



Keeping Michigan consumers safe and informed.

# Attorney General Bill Schuette's CONSUMER EDUCATION



HAPPY NEW YEAR

Happy New Year! Starting with this "WINTER 2018" Consumer Education Newsletter, we are moving from a monthly to a quarterly publication schedule.

Our 2018 quarterly newsletters will be published **WINTER, SPRING, SUMMER, and FALL**.

If you currently subscribe, you do not need to do anything to continue to receive our newsletters.

If you are not subscribed, it is easy to [join our newsletter mailing list](#).

To stay current on important consumer protection issues in between newsletters, we encourage you to [sign up for our Consumer Alerts](#).

In this issue, we provide car-buying tips and resources for savvy Michigan consumers.

There are four basic steps to completing the purchase of a car:

1. Select the car
2. Finance the purchase
3. Insure the car; and
4. Title & register the car.

## 1. Select the car

Test drive any car you consider buying.

Find out all you can about your final selection: has it ever been involved in an accident; are there any recalls; is there a warranty from the dealer or manufacturer; and if so, what is covered?

### Car Buying - Four Key Steps



#### SELECT THE CAR

Test drive and research recalls, accidents, and warranties.



#### FINANCE THE PURCHASE

Shop for financing **before** shopping for the car.



#### INSURE THE CAR

Michigan law requires a no-fault insurance policy which includes coverage for bodily injury & property damages, personal injury, and property protection.



#### TITLE & REGISTER THE CAR

Vehicles driven in Michigan must be properly titled and registered with the Secretary of State ([mi.gov/sos](http://mi.gov/sos)).



Visit the Attorney General's website for more information.  
[mi.gov/agconsumeralerts](http://mi.gov/agconsumeralerts)

## If a vehicle is under warranty, the sticker must state the terms.

There is no such thing as a "verbal" warranty, so don't rely on oral promises.

If there is any warranty make sure you get a written copy of it.

Any vehicle sold "as is" has no warranty; thus, if the dealer or seller promises to make repairs, get it in writing.

There is no "three-day cooling-off" rule that allows you to change your mind and return the vehicle.

**For complaints about vehicles within the manufacturer's warranty**, contact the Attorney General's Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909, or call 877-765-8388.

**For complaints about dealers or repair facilities**, contact the Michigan Secretary of State's Regulatory Monitoring Division, P.O. Box 30046, Lansing, MI 48909, or call 888-767-6424.

## THE DECISION IS IN YOUR HANDS

New, Lease, Certified Pre-Owned, or Used

### New

- Full warranty
- Lower interest rate
- Free maintenance period
- Free roadside assistance
- Can afford fewer features

### Lease

- Can afford more car
- Won't own car at end
- Watch terms to avoid hefty penalties
- Low number of allowed miles

### Certified Pre-Owned

- More to choose from
- Less expensive than new
- Most have some warranty
- Certain level of guaranteed reliability

### Used

- More car for your money
- Higher interest rate
- Shorter warranty
- Obtain complete history



## WHAT TO DO BEFORE YOU GO TO THE DEALER

1. Set your budget and research only cars you can afford.
2. Secure financing; don't assume you'll get a better rate at the dealer who may get a flat rate or commission on facilitating your loan—it is often cheaper to arrange your own loan through a bank or credit union.
3. Know the value of the cars you are considering: use the [National Automobile Dealers Association Guide](#) or the [Kelly Blue Book](#) and research all possible discounts and incentives.
4. Do your research: learn invoice price, accident history, safety recalls, search the car's VIN.
5. Know the law: Michigan's Lemon Law applies only to new or leased vehicles; and there is no Michigan law that gives a purchaser of a vehicle—new or used—a three-day right to return the vehicle.
6. Remember, when it comes to purchasing a vehicle, it is "buyer beware."

## WHAT TO DO AT THE DEALER

1. Take your time: test drive the car, have it inspected, get the history report, and never shop in a rush or under pressure.
2. Ask about any open recalls—even if the car is pre-certified or passes a thorough dealer inspection.
3. Negotiate the price. Dealers should compete for your business.
4. Understand the terms of any warranty, read the entire contract and not just a brochure so you know exactly what is and is not covered.
5. Make sure that any negotiated items like repairs, special features, financing, warranty information, etc., are included in your purchase contract.
6. If you finance at the dealer, read the terms carefully, look for add on costs and never sign a document with any incomplete or blank spaces.
7. Know how and when your old vehicle will be paid off if that is part of your purchase deal; and don't take possession until everything has been agreed on and the paperwork finalized.

## 2. Finance purchase

Experts recommend that you shop for your financing before you shop for your car. That way, you won't have to accept a dealer's terms and you will be in a position to make a better deal if a bank or credit union offers more favorable terms.

Beware of lenders who encourage or suggest it is necessary for you to buy either disability insurance or credit life insurance.

Neither is required by law, and these policies duplicate your other life, accident, or disability policies.

These are insurance policies for your debt, not for damage to your car.

