DEALERSHIP OR INDIVIDUAL?

In Hawaii, both motor vehicle dealerships and salespeople who sell motor vehicles, must be licensed. If you’ve responded to an advertisement and the seller has several cars for sale, but does not have a car lot or a showroom, he or she may be an unlicensed motor vehicle dealer or salesperson.

A private individual can sell cars that have been used for the person’s own personal, family, or business use, but the number of cars a private individual can offer to sell in a year is limited to 3. An unlicensed motor vehicle dealer (sometimes called a “curbstoner”) may flip as many as 20 to 50 cars a year, buying them cheap, fixing them up to look decent, then selling them for a profit. An unlicensed person may pose as the car’s owner so he or she can get around state law requirements that limit the number of cars an individual can sell without a license.

Check licensing. If you’re buying from a used car business or lot, make sure the lot is licensed and that the person you’re dealing with is a licensed motor vehicle salesperson.

Do your homework. If you’re buying from an individual, get as much information as you can and be wary if:

- The vehicles are for sale by the roadside, in vacant lots or at shopping centers.
- The same phone number is listed for multiple vehicles in the newspaper or on Craigslist.
- The seller insists on a cash payment.
- The seller can’t show you the car’s title or offers to register the car for you.
- The seller admits he/she is a dealer but says it’s a personal vehicle.

Buying from an unlicensed person may increase your risk of being unable to transfer a title. And, what may look like a great deal could actually be a previously totaled vehicle or one with a “rolled back” odometer. While an unlicensed person may not disclose this information, a licensed dealership will provide you with a written disclosure of any material mechanical defects that are known to the dealer. Protect yourself by doing your homework and getting as much information about the car and the seller as possible, and be sure to check complaint history information with the Regulated Industries Complaints Office (RICO), especially if the person you’re dealing with doesn’t have a license.

Before you sign...If you’re buying from a dealership, be sure you have an entire copy of the contract and review it. If you don’t understand something, ask the salesperson to explain it. A sales contract may include additional fees, like extended warranties, guaranteed auto protection (“GAP”) fees, and vehicle theft registration (“VTR”) fees. These fees are optional and you may not want to purchase them. If you don’t agree to all of the terms listed, you shouldn’t sign the contract.

Where do I start? Start by making a list of what you want in your used car. Because inventory may vary, you don’t want to forget you need room for your surfboard before you fall in love with a 2-seater. Consider building a target list of the cars you want to focus on and research them before you start looking. Then, decide how much you can spend. If you’re taking out a loan, decide how much you can afford to pay each month. Try to put additional cash down to help reduce the monthly payment. And, if possible, arrange for financing before you start shopping. Interest rates tend to be lower if you’re financing through a bank or credit union and higher if you finance through a dealership.

A word about warranties. Some used cars may still be under factory warranty from the vehicle’s manufacturer. Most new cars will have at least a 3-year/36,000-mile bumper-to-bumper warranty. So if you buy a car that is a year old with only 15,000 miles on it, you’ll still have, at a minimum, 2 years and 21,000 miles remaining on the warranty. Make sure you understand what may be covered by warranty, the length of coverage, if there are deductible amounts, and, what will be required to transfer the warranty (especially an extended warranty or a long-term powertrain warranty) to you.

A car sold “as is” is not covered by any warranty and you will responsible for any repairs that may be needed. Make sure you get any promises that are made to you in writing. Verbal promises may not be enforceable.

“Factory certified” pre-owned are inspected by the manufacturer and come with a warranty from the manufacturer. “Dealer certified” pre-owned cars are certified by car dealerships and may not come with a warranty from a manufacturer.

TIPS FOR TEST DRIVES

There are some great used car checklists available on the internet, (like the one at popularmechanics.com). Make a list so you have an idea of what to look for before you hit the road. And, consider the following:

- Make sure the seller has the title for the car.
- Try to arrange the test drive so you have an opportunity to start the car while it’s cold.
- Get in and sit. How does it feel? Check headroom, legroom, and make sure you can reach everything. If you’re petite, make sure you can sit at a safe distance from the airbag.
► Test as much as you can with the car in idle, (like the wipers, turn signals, electric door locks and windows). Don’t feel rushed.

► Turn off the radio. During the test drive, make a point to listen to the engine and to concentrate on the driving experience.

► Try to simulate your normal driving pattern. Do things like go on the highway and take the car up to the speed limit, idle in heavy traffic, and test the car on a steep slope.

► On the test drive, do things like accelerate from a stop, check for blind spots (visibility), pass another car (the car should accelerate and downshift quickly and smoothly), test the brakes, see how it corners, note the suspension (how’s the ride?) and the alignment, and listen for rattles or squeaks.

► After the test drive, be sure to check the exterior of the car, including the cargo room. Do things like check the undercarriage for rust and inspect the tires for even wear.

► Ask the owner if you can see maintenance records. Did the car have scheduled maintenance? Be cautious of a car that has been in a serious accident or has had a major repair, like an engine overhaul.

► Ask about the history – consider carefully if the car has been “salvaged,” “rebuilt,” or bought back through the State’s Lemon Law program. Do not rely on a “clean” vehicle history report. Accidents, lemon law buybacks, or title branding may not show up for months or years, if at all. Consider taking the car to a mechanic for a thorough inspection.

► Once you decide on a car, don’t leave the dealership until the financing has gone through, especially if you’re leaving a trade in.

**RESOURCES**

The Department of Commerce and Consumer Affairs (DCCA) and its Regulated Industries Complaints Office (RICO) offer tools, tips, and services you can use to check out an individual or business, including:

- **Professional and Vocational license search:** Search for information about licensed motor vehicle dealers and salespeople.

- **RICO complaint history search:** Search for information about complaints filed about unlicensed motor vehicle dealers.

Checking out a licensee or business on these sites isn’t a guarantee, but it’s a good step to take that can help you to determine if the licensee or business is qualified to handle your particular job. It’s also one of several steps you can take to protect yourself against unscrupulous or unqualified people. Go to: cca.hawaii.gov/rico/business_online/.

For information about filing a complaint or to report unlicensed activity, call RICO’s Consumer Resource Center at (808) 587-4272 or visit us online at cca.hawaii.gov/rico/.

Neighbor island residents can dial the following numbers then 7-4272 and the # sign:

- Kauai……………. 274-3141
- Maui……………. 984-2400
- Hawaii…………. 974-4000
- Lanai & Molokai. 1-800-468-4644

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