

The Auto Buyer Study: Lessons from In-Depth Consumer Interviews and Related Research



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Supplemental Appendix:
Redacted Interview Transcripts

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AUTO BUYER STUDY

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SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of the interview, just state your first name only.

R: [REDACTED].

M: And can you tell me, [REDACTED], what is the most recent car that you purchased and when did that purchase occur?

R: On [REDACTED] of this past year, we purchased a [REDACTED].

M: Okay. And can you tell me what did you like, if anything, about the experience of shopping and choosing the car?

R: Actually, very little in that it was very difficult to decipher what information was germane and what was not. And the process has changed a lot, not having bought a car for 20 years. I was not up on the latest ways and whyfors for purchasing. I did feel that we had time to drive the car, that they got what we wanted to see ready for us. So all of that was good. But I did feel that there was more pressure than I had anticipated.

M: Hmm. Can you tell me, [REDACTED], you're using the pronoun "we." Who else...?

R: My husband.

M: Your husband and you.

R: Yes.

M: Okay. Very good. And can you tell me is there anything else about the experience that was notable in terms of what you liked and didn't like?

R: Okay. I think the one that I did like was, as I say, the opportunity to ask questions when we had the test drive and to do that sort of thing.

M: Uh-huh.

R: And the offer of help later if we needed it.

M: What do you mean, help?

R: Obviously, not having bought a car in 20 years, technically things are very different. So getting things started, getting things up and running, and finding different places for all the functions. That was very useful. I found the recommendations for ongoing service helpful.

M: Uh-huh.

R: I did not find the five hours that we had to spend at the dealership in any way helpful. I felt, as anybody would I think, that my blood sugar, by the time I had to make some of the decisions was not where it should be. So I think that just the length of time and the amount of information is, and the back and forth, you know, well, we'll think about that, maybe we can do this, all of those things I think are not very helpful.

M: Can you tell me when you reached the dealership, how long did the entire process take from the time you arrived until you left, either with or without the deal?

R: We did in fact purchase. And it took close to 5½ hours.

M: Okay. So you went into the dealership. And from the moment you went in, 5½ hours later, you walked out and you had arrived at a deal.

R: Yes.

M: Did you drive your car out?

R: Yes.

M: Okay. And what influenced your decision to buy the kind of car you bought?

R: Not so much the dealership as the research that I had done prior.

M: And how did you do your research?

R: Both online and talking to people.

M: Okay.

R: And also the fact that since we're in our [REDACTED], this may be the last car purchase we make, if you're practical about it.

M: Uh-huh.

R: And ergonomically, I needed something easy to get in and out of, as well as something that had good safety ratings and that would be easy to drive. I wanted something a little higher. I had previously had, many long years ago, an SUV. And I enjoyed the

experience of a more regular seat, being able to see better, and those things. So those were all important. Plus I did not want to spend a fortune.

M: Now is this your car or both of your cars?

R: It is primarily my car. It is for both of us.

M: Right.

R: However, the primary car has been a [REDACTED], which just had its 24th birthday.

M: Okay.

R: And so this is working into being the primary car.

M: Okay. All right. Very good. And can you tell me who'd you buy your car from?

R: [REDACTED].

M: Okay. All right. Very good.

AGREEING TO A PRICE FOR THE CAR

- M: Now tell me, how did you go about getting to a price for your car?
- R: Well, I am a member of [REDACTED]. We have all of their various insurances and things. And they also have a car-buying program.
- M: Uh-huh.
- R: And so I checked their prices. I found that [REDACTED] is one of the dealers that they endorse. There were several. I also went online and checked things. There were some places where it would have been cheaper, but it was very definitely a “come buy the car” or “order it sight unseen.” And I didn’t want that. I wanted to be able to go and test drive it and all of that. It wasn’t as if I had had one and I was replacing it.
- M: Right.
- R: This was something very new for me.
- M: Okay. Very good. And can you tell me when it came to the experience of actually pricing the car, tell me about that? What was the good part of it? And what was the not so good part of it? Negotiating the price. And first of all, did you know what you should pay for that car?
- R: Well that's why I checked. And it seemed to be within the realm of what it should be.
- M: And where did you check? Like what sources did you check for pricing?
- R: I checked the [REDACTED]. You go and you can check a particular model and a year and a mileage and see what they think is a fair price. I also did some, as I said, online searches, both with dealers and just general searches to see what came up.
- M: And did you buy a...? Is this a new car or a used car?
- R: This is a used car.
- M: A used car. Okay.
- R: Yes. This is a [REDACTED].
- M: Oh okay.
- R: So, new to us, but not new.
- M: Right. So, how many miles was on the car?

R: 24,000 and something.

M: Okay.

R: And that was concerning to me because I wasn't sure what that meant as far as tire replacement. Now, they are much better. It takes longer. But we did... I was not comfortable without taking enough off the price to replace the tires in a couple of years, should I need to do that. So that was the only negotiating thing that we did.

M: So when you say that was the only negotiating thing that you did, do you mean...?

R: As far as okay this is the price, but we want you to take off what it will cost to replace the tires.

M: Ah. Okay.

R: Because that is something that's going to happen with this mileage on it. And partly that was simply because it was a practical thing. And truth to tell, I never know whether the price is the price or the price is this is what we hope for. I am not a person, obviously, who buys cars frequently.

M: Uh-huh.

R: So, it was within the realm of what I had seen in my research.

M: And what was the realm, the general amount?

R: I wanted something \$25,000 or less.

M: Okay.

R: And I knew that sometimes there were add-ons. With everything these days, there are bundles. So you may want one thing and end up with four in order to have the one. But I think we're quite happy with how the car is configured. We were told frequently what wonderful condition it was in, what wonderful shape it was in. And to us, it appeared to be.

M: Uh-huh.

R: You know, we are not automotive people.

M: Right.

R: And so... And the Carfax was clean. There did not seem to be any reports of problems. However, we discovered that in fact there was door damage and there was some rust, which they have still not... They have repaired the door. But they did not deal with the

rust issue, which I found very disturbing, as did my husband because the statements were all such that it was wonderful and you could not find anything in better shape. But that was not the case. And I then discovered that the downfall of [REDACTED] is if there is a problem, but it does not go through insurance, it does not get reported to [REDACTED].

M: Okay.

R: So that was a lack in my knowledge.

M: Okay. So what was the original price of the car?

R: You know what? I'll have to look that up.

M: Sure. I think this is the contract with that information.

R: Yeah. \$23,218.

M: Okay. And can you tell me what did you finally pay for the car, the final price?

R: The final was \$25,923 because of their various fees and the title/tax, which was included in that, which is not strictly the car itself.

M: Okay.

R: So for the car itself, it was \$24,103. And then you have all these various taxes and licensing fees.

M: Okay. And I see in your paperwork, we're going to talk about this at some length, but you also bought several different packages. And you referred to that a moment ago.

R: Uh-huh.

M: And is that in that price?

R: No. That is over and above.

M: That is separate.

R: Yeah. I would normally not do that. But at this stage, I don't want to have to worry about things.

M: Uh-huh.

R: And so, we looked at the various ones. We certainly did not buy the most expensive of the packages.

M: Okay.

R: We bought one which we thought would cover those things that were most likely to happen. And so that was a new experience. I had not done that before.

M: Uh-huh. Did the dealer indicate you could get a better price if you agreed to certain conditions, when you were talking to your rep?

R: No.

M: No. Okay. All right. Did you trade in your previous car when you bought this car?

R: No we did not.

M: No. Okay.

OBTAINING FINANCING

M: How did you end up paying for your car?

R: We put \$4000 down and financed the remainder.

M: Okay. And tell me about the financing process. Visualize for a moment. Think back to [REDACTED]. And tell me about how that went from the minute you decided that this was the car, after talking to the dealer rep.

R: Right.

M: What happened after that? How did it work?

R: Then we were ushered into the office of the young woman who handles the finalization of the sale and the financing and the down payment, if any, and also explains the various packages and things that we could do.

M: Uh-huh. And did you decide? Were any of the terms of the deal talked about before you went into the finance department? Or was that only discussed once you went into the finance department?

R: That was discussed when we went into the finance department.

M: Okay. So, with the sales rep, you talked only about the car?

R: Yes. And the price. And as I say, the tire replacement, which they took off. But basically, it was strictly the price and whether or not we would be bringing a trade-in, which we were not.

M: Uh-huh. And whether or not you were putting money down, or no? That was not discussed with the salesman?

R: Yes. Just in order to find out whether we would need to talk to somebody about financing or whether we were going to pay all cash, or partly.

M: Okay. And can you tell me besides the price of the car, what else did you discuss when you went into the finance department?

R: The first thing I wanted to know was what rate they would be financing with.

M: Uh-huh.

R: Because I had previously got approval from [REDACTED], from their car loan department.

M: Ah. And what did they approve you for?

R: They approved... The limit was not an issue. The rate was 2.25%. The one at the dealership was 2.29%. And I thought that was basically a wash.

M: Okay.

R: And partly, I think, we were feeling a tad more down at that point. But I had her work it out on a monthly basis. And it was quite miniscule. And so I decided as opposed to going through the whole telephone, get them to approve it with the dealership, go on to that. The rate was enough similar that it was not an issue.

M: An issue. Okay. And what was the difference? Do you recall what she said the difference was when you had her calculate the difference between 2.25% and 2.29%?

R: I think it was under \$5.

M: A month?

R: Yeah. I mean it may have been a dollar and something. But it was fine.

M: Okay. And can you tell me in addition to having some sense of what you wanted to pay for the car, like you said I wanted to pay under \$25,000 or not more than \$25,000. Did you have in your mind an idea of what you wanted to pay on a monthly basis or not really?

R: The reason that I put down the \$4000 was so that we could have something that would be \$600 or less on a monthly payment, which we did have. I looked at leasing for that reason because you can get them much less of a monthly payment. But then there is the lease agreement payment that you have to make at the time. And then you get to do it all over again. We tend to drive our cars for a long time. So it seemed to me that this was going to be, for us, the better decision. It may not have been, but...

M: Okay. And can you tell, so you knew the rate was going to be 2.29%?

R: Yes.

M: You wanted to get it under \$600. What did you get in under for your monthly payment?

R: \$559.

M: \$559?

R: Which included the various packages that you're talking about.

M: Oh. Okay. You mean the added packages that you got?

R: Yes.

M: Okay. And has that been the rate? Was that the rate on the contract you signed? And is that the rate today that you pay on a monthly basis?

R: Yes.

M: Okay. And when filled in... Well, did you fill in the paperwork or did your financial, the person at the dealership in the finance department, fill out all the paperwork?

R: She filled out the paperwork. However, we were looking at copies and giving her the answers. And then we checked everything that she had filled out.

M: You did.

R: And I tend to actually read things.

