

CAR-FU®

vs.

The 7 Deadly Ninjas

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by Peter W. Robinson

Self-Defense for Car Buyers



CAR FU™ *kahr fool* noun 1. Self-Defense for Car Buyers 2. A low-impact/high-yield car buying system 3. The Way to Car Buying Serenity

Special Report

DID YOU KNOW? The NADA has estimated that car buyers are steadily losing ground in vehicle negotiations. They are paying, on average, a higher percentage of the retail asking price than ever before. This can only mean that we have just *given up*, right?

I mean, there is more information available now than ever before, isn't there? In fact, I think there is **so** much more information that it has led to a kind of 'buyer fatigue': "let's just get this over with and go home..." The problem with that attitude is that there is so much more money at stake than folks realize, and these decisions can affect a family's quality of life for years to come. \$50 more a month? \$100 more a month? More? ***Sure there isn't something you could do with that money?***

My frustration on behalf of car buyers comes from knowing that the majority of this 'lost money' is evaporating in places the buyer does not even know about, and so much of it can be avoided by knowing a bit about how the process works and, more importantly, having a foolproof plan to follow. Hey, the process **IS** confusing, make no mistake, these are complex financial transactions.

We would not think of undertaking most large financial decisions without a trusted advisor on our side of the table, so I am here to provide you with the direction and the confidence to routinely execute these deals. You will know what is happening, you will know what is fair, and you will know how to quickly and successfully complete the deal. You will be able to help your friends and your family to save a **minimum** of \$4000 per deal, and more importantly, you will be able to relax and drive, knowing that:

- you have the car you *really* wanted,
- you got a *great* deal on it,
- you have all the protection you wanted, and
- you didn't have to fight or argue or pretend to leave or play any other games to do it. In short, you are DRIVING HAPPY. *What more can we ask for?*

The goal of the **CAR FU: Self-Defense for Car Buyers System** is

Serenity

CAR-FU Self-Defense for Car Buyers vs. The 7 Deadly Ninjas

1) ATTITUDE

Very often, when folks are preparing to purchase a vehicle, they are far more tense and nervous than they are excited and happy. Considering how many times we will buy a car in our lifetimes, we need to methodically and aggressively address this issue.

The reasons for this unfortunate truth can be found within the 'process' of buying, where folks often feel helpless and out of control. During the normal course of their lives, they never experience this kind of demeaning situation, so they resent it and they resent all those who are a part of it. "Car salesmen are scum...Dealers are just out to rip you off..." Who can blame them?

When they begin to research information, there is just *so much* of it that it feels like a continuation of the conspiracy. The aim of CAR FU is to equip you not to do battle (though you will be well qualified to do so), but to make the process work *for* you. By understanding how it all works, how it fits together, you will maximize your opportunities and minimize the valuable time you must spend on the task.

Most of the complaints of car buyers are process-related. They do not know what to expect when they go in, things happen very fast, so many decisions are necessary, and many of these decisions involve thousands of dollars (though it doesn't seem that way at the time!). They feel taken advantage of and abused when, in reality, the dealership has done nothing wrong. It was just a mismatch: A team of relentless sales-professionals, experts at every single sales discipline and technique, versus someone who not only does not negotiate for a living, but also had never even heard of most of these products before. How in the world could it turn out any differently?

Listen, forget about the dealer, forget about the salesman... they have their job to do, and you have yours. Your goals and interests just happen to be a bit different than theirs are! They are not the enemy; they are merely one of the tools you will use to attain your goal...

Interest RATE		6%	9%	12%	14%	17%	19.9%	24.9%	29.9%
\$\$\$	Months								
8000	36	243	254	265	273	285	297	317	340
	48	187	199	210	218	230	243	265	287
10000	36	304	318	332	340	350	370	398	420
	48	233	247	260	270	284	299	324	351
	60	193	206	220	230	245	260	287	315

2) FINANCING

Millions upon millions of dollars are spent each year training Finance Managers to perform something called 'credit union conversion'.

This means persuading you that it makes more sense to use the dealer to obtain your financing. Again, this is not evil, this is just business.

If they can control the financing of the deal, they can offer other products to you that the credit union might not approve or might offer themselves at a sizable discount. The fact that this is such a primary goal for them should tell you all you need to know about how you should proceed.

One great fallacy that is passed around like a nugget of divine truth is that knowing your credit score will somehow help you immensely when you are at the dealership. In fact, it won't help you at all. Interest rates are categorized based on credit score, true, but each bank offers a different rate structure and uses different credit bureau scores. Then they look at other factors like payment-to-income and loan-to-value. Credit scores can easily vary by a hundred points or more between Transunion, Equifax, and Experian, and rates can change daily, so knowing your credit score should be of interest to you, but it is not of interest to them.