**Credit disability insurance** guarantees to make your car payment if you are injured or unable to work.

**Credit life insurance** pays off your car loan if you die or become permanently disabled.

## Is there a lemon law on used cars?

No, but because Michigan law defines a "new car" to include a car still "covered by a manufacturer's express warranty at the time of purchase or lease," it could apply to a used car that meets that criteria.



If you purchased your vehicle from a used car dealer, you can file a complaint with the Michigan Secretary of State's Regulatory Monitoring Division at 888-767-6424.

## 3. Insure car

Michigan law requires owners and registrants of cars to have a no-fault automobile insurance policy.

Under a no-fault insurance policy, if you have a claim, your insurer automatically pays you for your damages, regardless of fault. For example, if you are in an accident caused by another driver, you would get paid for your losses by your company and the other driver's losses would get paid by his or her insurance company.

You are also required to have coverage for bodily injury and property damages (BI/PD); personal injury protection (PIP); and property protection insurance (PPI). But none of those pay for damage to your car or for theft. For those losses, you need to purchase additional collision coverage and comprehensive coverage.

For financed cars, most lenders require that you carry collision and/or comprehensive coverage or pay for a more expensive collateral protection coverage that will only protect and pay your lender for damage to your car.

## 4. Title & Register

To drive a vehicle on Michigan roads, it must be properly titled and registered.

A motor vehicle title is a legal document that shows who owns the vehicle.

The title and registration provide the vehicle's model, make, and year.

The registration additionally provides the vehicle's plate number and the owner's license number.

Both title and registration require payment of fees. Proof of Michigan no-fault insurance is also required to register most vehicles.

The [Michigan Secretary of State's website](#) explains how to title and register your car whether you buy it from an individual, a dealership, or a family member.

### Tips for buying a car from someone other than a dealer:

- Know the Blue Book value and beware of extremely low prices.
- Avoid anyone who cannot legally purchase or sell vehicles in Michigan.
- Test drive the vehicle and have an independent licensed mechanic inspect it.
- Complete the sale at a police station or Secretary of State Office.
- Verify the vehicle's title.
- Never buy a vehicle without a title.
- All owners listed on a title must sign off as sellers to transfer the title.
- Make sure all vehicle liens are satisfied and attached to the title.
- Check the odometer's mileage against what is on the title.
- Match the VIN on the title to the VIN on the dashboard.

# Spot and Stop Car Buying & Selling Scams

## Spot It:

There is no shortage of scams when it comes to car buying and selling. Both buyers and sellers need to beware.

Here is a list of some warning flags:

- The price is too good to be true.
- The seller and the car are outside Michigan and to complete the sale, payment requires a wire transfer or bank-to-bank transfer of funds.
- A buyer sends overpayment and asks for a return of the difference.
- "Push, pull, or tow" ads offering a guaranteed price on all trade-ins. (The dealer may use incentives and rebates you could have used without your trade to reduce your purchase price.)
- "We'll pay off your trade-in vehicle—no matter how much you owe." (The dealer may roll that debt into your new loan and you now are making payments on two cars and have even more negative equity.)
- The dealer tells you that your credit score is "too low" to qualify for a better interest rate.
- Excessive "dealer prep" fees.
- "Ooops, we forgot to pay off your trade-in."

## Stop It:

Follow these tips to avoid being scammed when you buy or sell a car:

- Don't wire money or use a bank-to-bank transfer to pay for a car.
- Deal locally when buying or selling a car.
- Do not buy a car that you have not seen in person; that you have not test-driven; or that you have not had independently inspected.
- Do not rely on oral promises; get every term of the sale in writing.
- If a dealer promises to pay off any existing debt on your trade-in, get that promise in writing and follow up to make sure it is done.
- Don't trust a seller who says that the deal is guaranteed by eBay, Craigslist, PayPal, or other online marketplace.
- If a seller is vague about details or unable to answer questions about their or the vehicle's location, assume it is a scam and do not complete the transaction.
- Check the vehicle's identification number (VIN) on the engine block and the driver's side door jamb: they should match.
- Always trust your gut and never be afraid to walk away from a deal that doesn't seem right.

## Additional Resources

- [Michigan Secretary of State Consumer's Guide to Buying a Vehicle From a Dealership](#)
- [Michigan Secretary of State Consumer's Guide to Vehicle Leasing](#)
- [Michigan Secretary of State Don't Get Taken for a Ride When Buying a Car](#)
- [Michigan Secretary of State Buying a Vehicle](#)
- [Michigan Secretary of State Selling a Vehicle](#)
- [Michigan Secretary of State Vehicles and Titles Frequently Asked Questions](#)
- [Michigan Secretary of State Owning a Vehicle—Publications and Forms](#)

**If you have a general consumer problem, or want to file a complaint:**

Consumer Protection Division  
P.O. Box 30213  
Lansing, MI 48909  
517-373-1140  
Fax: 517-241-3771  
Toll free: 877-765-8388  
[Online complaint form](#)



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