M: You did. Okay. And was there anything missing? Like were there any blanks that you recall seeing on the contract, at the time?

R: I do not recall.

M: Okay. All right.

R: I need to go back over it and make sure.

M: You're recalling a lot, considering you bought in [REDACTED]. So okay. You covered all of this. At any time did you negotiate any part of the financing at all? Like when they told you the rate was 2.29%, did you think that you could negotiate that rate? Did you not think that? How did you respond?

R: Well, since I knew I had the 2.25% available, and if I wanted to spend the time to get that organized with the dealer. I wanted to make sure that the term of the loan was the same thing because you can say fine; the payment is thus-and-so. But if that's for a different term, then it doesn't work. And it could have been a lesser rate, but it would have been also for a lesser time period, logically enough. And I wanted the flexibility to have it more than 48 months, but to be able to pay extra on it if I wished to close it out and not have any penalties.

M: Okay. Very good, [REDACTED]. So tell me again. How many months of a loan did you want?

R: Sixty.

M: You wanted 60.

R: Uh-huh.

M: Did you request that?

R: No. I said that is what I had thought, but I'd like to see what their figures were if you had 48, 60, and 72.

M: And did they show you those differences?

R: Yes. Yes.

M: Okay.

R: And they also, as I say, assured me that you could make extra payments on the principal at any time.

M: Okay. All right. At any time did either you or someone at the dealer mention the possibility of refinancing the vehicle or renegotiating your interest rate?

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: All right. So now let's spend some time talking about your additional products and services. Did the dealer offer you additional products or services? Or did you suggest them?

R: I did not know they existed.

M: Ah. Okay. So they brought it up.

R: Oh yes.

M: All right. Tell me a little bit about that process and how that worked. That happened in the finance department or in the sales department?

R: That happened in the finance department.

M: Okay. So, what was your reaction when they started telling you about these different packages?

R: I was very close to getting up, actually.

(Laughter)

M: Tell me why.

R: Well, I was going; we've already been here for some period of time. And I would just like to finance the car and leave. But it is true, I'm sure, that they're all required by their employers to show everything that is possible to be done. And also [REDACTED], the company, in addition to the dealership, has things that they offer. And that's what these were. And so we had a look at them all. And we chose a bundle, which we thought would be the most useful for us.

M: Did you think at any time that none of these were necessary? Or did you think at any time that thank goodness they brought these up to me because it's a used car and I could use these? Or how did you...? Tell me how you thought, the process you thought about when you heard these?

R: At first I thought, oh dear, he we go again with the usual sales pitches for practically everything you get these days. And I tend not to buy the extended warranties. And I tend not to buy this and that and the whatnots. But I thought this was a major purchase and I wanted... She has to tell me. So I might as well listen and see what they have.

M: Uh-huh.

R: And so we did get a few things, one of which interestingly enough, was one that she gave her experience with, which I assumed is true. But it was a tire protection, meaning if something happens, the tire is replaced. And lo and behold two weeks later, we got a tire punctured.

(Door opens)

R: So I suppose that I feel that it's all right. I'm not sure that these things are necessarily financially beneficial or not. It's very difficult for me, not being an expert in all of this, to say okay well had I not done this, the price for that would be X and I would be better not doing this. But we did take the smaller of the packages and added it on.

M: Tell me, at any time during your discussions at this point in the process, was it offered or did you ask about the ability to just buy one, instead of having to buy a bundle or a package, as you referred to it?

R: Yes.

M: Yes, they did talk about an individual?

R: They outlined individually, but presented it as if you would like this, then it is bundled with that. So that is why we did it that way. It was not really going to be possible to get just cherry-picking different things.

M: So they described these things individually?

R: As a whole, yes. We had a description of each one individually and then how it worked in the three panels on the page, which we read through and decided we certainly didn't need their extreme one. If that happened, we might as well just give up driving entirely. And if we got the lesser one, things that were more likely to happen, would be covered. And so as you say, being a used car, which has not been my experience before, we thought it's all a tossup. And it's like insurance. If don't have it, it's catastrophic in some cases or if you really need it. Sometimes you pay for it and you think oh dear. I'm paying all of this and I have never used it. But you have to have it.

M: Uh-huh.

R: So to us, it was like a little extra insurance.

M: Okay. But essentially, they sold them as packages. They didn't sell the items individually.

R: Not individually. No.

M: Okay. That's what I needed to know.

R: I'm sorry. Too much verbiage here.

M: Oh no, no, no, no. In fact, you are wonderful. You are a wonderful respondent. I really appreciate it. Okay. And you're saying that they did provide fairly extensive information about these different packages.

R: Yes.

M: Because you said that they showed them in columns or something?

R: Plus we asked a lot of questions.

M: You did.

R: And I'm not sure whether all of them were relevant or not.

M: And did they, when they showed you the individual items within the bundle, did they tell you what the prices were for each of those individual things? Or did they just provide you with a bottom-line price?

R: That's in your paperwork.

M: So you want to take a look at it? I think you have some here. I think mine's at this point, organized if you want to...

R: Yeah.

M: So here's the service contract. And you have the tire and the wheel care.

R: Yes.

M: I think there is a dent repair contract.

R: Yes.

M: So here are the two, if you want to look at them. I'll just need them back when you're done.

R: Right.

M: So tell me about it now. Are they itemizing those things or not?

R: Hmm. Certainly not. I mean we have... It would appear to me to be simply the price and the sales tax of it.

M: Okay.

R: I was looking. There was a sheet.

M: How about this one? Take a look and see if you find those prices on that. Because that's your service contract. I mean your (inaudible) contract.

R: This particular figure, the \$885.

(Rustling of papers)

R: It may not be in this particular group of things. Ah yes. There were the different years that we could have chosen, which I had forgotten.

M: What do you mean?

R: We could choose it for 1, 2, 5, 6, 7, whatever. And we chose 7.

M: Okay.

R: We thought if we were going to do it, we might as well do it. And so yeah. We just found that the tire care and the dent care and the windshields were things that were more likely to happen.

M: Uh-huh.

R: And comparing what they call they were [REDACTED], which is as long as you take the car there for servicing, various and sundry routine things are covered.

M: Uh-huh.

R: We felt that those were, hopefully dovetailing. These would not be covered and would be something that it might be useful to have.

M: Okay.

R: So I probably got these all out of order for you.

M: No. That's fine. As long as they're together, that works. Okay. And so you would say, I am assuming then, given our discussion up to this point, that the add-ons were included with your knowledge.

R: Yes.

M: And you were well-aware of it when you were signing your paperwork.

R: Oh yes.

M: That you had chosen those things.

R: Yes.

M: Okay.

CONTRACT AND POST-PURCHASE

M: All right. Let's talk about post-contract for a minute. Did you have an opportunity to review your paperwork before signing it?

R: Yes.

M: Okay. And would you say, what kind of review did you give it? You had been there a long time. Did you read it?

R: Truth to tell, I tend to read pretty much everything. However, I must say that after five hours, it may not have been as detailed an examination of it as we would have thought. However, we did... Part of the reason it took five hours was that we asked a lot of questions as we went along. So I felt that by the time we got to that point, I was pretty aware of what was being entered and why it was being entered and what we were going to be liable for.

M: Okay. So in looking at the sales contract right here on the second page, would you say that you went through all of this information?

R: Yes.

M: And would you say at any point in time that any of those spots on that page were blank? Or were they all filled in?

R: Hmm. To tell you the truth, I'm pretty sure that this is as it was.

M: Okay.

R: I could have missed something. It's entirely possible. Yeah. I don't... Let me look at it. These are the things I expected to see.

M: Okay.

R: And sometimes you see what you expect to. And you don't... And you miss something that you don't. But that's to the best of my knowledge.

M: Okay. We'll go through it in a little bit more detail in just a minute.

R: Okay.

M: Let me ask you this. Have you had any contact with your dealer since you purchased the car?

R: Yes. I have.

M: Can you tell us? Share with us.

R: I have had a couple of different contacts. I noticed about, oh I would say a week to ten days after we had had the car, that there was a dent on the rear passenger door. I was not at all sure when that had happened.

M: Uh-huh.

R: In that I go in and out of the driver's side door and don't tend to walk around the car every time I get in. I thought that perhaps it was the height that could be consistent with something happening in a parking lot, you know, a shopping cart, something like that or somebody banging it. There was no other sign of paint on it, different shade or anything. So I called to find out who I should speak to about it. I first called my insurance agency, [REDACTED], and described what I thought had happened and said what is the best order of things to do here. And they suggested I see the dealership first. And then if it seemed necessary, contact the insurance company and the adjustor, etc. So I did that. We bought the car from their [REDACTED] location, because that was where the cars that we were interested in seeing were.

M: Uh-huh.

R: However, we wanted to be more associated with the [REDACTED] one, since it's closer to our home in [REDACTED]. So I found the person that I should speak to there, made an appointment, took the car in. And I must say, they could not have been more pleasant and helpful.

M: Now this is the [REDACTED] one?

R: No. This is the [REDACTED].

M: Okay. This is in [REDACTED].

R: Yes. And this is their service section.

M: Okay.

R: And we spoke to a gentleman by the name of [REDACTED], who heads up their service department at that location. And I told him what had happened. And he came and had a look at it. And he went, hmm. I'm not at all sure about this. I think this could take a fairly major repair. So, more than you would think because of the difficulty in the location and there's a slight curve in the door, etc. So he said this is the person that we use for any kind of collision repair, any damage. And I suggest that you contact him. Have him have a look at it. Let us know. We'll see, give you feedback. But he said I think you're going to have to have the whole door panel replaced because it's going to be tough.

M: Okay.

R: So, I did. I went to see [REDACTED], who was very thorough. Looked at the whole thing, took pictures of everything, and discovered that there was also rust along the door. And he said this definitely did not happen after you bought the car. This is definitely a preexisting condition.

M: Ah.

R: And he said I agree with [REDACTED], who told you that it would probably be better to replace the panel. But he said he would give me an estimate for strictly repairing the problem or replacing the panel because my need was I would rather if I needed to pay for it or anybody, I would rather pay for materials and have them...

M: Okay. So...

R: And have it really done right. So I then sent this to [REDACTED]. I finally found who to send it to.

M: At [REDACTED]?

R: Yes, because... Well I found that he is the senior [REDACTED]. And I had been sending it to the wrong one. And so I sent him this. And I sent him an email. And I said that... And you've got a copy of that. I said I really do feel that this should be taken care of because it is a preexisting condition. I understand that I bought a used car knowingly. But it was presented to us as something which was in unusually great condition.

M: Right. And did any of the coverages you buy protect you?

R: No. And so I thought, hmm. So anyway. We went back and forth about that a little. And he agreed to fix it.

M: Uh-huh.

R: But not the rust. So we're still talking about the rust. So he did not have the panel replaced.

M: He just fixed it?