Until they run the reports themselves and determine exactly where you stand and what your options are, they won't know what **their** options are. They won't know what you can buy, what you can afford, or how much they should (can) add on to your interest rate as a fee for arranging the loan. When you pipe up with " *my credit score is 665!* " you are telling them that you have no idea what you should be paying for an interest rate.

Go to your credit union and get a pre-approval on a loan amount. Then you will **know** what a good rate is. Sometimes the dealer can beat the rate, most times (>90%), they cannot.

Interest RATE		6%	9%	12%	14%	17%	19.9%	24.9%	29.9%
\$\$\$	Months								
12000	48	280	296	312	324	341	358	389	421
	60	230	247	265	276	294	312	344	378
	72	197	214	232	244	263	282	316	351
15000	48	350	370	391	405	427	448	486	526
	60	288	309	330	345	367	390	430	472
	72	247	268	290	305	329	352	395	439
20000	60	386	412	440	460	490	520	574	630
	72	330	357	387	407	438	470	526	586
	84	290	319	349	370	403	435	495	541

3) VEHICLE SELECTION

Most folks do not realize that they can own the car of their dreams today, and get in front of depreciation at the same time.

When folks buy a new vehicle that falls right off the table in value the very next year, it can affect their financial picture for years to come. Now they are not only paying \$500 a month to the bank, they have also lost **another** \$8000 at the same time. OUCH!

Depreciation affects every car in a different way, at a different rate. Look at the lease-return residual (the amount you can purchase the car for at the end of the lease term) or try looking at what the same vehicles are selling for with some years and mileage on them (more on this next).

That domestic vehicle that is worth about half after a year is still worth nearly half after 2 or 3 years. If you buy it one year old or just over, you have put the depreciation to work **for** you.

Got \$17,000? You might like one of these (as of 02/08): 2005 Audi A4 1.8, 2.0, 3.0, 2004 Audi TT, 2004 BMW 325Ci, 2005 BMW 325i, 2004 BMW Z4, 2004 Infiniti G35, 2004 Mercedes-Benz C230 Kompressor Sport, 2004 Jag S-Type, 2004 Jag X-Type, 2005 Acura TSX, 2005 Acura TL, 2005 Acura RSX , 2003 Lexus I300. These are all great cars that have completed their initial depreciation.

4) RESEARCH

What is a fair price to pay for a car?

Is it the Kelly Blue Book value? What about the Edmunds True Market Value? The NADA number? Black Book? The fact is, it is none of these. Each of these fantastic resources spends millions of dollars researching and crunching all of the available data to come up with their numbers, and each will invariably arrive at a dramatically different one. Remember this when someone says you paid too much for a car. What do **they** know that the NADA does not?

The best way to value a car is to perform a search for pricing. Seems logical, right? Visit Cars.com or Autotrader.com and enter the year, make, model, and mileage of the vehicle you are looking for in the search box. Include key options in your search like manual/ automatic, or 6cyl. /4cyl. Start your search 'any distance' from your location. If you return 200 results, scroll to number 100 and you have a median pricing nationwide. Then change the distance in the search parameters to 500 miles or so and you have the average in your region.

While the prices listed on these sites and in these publications are negotiable, many of the cars listed are 'loss-leaders', aged units that need to be moved. Take about a thousand dollars for every \$12k from the median price in your region, and now you **know** what a good price is.

Simply put, assuming you have done your due diligence(CARFAX, service records,etc.) and the car is all that it should be, this is a 'good deal' on a car. As in: "Did you get a good deal on your car?" "Why, yes. Yes I did." Period. ***End of story!***

5) OPTIONS

You must never be surprised by anything you encounter at a car dealership.

Too many people, nearly ALL, arrive in the finance office thinking that they have survived, it is over, just print the paper and they will sign and go home. They relax *juuust* a little bit, and by the time they stumble out of the office an hour later and vomit in the bushes, they are paying a hundred dollars more per month than they were when they went in, which was **already** forty dollars more than they thought they could pay when they first arrived to look at the car!

