:

- Additional warranty coverage—extended warranties may reduce the risk of major repair expenses when the vehicle gets older
- Appearance extras such as door guards, floor mats or chemical protectants which may add to the life of the car but will also add to the cost, so think these over before agreeing to purchase extras

On to the Dotted Line

It's time to get down to business. Read your contract carefully—even the small print. If you don't understand a part of the contract, ask that it be explained to you.

While the Internet offers a considerable amount of information on buying a car, signing the contract must take place in person at the dealership. Before signing, make sure you have everything agreed upon in writing, and verify that an authorized representative (the sales manager or general manager) has signed the contract. Finally, don't forget to get a copy of the signed contract for your records. Congratulations, car owner!

Time for an Inspection Already

Before you head out on the highway, inspect your new car or truck carefully,



making sure everything you ordered is there and that it is working properly. The salesperson should go through the owner's manual with you and explain any special break-in procedures as well as routine maintenance schedules.

Seventy percent of all new cars and trucks are financed through dealerships.

Car-Care Basics

Cars today are more complex than ever, and although they are more efficient, they still require routine maintenance service for continued reliability.

Taking your car to a dealership for maintenance and repair services has many advantages. Dealerships have the most-up-to-date service and training, and the latest technical information. Dealerships can also offer manufacturer-certified parts, which will fit and perform best because they are specifically made for your vehicle. Independent repair shops

Casey Galer/Historic Savannah Foundation



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Dale Critz Sr., Critz Inc., Savannah, GA

Preserving Community History

Savannah's Historic District spans 2.5 square miles, making it the largest urban historic area in the U.S. After one of the buildings in the district, the Davenport House, was threatened with demolition, Dale Critz helped spearhead the effort to save it through endowments and voluntary activism. The historic house is now visited by 60,000 people a year.



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are not required to use manufacturer-certified parts. Parts from other sources may not work as efficiently with your car.

Important Safety Issues

Driving safety is something that should concern every driver on the road. The good news is that cars today are much safer than they were 25 years ago. It has been proven that these standards have reduced traffic fatalities by more than 30 percent.

The best way to cut down on deaths and injuries is to make a habit of buckling up. NADA, in a partnership with NHTSA, is working hard to increase seat belt usage nationwide.

Giving Safety a Boost: The importance of using booster seats for child passengers cannot be stressed enough. Motor vehicle crashes are the leading killer of children ages four to 14, and the majority of these cases involve a child who was not properly secured while riding in an automobile. To promote the use of booster seats, the NADA has embarked on a national education and awareness campaign with the NHTSA, called "Boost for Safety: Give Kids a Lift for Life."

Booster safety seats are designed to raise children up so that the safety belt fits correctly, with the shoulder belt crossing the child's chest and resting on the shoulder, and the lap belt resting low across the pelvis or hip area. Children

between the ages of four and eight need booster seats, as they have typically outgrown child safety seats yet are too small to be properly restrained by adult lap-shoulder belts.

High-Tech Careers Available at Auto Dealerships

Whatever the unemployment rate may be, auto dealerships are always hiring. Auto dealerships employ 1,129,600 million people nationwide. With more than 220 million vehicles on the road today, and more than 16 million new vehicles sold each year, qualified people are always needed to service cars and to support and manage new-car dealerships.

Jobs at dealerships range from dealership operations and sales, to service and administration. But perhaps the greatest need is for more auto technicians. The U.S. Department of Labor estimates an annual shortage of 35,000 auto technicians each year through the year 2010. Experience as an auto technician provides marketable skills that travel throughout the country, and a master technician can make a six-figure salary in some markets.

NADA has produced an award-winning video "What's the Deal on Dealerships?" which is available for free. The video, aimed at middle and high school students, explains the many types of auto careers available at dealerships. NADA's Web site offers more information about careers in auto retailing.

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Taking the Time to Give Back

Many automobile dealers believe in giving back to the communities where their businesses have flourished and their employees work. The dealers mentioned in this section were selected from previous winners of the TIME Magazine Quality Dealer Awards (TMQDA). This award salutes the exceptional performance and distinguished community service of new car dealers in America. The program has run for more than 30 years.

For more information, visit www.nada.org

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