R: I sent them the estimates of the precise things needing to be done. And this is a company that they have worked with a lot. But they sent it someplace else. And one of his people said ah well, yes. You know, the big guys have agreements with one another. So that's why I'm sure it went over here.

M: So the end result of this is that the surface of it is repaired, by the rusting in the panel...

R: Is not.

M: Okay. And so how do you feel about that?

R: Hmm. I feel that I would never consider them should I want to buy another car. I would tell people without reservation my experience.

M: Okay. And can you tell me at any time during this process did you even think about canceling the deal that you had?

R: Well, the problem is the right of rescission, as I understand it in the [REDACTED], is three days.

M: Oh. Okay. And this was beyond three days.

R: Yes.

M: Okay. Okay. And can you tell me at any time did they talk to you about placing a tracking device on your car? Did anybody ever bring up a tracking device and activating a tracking device?

R: Yes, the [REDACTED] device. And we did not avail ourselves of that.

M: Okay. So that was just one of the options they talked about?

R: Yes.

M: Okay. Thank you.

OVERALL UNDERSTANDING

M: So now we're going to spend some time with the documents that you have. So let's look at this one because this one is the retail installment contract. So, can you tell me first, point to the part of the document that shows your monthly payment for me?

(Rustling of papers)

R: Good grief. I'm beginning to think I was less cognizant than I thought. Ah. Here we are. Yes, \$559.97.

M: Okay. And can you tell me did you have a different understanding when you bought the car of what you would pay? Or was this the amount that you expected to pay?

R: This was the amount... You're talking about the monthly payment.

M: The monthly payment.

R: Yes. It was.

M: Okay. And can you tell me, point to the interest rate on the car and tell me what it is?

R: Oh. Here we are, 2.29%.

M: 2.29%. And again, my question is did you have a different understanding when you bought the car? Or was that what you expected?

R: That was what I expected.

M: Okay. And in terms of the length of payment, can you tell me where you find that information, the length of it?

R: I just noticed that. Hmm.

M: How long?

R: Sixty month. I know. But I'm just looking for the right... Ah here we are. There we go.

M: So you found it?

R: Uh-huh.

M: Okay. And again, was that what you expected?

R: Yes.

M: Okay. And then can you point to the down payment that you made on the car?

R: Yes. \$4000.

M: Okay. All right. And that was what you expected you were going to be putting down on your car?

R: Yes.

M: It's not different from what you expected.

R: No. It's not.

M: Okay. So in summary, I'd like you to tell me how easy or difficult do you find that paperwork that you're looking at here?

R: I don't find it difficult. I do this infrequently. So it takes me a while to find things. But it's not necessarily the fault of the paperwork.

M: Okay.

R: It may be just my being unused to these particular forms.

M: Okay. And did you read the fine print at all?

R: I tried to read as much of that as I humanly could.

M: Okay. All right. And can you tell me did you in fact get a document called a "spot delivery document?"

R: I don't know. Let me see if I have it in here. I don't know if I saw that.

M: Do you know what a spot delivery contract is?

R: I don't know that. No.

M: Okay. So a spot delivery document is, it occurs when the dealer allows the car-buyer to drive off the lot with the car on the spot when the sale and the financing are technically not yet final.

R: Ah. Well, since we finalized everything before we drove the car home, I guess I probably do not have one of those.

M: Okay. And...

R: Because the only other thing would be to test drive it. And obviously, the salesperson is with you at that point.

M: Okay. So let's now talk about the add-on menus. Okay?

R: Okay.

M: You looked at this initially. And this is the other one. So these are the two. So tell me about these add-ons.

R: Okay.

M: How much did you pay for your premium care package?

R: This... Let's see. That is not listed right here. I think that was on the previous page.

M: Okay. So which one do you have in front of you now?

R: I now have the one that lists the, part of it was cut off, the premium care, \$47.58.

M: Okay.

R: Sales tax, \$142.

M: Okay. And I think your premium maintenance? That might be... This is your premium maintenance? This is a whole other one.

R: Yeah. As you can see it was a little confusing at the time, and it still is.

M: Right. Okay. Did they discuss these prices with you? This is the care protection. It says \$938.10 as the total.

R: That's not the same as I'm looking at here.

M: No. Not here. I see... Here. Take a look at this contract and tell me what you see there.

R: Okay. Premium maintenance, premium care is \$47.58, premium maintenance, \$39.45.

M: What's the difference between those two?

R: At this point, I do not know. I must be honest with you. I would have to go back and look at all of the descriptions.

M: Okay. And can you tell me when you were discussing these special programs, these added services and options, did you price those? Did you know what to expect pricing-

wise with those things? Or like, you know, you said you did all this research. And you...

R: Well that was only on the car.

M: Right.

R: I didn't know about the existence of these.

M: Okay.

R: So this was all new to me at the time.

M: Uh-huh. Okay. So you didn't price these plans.

R: No. So I have no information other than that presented at the time.

M: Okay. Okay. And did you and your husband feel that these were reasonable costs for these programs that they were describing to you or detailing to you?

R: Not necessarily. We felt that we didn't really have enough information of our own to be able to discern that.

M: Uh-huh.

R: I did ask the question a couple of times in a couple of different ways about just forgoing this altogether and thinking about it and giving them a call back in a couple of days, to see whether we would like to amend, because we could then either purchase them with a credit card or a check or whatever, and not roll them into the price of the car.

M: Uh-huh.

R: But again, it was one of those "now or never" kind of situations, which upset me greatly. But after a while...

M: And when you say it was a "now or never," what does that mean?

R: Meaning I couldn't forgo and then activate.

M: Oh. So they said no you can't do that.

R: That's right.

M: Oh. Okay. They said you have to do it now.

R: It's either now or you don't do it. And we really sort of had to... I know this is illogical. But you sort of had the feeling of I drive out of here and something happens and I'm done, you know. Totally illogical. I like to think of myself as a reasonable person. But I am not sure that I really took onboard all of these details.

M: Okay. Fair enough. And would you say you and your husband are similar in that way? Is your husband sort of more likely or less likely to...? I'm going to take that one, too, so I don't miss it. More likely or less likely to do that kind of analysis as you're sitting there?

R: He is very hopeful that I will take it in hand.

M: Okay.

R: I'm not using age as an excuse. But I'm ■■■. He is ■■■. He has obviously many wonderful qualities or I wouldn't be married to him. But liking to analyze things and deal with numbers and options is not one of the things that he likes to do.

M: Okay.

R: And the last time he bought a car, he was, this was before, long before we were married. And he was a diplomat and they told you where you could go if you wanted to buy a certain car and how much it was. And you did that. So, he has never experienced any of this.

M: Okay.

OVERALL EXPERIENCE

M: So can you tell me as a final thing how you would overall consider your experience with regard to purchasing and financing your car, as a last question for today?

R: It's a two-part answer.

M: Okay.

R: I feel that the young lady who was helping us with the financing was doing her job and was trying to explain things. However, I felt that the whole experience was somewhat pressurized.

M: And what made it feel pressurized do you think?

R: I think largely the concentration on this kind of used car condition and mileage does not come up often (inaudible). However, it was a very nice car. And it was the kind that we wanted. And we had gone to a couple of places before; just to have a look at things and test drive them and see what we felt was good.

M: Uh-huh.

(Door opens)

R: I did ask about the mileage because I was concerned about that. But I was terrifically reassured on that, on the condition part. So I feel, given that plus the not being able to think about the various extra options and let them know, were pressurizing situations and negatives on that.

M: Uh-huh.

R: I feel that the people in the service department whom we met subsequently, I would rave about. They were very helpful, very much concerned. As a matter of fact, I found out later that the gentleman, [REDACTED] that I mentioned to you, actually brought up our situation in a management meeting because of that. So I feel that the following along was good. I feel that the experience itself was something that I hate to admit, but I think it was sort of they saw us coming.

M: Ah. Let me ask you this last question. Did you purchase tire and wheel care? And where was this on the contract?

R: That's part of the... Tire...

M: And wheel care.

R: That was in...

(Rustling papers)

R: Okay. That I think has them delineated. The last one doesn't.

M: This one?

R: Okay. I believe whatever would be off here... This is... There were two choices here, as the tire and wheel. And as I understood it, the tire was also wheel, but it does not say "wheel" here of course. So...

M: And so the question is where on the contract? So here's your contract. Where on the contract with the costs, which appears to be I think \$938.10?

R: That is... Okay. That's interesting because I only see additional items, \$885, without an explanation. Unless it's over here.

M: Well this does say \$885, and then sales tax of \$53.10. So maybe that's...

R: But why would you not have the sales tax included on the final purchase price? Maybe it's included in the \$261.09 tax. But I assumed that was strictly for the vehicle. Interesting question.

(Laughter)

R: Let me go back and redo this whole thing.

M: No. You did a great job. It is a lot. I will say that. Okay. So any parting words of wisdom for me?

R: Well, I think that [REDACTED] should run a purchase...

(Knock on door)

M: Yes. Come in. You can just come in.

M: Okay.

M: Thank you.

R: How to purchase a car and what to watch for.

M: Yeah. She wanted to know where on the retail installment contract. But you pointed to me where you thought it was. Right?

R: The additional items thing?

M: Yeah. This wheel and tire...

R: Well I am making an assumption here that since the figure is the same, that that's what they mean by additional items. But it is not delineated here.

M: It's not stated that that's the... But because the number is the same, you're assuming it is.

R: Yes.

M: Okay.

R: It may be a false assumption.

M: Okay. Very good. Well you've been fabulously wonderful. I really appreciate the time you gave me today and your thoughtful opinions about everything. Thank you very much. I appreciate you coming in.

R: I hope this is useful.

M: It is very useful. We really appreciate it so much.

R: How many people do you intend to have in it?

M: In the study? It varies. This one is about [REDACTED]. Yeah. But it varies. And sometimes they are groups and sometimes they're one-on-ones like this. But because of all that documentation, we felt we had to do it one-on-one. Thank you so much.

R: Thank you.

M: Have a great rest of your day.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

78812 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So, to get started, if you could state your first name only?

R: [REDACTED].

M: Okay. And can you tell me, [REDACTED], what was the most recent car that you purchased and when did you purchase it?

R: It was [REDACTED] I believe. It was [REDACTED]. I think that's the date. And it was a [REDACTED].

M: Okay. Very good. Thank you so much. Congratulations.

R: Thank you.

M: Tell me what you liked, if anything, about your experience and what, if anything, you didn't like about your experience? And this was shopping for and choosing the car.