You need to know about GAP protection, extended warranties (service contracts), Lojack, window etching, proximity alarms, undercoating and paint sealant, etc., because now you are sitting in an office with someone whose income depends on how much you spend with him. He or she will likely be more experienced and prepared and focused than anyone else in the dealership, and is a master at closing sales. You? Well, you will be just fine because you have already decided which options interest you, and you are prepared to purchase them **if (and only if)...the price is right!**

Few people know that these products are negotiable, but they are actually the most negotiable items in the store. The markups range from the dramatic to the absurd, and the finance person is motivated to work with the numbers in order to put some "chalk on the board." Do some research on these items and ask your credit union which ones they will approve.

It is the job of the finance person to offer these options to you, and a strong case can be (and will be!) made that each of them is valuable and should be carefully considered. It is not up to them to determine which ones are for you. Each of us have our hot buttons; some folks really want their car back if it is stolen (Lojack), some people don't care. Just make sure that your hot buttons are addressed, and that you are not surprised by anything in the finance office. Otherwise, it would be fair to say that you are just out there impulse shopping with \$20000 dollars. Right?

6) PLANNING

Okay, no surprises, right?

Better be careful here...

You did the math before you arrived. You figured: decent credit, not great, 9% interest, 60-month loan, \$12000 car. At \$12k, your payment is 247 a month, exactly where you wanted to be. But you forgot about T, T and T and you want a service contract, and you like that undercoating stuff, and....now you are at \$380 a month and driving home and you are mad at the dealership for ripping you off! On any new car deal, there will be a destination fee of several hundred dollars. On any deal of any kind, there will be T, T, and T. Title, Tax, and Tags. For on-the-go figgerin', just add two or three points to your state tax rate, and round up. It is much better to be **pleasantly** surprised. Of course, why would you be doing math 'on the go'?

You need to **already** know all the numbers before you venture into a negotiation of any kind. Don't ever be surprised by the numbers, it is just math. Math works the same for everyone, and you would have arrived at the very same numbers if you had only done the math yourself before you bought stuff...I know you know all of this, but this scenario is absolutely routine, where people are shocked by mathematics in the finance office. **Don't let it happen to you!**

7) EXECUTION

Don't bring the kids, don't forget to eat, don't go when you can't stay for any length of time.

Don't lie about anything; don't pretend you don't have a trade-in. If you are there to work a brand new deal that day, don't say you are "just looking." That implies that you have no idea whether you want a pickup truck or a sports car! If that is the case, return to the beginning and start over. If you just like to "look at cars," that is what a shopping mall is for. At least know the style you are looking for, and use the salesperson to help you find it. He can't sell you anything, anyway. Really. In any medium or larger dealership, he has no authority to even talk about numbers with you, so use him for the tour-guide that he is. In that front-line position, he or she will likely be an eager kid who hopes, *really* hopes, you will buy something. His job is to make you happy and comfortable and deposit you inside at a table. Let him! You already know all your numbers. You just wanted to see, drive, and maybe buy the car. Right?

Bonus: 8) LISTENING

I hope you have enjoyed peeling back the lid a little bit. From this info alone, you will be able to save many thousands of dollars over the course of your car-buying lifetime. To save even more, far more, watch for the CAR FU home study course.

The real goal, very simply, is to help you attain a confidence and serenity toward the process, and eliminate car buying as a torment. I meet people all the time, very successful people, who are driving cars they no longer want because they dread going into the 'belly of the beast'. That has angered me and inspired me to create the course and the system.

Something else I want to change, at least for you, right now: **Don't** listen to what your friends say. If you are a woman, PLEASE don't listen to what your boyfriend says. Why? Because ***they don't know what you know now***. For reasons unknown (or at least too complicated to go into here), some people derive a kind of strange pleasure from implying that they know more than you do about car buying. If someone-*anyone*- tries to tell you that he could have saved you thousands of dollars, blah, blah, blah, just ask him how he does his pricing. Or how he decides what a good interest rate is. Or how he determines the perfect vehicle. Or which of the aftermarket options he prefers, and what he thinks you should pay for them. Ask him how he computed the depreciation rate on *his* car...whether he used residual value figures or if he used a cross-section of regional asking prices.

And while you are firing these questions off (each more potent than the last), whatever you do- **DON'T BREAK STRIDE. These people need to be trained!** Imagine going to your friends' new house and telling them you could have got them a better deal! You shouldn't say it even if you know it is true, because it is rude and mean, and **you** weren't raised like that. Don't let anyone ever take one tiny bit of pleasure out of YOUR enjoyment of YOUR car.

DRIVE HAPPY!

Peter W. Robinson is the Pres. /CEO of Movinmetal, Inc. and the creator of the CAR FU system.

Learn more at <http://www.car-fu.net> <http://www.car-fu.com> <http://www.movinmetal.com>

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