R: I think what I liked was, at least in this experience, I didn't feel any pressure. When I came to the dealership, I was really just looking, because I was trying to do research on some vehicles. I had done some previous research and went to different dealerships for different brands, not necessarily the [REDACTED]. But I was looking at other brands as well. And it seemed that the person who just happened to come up to me and speak to me wasn't really into pressure. It was really sort of like; what are you looking for? He actually told me right flat out he's like; I don't make a ton of money off of selling a car. So, you know, I'm not going to push or shove you anything. This is really what you want. So, they happened to have a lot of specific specials that day in terms of discounts. So, I didn't feel like I was sort of pushed in a way. But in a way, he just explained to me. Look. I don't know what's going to happen tomorrow. These things sometimes update daily. So while I didn't feel pressure, I did feel like there was a time limit to what I had to do in terms of making decisions.

M: Ah.

R: So that wasn't bad in terms of pressure. I didn't feel like I spent too much time there. I think there was part of the process where we had to go back and do something again, which I thought took a little bit of extra time. But I didn't feel like normally I spend my whole day. I know sometimes you go to a car dealership and you feel like you're there all day.

M: Did you know how long from the time you got there to the time you left?

R: If I recall correctly, I think I went to look at...

(Phone rings)

R: I'm sorry.

M: That's okay.

R: That's going to show up on your thing.

M: That's all right.

R: Let me shut it off now.

M: Yeah. That would be great.

R: Sorry about that.

M: That's all right. Usually my staff reminds...

R: You know what? I had just turned it on when I was waiting. Otherwise, it was off. So I'm sorry. Sorry about that.

M: That's okay. No problem.

R: There we go.

M: Okay.

R: I'm sorry. So where were we? Oh. So I think I believe I came to the dealership, I want to say it was either 1:30 or 3:30. I'm trying to remember. I know it was half of the time. I think it was 1:30.

M: Okay.

R: And I was only going to spend a little bit of time there. It may have been 3:30. Crap. I just...

M: It's okay. It's less about from what time to what time as much as total number of hours that you spent, about.

R: Okay. So I think I left back out of there sometime between 7:30 and 8:30.

M: Okay.

R: But I think that part of the problem was there was... I think it was 7:30. There was just an issue regarding the finance. They had to make some calls or something. And it was getting late, past five o'clock at that point. So, there weren't a lot of people available. So I think that was part of the problem. So, that wasn't as bad I think as I thought it was going to be. I think it was 3:30, now that I think about it. It was 3:30.

M: Okay.

R: So that was all in all about five hours or so. But I test drove the car at the time. I was looking at different cars on the lot. It wasn't entirely just me sitting there waiting.

M: Uh-huh. Let me ask a couple of questions. You said you did a lot of research beforehand.

R: Uh-huh.

M: Exactly what kind of research did you do?

R: Okay. First I went to the auto show.

M: Oh you did?

R: Yes.

M: Okay.

R: So I could actually look at the cars. And I had just had a [REDACTED]. And they redesigned it. And I hated it. So that took it off my list. It was unfortunate. So I left that. So I was looking for other options at the time.

M: Uh-huh.

R: Also within I kind of wanted to spend. I knew I didn't want to a lease this time again. I've done leases the past several times. I switched to purchase this time. But I've done purchases in the past. So, I'm familiar with both now. So I looked at the... I went to the auto show and sat in them and looked at them. I didn't test drive at the auto show. Then I did some research online, sort of what some reviews were done on the cars and the options that were available. I played around with the specific websites for the auto manufacturers and looked at the different options that were available.

M: Uh-huh.

R: Then I went to the local websites and looked at the cars that were in stock in terms of what was available. Because I know you can usually make a better deal with things that are on-hand, rather than doing a bunch of fancy dancing.

M: Ah.

R: So, I did that. And then I actually went and test drove different cars at the local dealerships.

M: Okay.

R: So I did that. And then talked to them a little about what was available in stock or what they could transfer, anything that was feasible in terms of obtaining a car.

M: Ah. Okay. And was there anything negative about the experience of shopping or choosing the car?

R: Hmm.

M: That you can think of.

R: Well, one thing, and I understand, you know, they get shipments sometimes daily. They don't always know. But it seemed to me their website didn't have the true inventory that they had.

M: Uh-huh.

R: But it actually worked out well for me. Because I went and I was looking at a car that I really didn't want. I didn't like the color. I didn't like the interior and some other things. And so I just happened to ask do you have anything else? And he's like; what about this? And so I went to the end. And we got the keys and we looked at it. But there was a delay because it was so new, it just came off the truck two hours before. So it wasn't even in their system.

M: Ah.

R: So they couldn't find the keys. They didn't know where this was and that was because it, I guess the person hadn't gotten to it yet. But it was the one I wanted anyway. So it was lucky.

M: Yeah.

R: So that was a little... I mean it wasn't a big problem. But it was a little, you know, kind of strange. I'm like okay. You've got this in inventory and you don't even know it's here?

M: Ah.

R: I thought that was a little concerning. But if it's new, you know, I understand. Maybe they just didn't get to it.

M: Right. But other than that?

R: Hmm.

M: Were you affected in any way by any ads that you saw with respect to what kind of car you were going to buy? Like did you see ads for...?

R: Yeah. I did. There was a couple... Actually, some of the ads that made me think about were the financing options and the terms and the cash back, those types of...

M: Ah.

R: That's what I was looking for in terms of making the final decision. What was going to be the best deal I could make? And I'm not really a deal person. Like if I want something and it's more, I get what I want. I'm not really one of those like finaglers a lot of times.

M: Uh-huh.

R: But when I was looking at what was available, I thought that was the best choice, especially if I could get something for less than I was looking for something. I just figured that could play in at this time because it made sense.

M: So the ads that you were perusing or looking at were the ads that talked about what specifically?

R: Well I saw some on television that were talking about like [REDACTED] had 0% for 72 months.

M: Okay.

R: And I think they said... I can't remember if they said "and/or." But at first I thought it was "and." But after going to the dealership, I realized it was "or" \$3500 cash back.

M: Ah.

R: So it was the either/or, which I thought was "and," but it was actually "or." Then, like [REDACTED] had one that was 0% for 60 months. But that was by the end of [REDACTED]. So some of them had longer periods, through [REDACTED]. [REDACTED] had one that was through the beginning of [REDACTED]. So there was a variety of different options that I saw commercials. And then when I went to the websites, it reinforced that from different sections. You could click on offers and it will tell you what offers are available.

M: Ah. Okay. Great. Thank you very much.

R: Uh-huh.

M: You told me how long it took. Did you leave the lot with your car that day?

R: No, because I had my lease vehicle. So I couldn't drive two cars.

M: Oh.

R: So I asked if I could keep it there and come get it later. And I think I got it... I got it the next... I think I got it the next day.

M: Okay.

R: Yeah. The next afternoon.

M: Okay. Got it.

AGREEING TO A PRICE FOR THE CAR

M: Now let's talk about the pricing of the car for a minute.

R: Uh-huh.

M: How did you go about getting to a price for your car? Did you negotiate? How did that process go?

R: Well, I didn't actually have to, which is what I kind of liked about it. Because there was a sticker price, which was \$32,000. And they had a sale, you know, like the [REDACTED] sale price of...

M: Right.

R: I think it was \$29,500. But then I had \$3500 cash back. So I paid like \$26,000-something. It was like \$26,200 I think is what it was for the actual price. So, that's like almost \$6000 off the sticker price. So I didn't feel there was a need at that point, you know, to push that issue because it seemed pretty obvious that they were clearly trying to unload inventory.

M: Okay.

R: So that's why I sort of said okay, this seems feasible to me.

M: Okay. Very good. Thank you. So thinking about that part of the purchase, so we're now talking about the pricing of the car.

R: Right.

M: So, what if anything in particular did you like about the experience and what, if anything, did you not like about the experience?

R: About financing it?

M: Not the financing. We're going to get to that in a minute.

R: Oh. Okay.

M: Just establishing the price. Like when they... You saw the sticker price at \$32,000-something. You knew they had this cash-back offer.

R: Uh-huh.

M: Was there anything about that experience, working with your rep at the dealership that you either liked or didn't like?

R: Okay. I did like the fact that I didn't have to sit there and analyze, you know, what the average price was or what the... You know? There are websites like True Car and stuff like that where you can find out in your area what something was paid for. I don't... I like that I didn't have to sort of do a lot of that. They were essentially saying, hey this is the sticker. Hey this is what your price is. This is our sale. So I didn't feel like I needed to overthink it and sort of over-analyze it. Not to say that maybe I couldn't have gotten a better deal. But that seemed pretty, you know, reasonable to me in terms of sale price. So I liked that I didn't have to do a lot of bargaining and arguing and passing notes.

M: Okay.

R: My time, sometimes is worth more than just that, what, you might get a couple of hundred dollars if you can. Sometimes, it just gets too irritating.

M: Uh-huh.

R: So I liked that. I didn't like the uncertainty they had though, about how long something would last.

M: Like what do you mean?

R: Well they talked about, you know, how this [REDACTED] sale ended on the [REDACTED]. And then they said, well, you know, we find out every morning from the manufacturer, you know, from [REDACTED], if we can continue these types of sales for another day. So they said sometimes it's even hourly. Sometimes they call them and say, you know, stop doing this or stop doing that. So I didn't like that sort of, you know, it was kind of unclear. I kind of felt like in that way, oh you better get it now or it's going to be gone. We might not have this special tomorrow and then we're back up to a higher price.

M: Uh-huh.

R: So, I didn't like that in the way that it was unclear about what the real terms were in terms of longevity of the sale.

M: Promotion. Uh-huh.

R: But there wasn't... I guess there wasn't anything else that stood out to me that I really liked or really hated either way.

M: Okay. And I should have asked you at the beginning. Did you go with somebody?

R: No. I went by myself.

M: Okay. Very good. Now, can you tell me what was the...? You said the original price on the car you said was \$32,000-something?

R: As a matter of fact, I can tell you exactly. It's right here on the sticker. \$31,985. So \$15, yeah.

M: \$31,895?

R: \$31,985.

M: 985.

R: Yeah. So \$15 less than \$32,000.

M: Okay. Very good. Thank you.

R: Uh-huh.

M: And can you tell me what was the price you agreed to finally, for the car?

R: It was, I think it was \$26,225.

M: Okay.

R: I believe that is correct.

M: Okay.

R: If my memory serves me correctly.

M: Okay. When we look at your paperwork, we'll confirm that.

R: Okay. That should be the number. Because I recall that's the number that they said. I am right?

M: You're pretty close.

(Laughter)

M: Okay. So we're going to... We'll go over it. You'll reiterate that to me when we get to there.

R: Okay.

M: Did the dealer indicate to you at any time that you could get even a better price if you agreed to any certain conditions?

R: Not that I recall. We didn't have any discussion like that. No.

M: Okay. Did you trade in a prior car when you bought this one?

R: No.

M: Okay.

OBTAINING FINANCING

M: All right. So how did you end up paying for your car?

R: It was financed through the dealership.

M: All right.

R: When I came forward, I knew that my credit union had a specific rate that they could get me for a new vehicle.

M: Uh-huh.

R: So, the number... We went through a couple of different stages of that in terms with the finance manager. But where they came to sort of a percentage and term that I thought was reasonable to me and closely in line with what I knew I could get on the outside, that's when we sort of came to the agreement at that point.

M: And when you said "term," you mean?

R: The term of the loan, five years or six years, and then the rate.

M: Okay. So how long.

R: Yeah.

M: Okay. So you were looking at the interest rate and the term, how long the loan would be for.

R: Correct.

M: And did you stipulate those things? Or did they stipulate those things?

R: Well first, we talked about what the options were that they were looking at. So when they first... The first offer that was made from the dealership in terms of a special was 0% for 72 months. But if you do that, you forgo the \$3500 in cash back, which was part of the \$26,225 number.

M: Uh-huh.

R: So once I said that that... I really didn't need a loan that long. That just seemed sort of, you know, \$3500 when you do the math was more advantageous to me. So the other options were five-year terms and four-year terms. So based on those and in terms of a small down payment that I gave to offset some of the taxes, tags, and everything like that, we were just looking at different numbers from that perspective.

M: Okay. So you said “down payment.” What did you give as a down payment?

R: \$3554.20.

M: Okay. All right. And was that your decision or suggestion? Or did they ask you for that amount? How did that work?

R: No. That was my decision. And actually in retrospect, I probably didn’t need to give them that much money. Because what lowered the interest rate that I was paying was the term, not the value of the loan.

M: Ah.

R: So I just went ahead and did it anyway because I had it. It didn’t bother me to do that upfront because it still saved a little bit of interest charge, you know, over the long-term. More so than you would make in any sort of savings account environment.

M: In this environment.

R: Sure. Correct. So that was really what made the final decision. But what made the rate more attractive was the lower, the term, the fact that the term was less, versus five versus four, I believe was the difference.

M: Okay.

R: Or six. I forget which one.

M: Right. We’ll take a look at the paperwork and you’re going to be able to tell me I guess exactly. What did you tell me? You may have said this. And forgive me if you did.

R: Sure.

M: What was the rate that you think you could have gotten from your credit union versus what was the rate that the dealership gave you?

R: I believe the rate from my credit union, and I don’t think I said what it was, I think was 1.99%.

M: Okay.

R: So, the interest rate I got from them was 2.24% I think or 2.25%, somewhere in that vicinity.

M: Okay.

R: So having to go do that paperwork and spend the extra time and have them hold the car and go through all that process for that small amount of money, didn't make sense to me, especially since I know I pay more than the minimum. So I knew I was not going to go the full term of the loan anyway.

M: Oh you do pay more than the minimum.

R: Oh yes. So, I knew that it was going to be paid off long before the end anyway. So it didn't make sense to me to do that.

M: Okay. Where did you discuss the financing at this dealership? Was it...? Tell me again, was it with your sales rep? Was it with somebody else? And was it in the same location that you did your, you know, selecting your car and all of that versus in some other location?

R: Well, selecting my car was actually done in the lot. So I was able to determine which one I wanted. Then back at the sales representative's desk, we talked a little bit about financing in terms of the options that were available, whether it was my credit union or them. He would go back and speak to the finance manager and come back to me a couple of times about the availability of the 0% for 72 months, the \$3500 cash, everything that worked into it. So we had a couple of conversations on that. But then in terms of the actual numbers and getting down to the basics and the brass tacks I guess, was actually in the finance manager's office.

M: Ah.

R: So I spoke with her directly.

M: Okay. And you said that the thing you were concerned about the most was the term of the loan. And anything else?

R: Well it was the interest rate, the term of the loan, and ultimately what that minimum payment meant in the big picture of the total purchase price of the car. So it was kind of a culmination of all of those things.

M: And what do you mean by minimum payment? What are you referring to?

R: So, for example, you know, if it's a five-year term and you're paying 2.25% or whatever it is, they would say the minimum payment required by [REDACTED], which was the lender, was \$456 a month or whatever.

M: Oh. So you're talking about your monthly payment.

R: Correct. Correct.

M: And that's actually of interest to me. Did you, going in, have some idea of what you wanted to pay a month for the car or not really?

R: I did, only based on my last leasing payment, monthly payment. So I knew I wanted it to be less than that. That was the only...

M: Less than the?

R: My previous...

M: Which was?

R: \$685.10 a month.

M: Okay. So you wanted it to be less than \$685.

R: Correct.

M: Okay. And did you express that to the finance person or the sales person or somebody?

R: No. I didn't. No. I just sort of kept that to myself.

M: Okay. So you were just watching to see what it would come out as.

R: Uh-huh.

M: And as long as it came out less than \$600?

R: \$685.10. It wasn't so much it was less than \$685.10. I mean that was important. But I think I was looking for what the differences were between the terms. So if it was a six-year loan, what would the payment be? With a five-year loan, what would the payment be? And in a four-year loan, what would the payment be?

M: Ah. Got it.

R: But in the grand scheme of things, those weren't big swings anyway. But also, I was thinking in my mind well what if something were to happen where I would need to only make the minimum for a certain period of time, just in case? Would that be feasible. So that sort of helped me plan my decision of making, zeroing in on my final terms.

M: Right. Okay. Thank you very much. Did you or did any individual within the dealer ever suggest refinancing the vehicle or renegotiating the interest rate or the monthly payments on the purchase of the car at any point?

R: No. Not renegotiating. But I know the finance manager made an error. And so she had to cross everything out and redo it. She said wait, I'm looking at the wrong thing. And

so she had to redo the numbers. But other than that, yeah, it wasn't a renegotiation. It was just a reevaluation.

M: And when that happened, was that something you noticed first? Or did she notice it?

R: Well something seemed wrong to me. And I was kind of just looking at it. And I was like, this does not seem right. But before I could say anything, she said, oh wait a second. And then she said, I'm sorry. And then she started crossing... She said, let me redo this. So she crumpled up the paper and rewrote what she was doing on a piece of paper, which made me... Once I saw that, I was like I knew something didn't feel right.

M: Uh-huh. Okay. So there was a hesitation on your part, thinking something didn't feel right. But you didn't say anything. And she noticed it before you had a chance to say anything.

R: Correct. Yeah.

M: Okay. And was all of this happening on written documents or was this happening on the screen?

R: This was on a piece of paper.

M: Okay.

R: So, she was writing down whatever she saw on her screen, which I couldn't see. And she was writing down numbers.

M: So it wasn't on a contract of any kind.

R: No. It was like this.

M: On a blank piece of paper.

R: Blank paper. Yeah.

M: Got it.

R: And it was funny because she must have seen the look on my face, because I'm kind of expressive.

M: Yes. You are. Yes.

R: When you look at me, you kind of know what I'm thinking.

M: Yeah.

R: So she was like, what is this?

(Laughter)

R: So it was probably my look.

M: Yeah. That's my favorite part of my job.

R: Oh, looking at people's expressions?

M: Is looking at the....

R: Well, you can usually tell with me. I'm not that great with a poker face.

M: Well, that's okay. That's okay. I appreciate that actually. Okay. So there was no specific discussion of refinancing at any point.

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

- M: So let's now talk about additional products and services. At any point that you spent at that dealer, did anybody mention to you additional products and services that you could purchase?
- R: Yes.
- M: Please tell me about that whole experience. What was that like? What did you like about it? What didn't you like about it? How'd it work?
- R: So, they brought out this brochure, sort of like this right here. And it talks about... Oh, this might be one of them. Yeah. Well this is something like this, where they give you... Well this talks about rewards. But they have all these different types of things. They have one where it's an extended service plan. And this one is, I don't know. I guess that's... I need to actually read, sort of reach back out to make sure I'm clear on what my purchase entails. But I think it's free oil changes for a period of time, but I have to double-check.
- M: Uh-huh.
- R: Because I don't remember.
- M: So this is a rewards program, this brochure.
- R: Yeah.
- M: But you're saying that they also have it for a maintenance program or something?
- R: Yeah. Extended service plan.
- M: Oh.
- R: ESP I think is what they call it.
- M: Okay.
- R: So they had items like that you could extend for certain periods beyond the manufacturer's warranty of three years, 36,000 miles.
- M: Was there anything else that they recommended or suggested?
- R: I think that's the only thing they had was just this extended service plan. There wasn't... They didn't... They didn't come up with... You know, some dealerships talk about undercoating and all this other nonsense.

M: Yeah.

R: They didn't talk to me about that. They only talked about that specific extended service plan. What did I like about it? I mean it sounds great in theory. But what I didn't like is there's not really like a fee schedule that they sort of tell you upfront. It's sort of like nothingness in the beginning. And then when you're in the finance office, then they kind of talk to you about it. But then the numbers aren't even firm. It seems that there's still this small sliding scale. So I'm not even sure what you're supposed to pay. And are you really paying the right price? Are you getting a deal or are you not? I don't know. I just didn't like... It kind of turned me off.

M: Uh-huh.

R: Because I don't like that whole uncertainty about, you know, oh yeah we can change this for you. No. That didn't work for me. So I just said nope. Let's just keep moving.

M: So you shut it down. You said, I'm not interested.

R: Yeah. I said I'm not interested.

M: Okay. That rewards program, did you decide to participate in that?

R: No. I didn't realize until I just opened that up. So I see it. But I don't know enough about it yet.

M: Did they say anything about something called gap insurance?

R: That I think we did... It was mentioned. But I think... I don't think it was a purchase option because I think my car insurance has something built into that. And from my memory tells me that it wasn't a sale point. It was just something about a reference about the gap insurance. But...

M: Meaning like they said do you have gap insurance?

R: Maybe. Maybe something along those lines. But I knew whatever it was I didn't need it because I knew it was covered, based on the insurance plan that I had at the time.

M: Okay. So if they mentioned it, whatever was discussed was like oh no I already have that?

R: It was sort of in... I almost felt like it was informational rather than sales-based.

M: Oh okay. One of the other things I wanted to ask you about is, and you mentioned this, so I'd like to clarify it.

R: Uh-huh.

M: You said they actually first mentioned to you this extended warrantee. Was it in the sales department like when you were with your sales rep? And then they started going over the specifics of the money part in finance department?

R: Yeah.

M: Is that what you said?

R: Uh-huh. It was a separate thing. So he had a brochure. He said, oh let's take a look at this. And I don't know if the finance person gave him this or where it came from. But it came from this undisclosed location, brought it right down to me. And he said oh yeah, take a look at this, you know. And you'll discuss it with the finance person.

M: Oh. I see.

R: So he kind of let me know that this is something I could look at. And he might have said like two or three sentences about it. He didn't go into this great detail.

M: Okay.

R: But I got more detail in there. And then the kind of fancy dancing, selecting, you know.

M: Okay. Great. Thank you for clarifying.

R: Uh-huh.

M: When they talked to you about the extended warrantee, you said that they really didn't nail down a price. It was sort of iffy, what they were talking about?

R: It was kind of odd. Because we were talking about... There were no numbers that I saw. And then she was telling me what the numbers were. And I remembered this happened long ago, where I had done something like this. And the numbers were negotiable. Then I had heard that there was some lawsuit filed where people were claimed they were given higher rates based on protected class and other, you know, specifics about who they were, what they looked like, or whatever.

M: Really?

R: Yeah. So then it got reversed where it was very specific in terms of how much things were. But I didn't really get that because she was like, well I mean we have some leeway here. And then I said, well what? Then you don't really have real numbers. So it was just... I don't know. It was just a little too ambiguous for me, in terms of something with specific, but it really wasn't specific. So I just stayed away from it.

M: Okay. And it was just this individual product, the extended warranty. It didn't include other kinds of things? Like was it sort of like a package or bundle anything like that?

R: I know it was an extended service plan. And it talked about, you know, it talked about bumper-to-bumper warranty, except for the bumpers. That's like the phrase I remember. It covers everything except the bumpers. And you just pick the term of how you want to extend it.

M: Ah.

R: But I'm not a... It was really interesting to me anyway because I'm not a "keep the car till it dies" kind of person. I never have been. And I probably never will be.

M: Okay. Got it.

R: Yeah.

M: So how long do you usually keep a car?

R: It depends. I've had cars for less than a year.

M: Oh.

R: I mean I just... Some cars I think I like and then I hate. And then if it's plausible, it goes. Otherwise, if I really like something, I keep it. If it's something I can keep, like the lease. I love that [REDACTED]. The problem was is that I wasn't going to take, you know, buy out the lease and take a \$6000 loss. It just wasn't going to work.

M: Right. Okay. So you didn't buy any additional products.

R: No.

M: Okay.

CONTRACT AND POST-PURCHASE

M: So let's talk about the contract and post-purchase. Did you have an opportunity to review your paperwork before signing it?

R: Yes.

M: Did you review it?

R: Yes.

M: Okay. And do you recall how you reviewed it? Like what did you concentrate on? And what did you like sort of gloss over?

R: Mostly the numbers. I mean I usually don't focus that much on boilerplate language. Because number one, you can't change it. So either you accept the contract for what it is or you don't.

M: Okay.

R: So, you can't go through and just mark out what you want. It's not a table negotiation, you know. So a lot of the standard stuff, I don't really focus too much on. I understand that you probably should because you want to know what you're getting into. But the numbers, the money, the fillable areas are really what I focus on more so than anything else.

M: Okay. So actually, that helps me a lot. The fillable stuff. Did you fill stuff in? Or did the dealer fill it in?

R: No. They filled in everything. The only thing I filled in, because everything was printed from their dot matrix printer that I can't believe they still use.

M: Wow.

R: I know. The only thing I did was my signature.

M: Okay.

R: I mean I did a credit application, which was still paper, which was kind of crazy to me. But so I did that. But other than that, I didn't do anything. And in terms of that final paperwork, my initials or signatures were the...

M: Is your credit application in here, too?

R: No.

M: Okay.

R: They didn't provide me with that.

M: Oh they didn't.

R: No.

M: Okay. Let me ask you this. So they filled in all of the blank spaces.

R: Uh-huh.

M: And when you were reviewing your paperwork, did you check to see that all the blank spaces were filled in? Or how did that work?

R: Most of the blank spaces that caught my attention were either, had NA in them, not applicable.

M: Uh-huh.

R: Or they were sections that something was checked at the top that said not, you know, didn't apply. And they were blanks. So it automatically assumed that it wasn't applicable.

M: Okay.

R: I didn't recall seeing anything blank that caused me any concern.

M: Okay. All right. Can you tell me was there anything in particular that you liked or didn't like about the signing process?

R: I mean I liked... I feel like there is less paper now than I remember in the past. I remember for some reason like somebody giving me like a manila folder, a thing full of all this paper. And what I have here in this is literally everything that I got.

M: Ah.

R: I feel like it's less paper, which I thought was good. Because I don't... You know, when you buy a house, you're signing about 400,000 thousand times. I didn't have to do that here. So that was helpful. But that might just be a sign of the times. When you sign once, maybe things just sort of transfer now. I'm not sure.

M: And did you sign on paper or did you sign digitally?

R: No. I signed on paper.

M: Okay. Can you tell me since purchasing this car, have you had contact with the dealer?

R: Yes.

M: And for what reasons?

R: They have called me several times. Not the finance person, but the sales guy. He has just called to ask me how I was doing, how I enjoyed the car, which is nice. I think he's done it like two or three times. He has also emailed me a couple of time. So I think altogether he's probably asked me how I like the car about four or five times now.

M: Uh-huh.

R: He also asked me about a specific phone app called [REDACTED]. And he said that they're trying to ensure that everyone who buys a [REDACTED] with the [REDACTED] system in it has that on their phone and is using it. So he actually offered me a full tank of gas if I were to come in and do it. But I had already loaded it on my phone.

M: Oh you had.

R: And already had done the [REDACTED] and all the other stuff.

M: And what's the purpose of this app?

R: [REDACTED], there are some options in there where you, it has your address, it has some other information maybe for marketing for purposes. I'm not sure. But there's a section of the app where if I was in the mall and it was like zero degrees outside, I could press a button and my car would start so when I got out, it would be warmed up for me. I would have to be within relation to the key fob.

M: Oh.

R: My [REDACTED] had that, too.

M: So you were used to it.

R: Yeah. I was used to it. Yeah.

M: Uh-huh. So do you like that feature?

R: Yeah I do. I haven't used it yet. But I've used it in the past, with my [REDACTED].

M: And did they charge you for that feature or not?

R: No. It was free in the past. And it's free now.

M: Okay. All right. Has there been any other contact with the dealer, either on their part or your part, since you purchased the car?

R: Hmm. Beyond that, no. Other than the emails and the calls from the salesperson, checking up on me and the [REDACTED], that's all.

M: Okay. Have you had to return the car for any reason at all to the dealer since you purchased it?

R: No.

M: Okay. Was placement of a tracking device required or discussed at any time with you in your discussions?

R: A tracking device? I mean is it more specific, the tracking device we're talking about? I'm not sure.

M: All I know is that it's referred to as a tracking device. I think it potentially means that you couldn't start your car possibly.

R: The only thing I can say regarding tracking devices is I'm pretty well aware that [REDACTED] does some kind of tracking.

M: You mean the app.

R: Oh it has to.

M: Okay.

R: It tells you about GPS activity when you first turn on your car because it's [REDACTED]. So I'm sure there is some type of tracking, not like... There isn't a [REDACTED] or anything like that that I'm aware of.

M: Okay.

R: Or one of those secret CIA FBI things under your car.

(Laughter)

M: Okay.

R: But I'm sure there's some trackability, if that's a word, through the app.

M: Okay. Thank you very much. I learned something just now.

OVERALL UNDERSTANDING

M: Okay. Now we're going to talk about the paperwork. So I'm going to need your help with that.

R: Okay.

M: Let's give you this one first because this is the, if I get this right, is the retail sales contract. It has all the numbers on it. So I'm going to give that to you first.

R: Okay.

M: Okay. So the very first question that I have for you is; tell me what you think that particular document, what purpose does it serve? What do you get it for?

R: It tells you the finance terms of the contract.

M: Okay. Can you point, since you've got that and believe it represents the finance terms of your deal? Can you first, for me, point to the part of that contract that shows your monthly payment and tell me what your monthly payment is?

R: \$459.45.

M: Okay. So when you were working out this deal, is that what you understood your monthly payment was going to be?

R: Yes.

M: Okay. Did you find this document in general easy to understand or difficult to understand?

R: I mean, you know, I come from the school where I think there's always probably a better way to do something, depending upon perspective. So I mean, yeah. I mean it sort of separates stuff. But, you know, I don't know that I would say it was difficult or easy. It's got a lot of stuff on there that's got non-applicable. So you're like, what is this even? And it's a lot of words. I mean it didn't scare me, but it didn't make me say oh wow this is so easy to look at.

M: Right. That's a good way to describe it. Thank you very much. Okay. I need you to find and point to the APR? And what it is?

R: 2.29%.

M: Okay. So again, is that what you expected it to be?

R: Yeah. I think I was off a little bit in my memory. I think I said 2.24%. But 2.29% sounds right, now that I'm looking at it again.

M: And when you were looking at that interest rate in comparison to your credit union that you were talking about, did you actually do the math in your head to determine? Because you made the determination that it was close enough, that it was just, what did you say, convenient, to just do the financing through the dealership as opposed to through your credit union? Did you do the math in your head. Or you didn't really even have to bother doing that? You just sensed that it was the better deal for you?

R: Well I knew the difference was .3%. And I know it's a simple interest loan. So, on a yearly basis, .3%, I mean that's not a lot of money.

M: Uh-huh.

R: And the fact that I knew that I was going to be paying more than the monthly payment to pay it down before the term was up, it was... Knowing the actual number, it didn't make sense to me. It didn't make sense to spend the time because I knew what made sense to me more so was getting the \$3500 cash back versus the 0% for 72 months. That was the number that was more important to me than this number. Because I knew it was going to be insignificant in the long-term.

M: Long-haul. Okay. So you said it's \$459 is what you pay a month, approximately, and 45 cents.

R: Yes.

M: But you said you usually pay a little more?

R: Yes.

M: Okay. Is there a typical increase that you pay on a monthly basis?

R: Well it just depends, I think.

M: Okay.

R: I look at what... I keep tabs online. Of course I log into the finance website.

M: Uh-huh.

R: And I keep tabs on what the remaining balance of the loan is.

M: Oh.

R: So I kind of see on a monthly basis how much I'm paying in interest, just as a sort of snapshot in my head. So I mean I've already paid \$1500 on the car, since [REDACTED]. So, what's today, [REDACTED] or whatever it is?

M: [REDACTED].

R: [REDACTED]. So I just sort of, whatever seems reasonable at the time, I just pay.

M: I understand. Thank you. So, now look at the retail installment contract and tell me length of payments. Where does that appear on there? And what does it say?

R: Sixty months. Sixty payments.

M: So, that was what you expected and what you wanted?

R: Yeah. Five years. Uh-huh.

M: Okay. All right. So that wasn't a surprise.

R: No.

M: Okay. And was that what you stipulated or was that what they stipulated?

R: I think it was the difference. We were looking at, I think it was four, five, and six-year terms and loans and what the amounts were.

M: Right. I remember you said you did that.

R: Right. So that one based on the rate and the term was most...

M: The rate meaning the monthly payment?

R: The annual percentage rate.

M: Oh, the annual percentage.

R: The APR and the number of payments.

M: Okay. Great. So those were the two operative terms.

R: Yes.

M: For you.

R: Yes.

M: Okay. Can you tell me did you make a down payment on this car?

R: Yes.

M: Okay. And where is it? Where does that appear on that contract?

R: Let's see.

M: Do you see it anywhere?

R: Yes. Right here.

M: And what is the amount?

R: \$3554.20.

M: Okay. All right. And again, that was your choice to make that down payment? Or was that something they said you needed to make in order to get the 60-term loan at the interest rate that you...?

R: No. They actually told me that specifically the down payment was not any deciding factor. It was more of the term of the loan in terms of getting it closest to the APR that I referenced in the beginning of the discussion, which was the 1.99%.

M: Okay.

R: Because I told that to the salesperson, who informed the finance manager. So I think that's why they were doing a little bit of extra work to try to get the best number they could get for me.

M: Okay.

R: Because they knew that I didn't really need to do... And I know they make their money that way. So I know the financier person wants to get me something.

M: What do you mean they make the money that way?

R: The finance person makes money off of it in some capacity because I used to know somebody who did that for a living. And he told me, well that's how we make our money. He didn't go into detail.

M: Off of what?

R: Off of the number of loans they put in and when they shop them out and stuff.

M: Ah.

R: Getting the in-house financing, rather than someone coming in with financing.

M: Okay. Got it.

R: That's my understanding. I don't know if it's that way anymore. This is what someone a number of years ago told me.

M: Okay. Remind me again and forgive me for having to ask this. But did you say that you walked out with your automobile at the end of that day? Or was it the next morning?

R: I bought it that day and signed the paperwork that day. But I came back the next day, afternoon.

M: Right. Because you had your leased car.

R: Correct.

M: Right. Okay. Now I remember.

R: I had to have someone else drive me.

M: Okay. And can you tell, so you didn't, it would make sense that you didn't receive any paperwork that said "spot delivery" on it? Did you get any paperwork that said "spot delivery?"

(Door opens)

R: Spot delivery doesn't sound familiar.

M: Okay. Thank you very much. Okay. So they asked if you could do the following. Could you look at your retail installment contract, which is the document you have in front of you, and go over what your price was before the rebates and down payment?

R: Okay. Well it says the cash price... Well the cash price of the vehicle was \$32,475.20.

M: Okay.

R: Okay. So that's a little different than the sticker price. The sticker was \$32,000. But I think that's because they've included dealer processing charge onto that. So then it says, \$32,775.20. Then there's my down payment and then the rebate that was included, which creates a payment of \$7054.20. So the unpaid balance of the car was \$25,721.20. And then we have license, registration, title, fees added back on to that.

M: Uh-huh. So does that make sense to you?

R: Yeah. I mean again, I don't think this is the most... I know they have to do it for a variety of different situations. So some things they just have to skip over. So you get a lot of NAs. But even looking back, because I remember when I looked at this again, I did think it was not incredibly clear to me. Because it almost seems like they back into a price. But they start with a different price at the top. Because I remember seeing that. I'm like, what are they talking about. That wasn't what it was at all.

M: What wasn't?

R: \$32,475 wasn't the number.

M: It was \$32,000 you said.

R: Yeah. Well, it was \$31,985 on the sticker.

M: Right.

R: I knew that they always do some dealer processing charge or something like that. But even at that number, in my mind, I was like, well wait a minute. I just bought it for \$26,225. What are they talking about? And then I said, oh wait. They have to back... They start from the price and they back into it.

M: Oh. Okay.

R: And create these other numbers. So then you know what your final number is.

M: Uh-huh.

R: So I...

M: So do you know how the sticker price of what you had it as, \$31,000-whatever and change, ended up becoming \$32,000-whatever-whatever?

R: Well...

M: Did you ask them what that included?

R: Well, I didn't ask specifically. But \$31,985 and then the \$300 isn't exactly right, you know. If you add those two together, it doesn't total the same thing. So no. I mean I didn't go back and look at that. But now looking at that, it's a little bit off. But again, you know, sometimes... I know sometimes these things sort of like, like they have to settle or something. There's different things that they come up with all the time. And they say, oh we have to add this little thing and that little thing. But sometimes, they're not always clear in going through what it is.

M: Uh-huh.

R: But so that number is a little different. And I didn't catch on to that until now. But...

M: Do you look at it as different enough that it's, that it gives you pause? Or is it close enough that it's not something that you really think much about?

R: I mean it should be right, you know.

M: Uh-huh.

R: I mean it should, to me, if they're going to do a dealer processing charge, which I did know they were going to do that. I would have assumed that it would have been \$31,985 plus \$300.

M: Right.

R: And it's not.

M: But this looks like it's another document here that might be, might provide some information.

(Door opens)

M: Okay. Actually so what they wanted me to ask you is did you receive a form that referred to the deal that you had just cut with the dealer not being final, even if it did not use the words "spot delivery?" Did they ever give you a form that said the deal isn't final until you came back the next day?

R: No. No, no, no, no. I did everything that day. They said they would hold it for me till the next day, till I could pick it up. And no. I mean they gave me the papers and everything that day.

M: Right. So the paper that, all the papers that we have are the total...

R: Not that one. That one came from the finance company later. But everything right here was everything I received when I walked out.

M: Okay. So you gave us everything that you got the day you purchased that car.

R: Basically. I mean the only thing I didn't give you was the sticker and then like an odometer disclosure or something.

M: Yeah. Okay. All right. And then this you got from [REDACTED] who purchased the loan on the car?

R: Correct.

M: Okay. Got it. And I can see that the amount, \$459.45 matches the amount that's on your... That matches, right, \$459.45?

R: Yes.

M: Yes. So that payment amount matches.

R: Yeah. So that's why I wasn't, you know, I didn't, wasn't so concerned.

M: Right.

R: Because I knew that was the number.

M: Right. Right. Okay. And you gave me a copy of this. So I got that. So tell me about that form that I just gave you. What do you think that form is?

R: I think it has something to do with their inventory and the price of the car and the options and everything that it really comes out to be in terms of the total for the sale.

M: So is there a number on there that comes closer to matching the cost of the car that you thought you were paying?

R: Well, see, this one, I knew was different. But I saw the dealer processing, which I knew that one.

M: Right.

R: And 6%. So there are a lot of these numbers that I recognized.

M: What's the 6%?

R: Oh, the sales tax.

M: Oh, the sales tax.

R: Yeah.

M: Okay.

R: So some of the numbers that I, when I went through it, I looked at. The registration fee. I know they have to do processing fees.

M: Right.

R: Some of them are kind of goofy, like tire recycling fee.

M: Tire recycling fee?

R: \$4.00. Like I recycle any tires. So you know they do crazy things like that. Some by law. Some not. But, you know, I didn't ask specifically about that.

M: Okay.

R: But some of the numbers don't exactly appear the same. So it is...

M: Between that document and the retail installment contract?

R: Right.

M: Okay.

R: Yeah. Because I mean the base price, it talks about the base price of the car. Well, I mean...

M: What does it say the base price is?

R: \$30,620.

M: Okay. So that doesn't even match the sticker price of the car.

R: No.

M: Okay.

R: So I know that these numbers...

M: And does the bottom number match the sticker price of the car? Or what does that match?

R: Well, \$26,000 was the amount financed.

M: Okay. So that's your financed.

R: And the credits are the same. So I know I got these credits.

M: Uh-huh.

R: The \$7000 credits.

M: Right.

R: So the total with the... And I know they do it... Why it says base price... I don't know if that's the amount they pay? I'm not really sure.

M: Right.

R: Because it doesn't make sense. Unless it's the amount without the options.

M: Right. When you say "without the options," what do you mean?

R: Like maybe like the base price of the car? Well if I pull this back out.

M: Right.

R: See there are some numbers here. So the base price of the car actually says \$29,250. So that's not that number.

M: It's amazing. Right?

R: Not really. I mean nothing surprises me anymore. But then if you add \$1840, which is total options, it's \$31,091. That doesn't match it.

M: Uh-huh.

R: So, destination delivery. So they're numbers really don't make sense. But I also know that this is not what they paid for the car.

M: Right.

R: So this may have something to do, because it's their form, with something to do with what they paid for it on their books.

M: Right.

R: So, you know, at the end I guess... I mean it's nice that all the numbers make sense because a lot of it is sort of smoky. You don't really know what's going on. But when the numbers at the end come out, then that's really what you know that you're doing.

M: The numbers at the end, meaning the...?

R: The amount of the rate, the amount of the payment, the amount you're financing, all of that.

M: So for you, that's the comfort right there.

R: Yeah. That I know. Because I knew that these numbers were kind of funny. Because I looked at that and it was like, how did they get to that? And, you know, you've been

there all day. They wear you down, you know. They kind of make you fall asleep while you're trying to do this.

M: Right.

R: So some of the numbers did seem funny. And I remember even thinking in my head. I was like okay, the sticker was \$32,000. I got this sale price. I got this rebate, \$3500. I'm paying \$26,225. So I knew the tax, the registration fees, all these different kinds of things end up to being \$2000 or maybe close to \$3000.

M: Right.

R: And I put down \$3500. So I knew it would come down a little bit from that. So the \$26,000 sounded about close.

M: Right.

R: About right. So that's why I didn't, you know... But it is very bizarre that things don't seem to...

M: So for you, knowing that the length of the loan, the interest rate you were paying, the monthly payment came in less than what you were paying on your [REDACTED]. All of those things ended up being what you had hoped you would achieve buying your next car.

R: Right. I mean I knew what the bottom line was. I mean yes, the devil is in the details. It is funny to me. And I knew some of these things didn't quite, you know, equal out.

M: Right.

R: But I knew the endgame was the same. So nothing gave me such huge pause where there was a number here that was so far off the mark for me to go wait a minute. Where's this coming from?

M: Right.

R: But it is a little, you know, peculiar.

M: Yeah.

OVERALL EXPERIENCE

M: Can you tell me... They may have another question or two that they'll send in.

R: I usually spawn a lot of questions.

M: But in the meantime, can you just tell me thinking about every aspect of this car purchasing experience, from when you were shopping for it, when you trying to agree on a price for it, when you were in the finance department trying to finance the car, when you were doing, signing the paperwork and all of that, thinking about all those steps. Can you tell me overall how would you view your experience purchasing this car?

R: Hmm. I mean overall, it was acceptable. I wasn't like completely wowed where I thought it was the greatest thing. But I wasn't like, you know, ready to kill somebody or something like that. I wasn't so frustrated like that. So it was a... I'd say it was, because it was a little less paperwork than I recall the last time I did it.

M: Right.

R: It was a little bit better. The time was a little less short, I felt. But I know there was some part where it got dragged out, where they were trying to go back and forth. So, you know, if I had to give it like a 1 to 10 scale kind of thing...

M: Yeah.

R: A 6 or a 7, you know. It was, you know, with 5 meaning middle.

M: Right. It wasn't awesome, but it wasn't terrible.

R: No. No. I've had way longer.

M: Have you enjoyed the car since you bought it?

R: Yeah.

M: Good.

R: Yeah.

M: Good, good. Well I think that they're okay because they haven't sent in another note. So if you can give me back those documents.

R: Sure.

M: I will then have all of your paperwork in one place. And I really, really, really appreciate the time you gave us.

R: Oh sure.

M: Thank you very much for coming in. And thank you for bringing your paperwork. I really appreciate it.

R: And do you just... What do you use that paperwork for? Anything?

M: Well we just review it to see whether, you know, where the numbers came from and do they make sense and all of that.

R: Oh okay. And then you just shred them or whatever.

M: Yeah. I mean again, all your stuff is redacted.

R: Yeah, it's not the greatest redacting job.

M: Well it's blacked out. It would be really hard for anyone to read it. You can't see it. You really don't. It's not you the person or any of your personal identifiable information that we care about at all. It's really just the numbers from the dealership that matters to us.

R: Okay. Okay.

M: So this one [REDACTED].

R: Yes.

M: And today is the [REDACTED].

R: Yes. I think you said it was the [REDACTED]. I had to ask you because I forgot.

(Laughter)

M: Okay. Very good. Very good. So thank you very much for coming in. I appreciate it. Let me show you where you need to go. We have a gift for you. And I want to make sure you pick it up before you leave. And you'll be on with the rest of your day.

R: Okay. Great.

M: Thanks so much.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

47601

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: If you could for the purposes of the recording state only your first name.

R: [REDACTED].

M: What is the most recent care that you purchased and when did you purchase it?

R: In mid-[REDACTED] I purchased a [REDACTED], because there are five versions of the [REDACTED], and this is the high end.

M: Tell me everything first that you liked about the experience and then you'll tell me what you didn't like.

R: The final salesman I had was wonderful.

M: What made him so wonderful?

R: He knew his product. He was personable. He answered my questions. He did not try to sell me something I didn't want. He really listened to what I had to say and where I was coming from.

M: What didn't you like about the experience of shopping and choosing the car?

R: I have bought multiple cars from the dealer that I ultimately bought this car from.

M: What dealer is that?

R: [REDACTED]. I bought [REDACTED] and [REDACTED]. This is the third [REDACTED]. One [REDACTED] was purchased at [REDACTED]...something, [REDACTED]...but that's a story in and of itself. Over the years I've really pretty much been using [REDACTED] because they had given me the service and they were convenient and so forth. I just literally settled I was going to deal with them pretty much exclusively. I did go into my bank and get their buyer's service thing, and then I had to go over to [REDACTED] in...anyway it was in an auto park [REDACTED] [REDACTED]. I had to price a car there using on this buying guide thing so that I could get [REDACTED] to match the price, which I knew they would, there's no question. That was a negative experience. The guy that they made me an appointment with was off the day and time of the appointment. They sat me down and had another guy come. He took me someplace else and he had me sit down at another...I went through about three salesman that afternoon. The guy I finally wound up with was pretty nice. I just knew I wasn't going to buy the car there...no way, absolutely. I just really was there for the price. I didn't like the layout of the dealership. I felt like it was a

zoo. The parking lot was such a mess I could hardly find a parking space. Things were kind of narrow.

M: You ended up going to [REDACTED].

R: So I went back to [REDACTED] with their price and [REDACTED] of course said, yes, we'll match it. I had also taken the car into [REDACTED] and two other places to get estimates on how much they would buy the car for. [REDACTED] of all the places I went...of the three places...was the highest.

M: What do you mean what they would buy the car for.

R: For trade-in. You work your trade-on value. You want your best trade-in value.

M: Even before you bought the car you were looking at trade-in value. Very interesting. Did you have a time frame that you were thinking that you'd be trading this new car in?

R: I was figuring it would be some in [REDACTED] because the [REDACTED] that I traded in was going to be five years old at the end of the month and it had less than 50,000 miles on it...very desirable at that point.

M: You were saying you were looking at trade-in values for your existing car.

R: Yes, because that becomes part of your down payment for the new car. It turned out [REDACTED] was a couple thousand above what [REDACTED] was offering, and that was the best of all the places I went. [REDACTED] matched it. Things just kind of fell into place.

M: What influenced your decision on what car to buy? How did you decide on a [REDACTED]?

R: I had a [REDACTED]. I liked the gas mileage. I liked pretty much most of the feature of the car. I just really wanted to update what I had. What I was really looking for is...I am a [REDACTED] and I was thinking about what is going to keep me on the roads safely longer, both at night and during the day. I knew that there were more features in cars which to some people are bells and whistles and expensive, like the lane departure stuff or collision avoidance, cameras and things they now have. I felt like those were things that were important for keeping me safe on the road, keeping other drivers safe with me on the road. It was just a matter of I wanted to update.

M: Did you see any ads for this vehicle or for the dealership before you went in there to buy your car?

R: [REDACTED] advertises heavily but I did not look for ads at all in any venue...newspaper, magazine, TV, internet. I didn't look for ads. I wasn't looking for ads. I just was basing the decision on previous experience.

M: How long did the entire process take from the time you arrived at the dealer and until you left, either with or without the deal?

R: Well, this was spread out over about a two-week period.

M: Tell me about how that worked a little bit.

R: I had taken the [REDACTED] in to get an oil change and routine maintenance and so forth and so on. After picking up the car I stopped in at the sales part and the first salesman that met me I explained to him I wanted to know the differences between the [REDACTED] and [REDACTED]. He was not good. He was not knowledgeable. He had been in the country for two months. He was a very intelligent man. He was a very nice man. His English sounded better than apparently it really was and I had a lot of problems with him as a result. I dealt with him for the first day.

M: How many hours were you there for the first day?

R: I was on a tight schedule. I had some place else I needed to be. I think it was maybe an hour. He sort of started to answer question. He gave me the sale brochures. I just literally quickly looked at it and said, okay, I want this, this and this. I said what do you have on the lot, not that I was going to buy one right then and there, I wasn't. First he took my car and had it appraised and then he took me out on the lot and was trying to show me a [REDACTED], and then he wanted to show me one that was [REDACTED]. I said why am I going to want [REDACTED]? He showed me something else. I said I needed the cargo space of the [REDACTED] and he doesn't have it. He was already trying to show me stuff I wasn't going to buy, period. Anyway, he appraised the car, I left, and in the meantime I went out and got the other three appraisals. He called me up and said we've got a [REDACTED] in, it's what you want, do you want to test-drive it, I said yes. He made an appointment. He had brought the car to my house. I get in the car and it was a [REDACTED] [REDACTED]. They features I wanted were on the [REDACTED], not [REDACTED]. I drove it for two blocks and I asked him two questions about where were these features because I wanted to test drive with these features...oh, this is a [REDACTED], they're on the [REDACTED]...okay, you've just wasted my time and your bringing the car out to me. I went home and said bye. I called the dealer and said I'd like a different salesman. I don't know how many people would have the nerve to do that, but I did. The next time I went in I had a really good salesman. They listened to what I had to say. That was the rest of it.

M: We'll see what else you have to tell us.

AGREEING TO A PRICE FOR THE CAR

- M: Tell me how did you go about getting the price for your car? Did you negotiate?
- R: Not a whole lot because [REDACTED] they say the prices you see is what you pay, but they match the buyer's program from the bank, which actually they said was comparable to the [REDACTED] program. That in a sense was one bargain. I did bargain on some of the other items, the after-sale items...the extra warranty, the tire protection plan, the plan that includes a loaner car when you bring it in for service...all of those extras. I said I am eligible for a [REDACTED]; I've been a customer at [REDACTED] for X number of years, like almost [REDACTED]. I was instrumental in the sales of roughly this number of cars. From that standpoint there was some wiggle room.
- M: We'll get to the add-ons in just a minute. I want to know what they told you those were going to cost. When you said you were able to negotiate a little bit, you'll tell me exactly what you're able to negotiate.
- R: Well, that's a little hard because they did...the bill of sale just kind of lumped a bunch of stuff together.
- M: You mean in a bundle?
- R: Yes, so it's a little hard to tell on that. Then because I had the same plan with the [REDACTED], there was like a \$50/\$100 discount on the car.
- M: Okay. We'll get to that in a minute. Tell me, did you go in knowing what price you wanted to pay for the car?
- R: No, because I didn't know how much the car was going to cost. I went in knowing how much I was willing to go to finance, and then if I could arrange for paying the rest through the trade-in value and additional resources to keep the loan amount at my threshold.
- M: What was the loan amount threshold?
- R: \$20,000.
- M: You didn't want the loan to exceed \$20,000. Were there any other stipulations you had other than you didn't want the loan to exceed \$20,000?
- R: Not really. Really the only thing was...I was very surprised, actually, the cost of this car was comparable to the cost of what I paid in [REDACTED] for the other one.
- M: Did you talk to them or did they talk to you about how much you wanted to pay a month or how much interest rate you qualified for?
- R: We did talk about the interest rate.

M: Tell me a little bit bout that conversation.

R: Okay. I told them that my bank was going to...the lowest rate they would have was 1.79 percent or something like that. I said I see you have the zero percent. I am going to have no trouble being approved, so basically it's your loan.

M: At any time you were talking about the price of the car...what was the price of the car the quoted you when you went in, do you remember?

R: It's in here somewhere...quoted the basic car \$35,135.

M: Do you know what you ended up paying for the car?

R: See if I can find the quote from [REDACTED], which they matched. I don't know if I have what [REDACTED] gave me, but they matched it.

M: You have your contract here. Do you know what you ended up paying for it?

R: The add-ons brought up it to I think around 43 ish...always seems to be about 10,000 above. Of that...here we've got some good stuff. The \$35,135 came down to \$33,728. There was the trade-in at \$13,000. I financed \$20,000, so the rest was what I put in by checks and credit cards and whatever.

M: You're saying the rest meaning?

R: The whole total came to \$42,895...or 6.

M: Thank you. Can you tell me did the dealer ever indicate to you that you could get a better price if you agreed to certain conditions?

R: No.

M: Okay. You said you traded in a prior car when you bought the car. The trade-in price was determined how?

R: They offered me \$ 11,000, and [REDACTED], which gave me the best value when I went around, was 13, and they matched it.

M: Did you still owe money on your prior car?

R: No. I had paid that loan off early.

M: Okay.

OBTAINING FINANCING

M: You had just mentioned how you paid for the car. You gave them...were you require to give them a down payment?

R: Yes.

M: How much did you give them?

R: Several thousand. The \$13,000 was part of the down payment...the car, basically.

M: The trade-in value was your down payment?

R: No, there was more because...I see what you're saying. I misunderstood the question.

M: I just wanted to know if you put any money down on the car.

R: Yes, \$500.

M: It was your trade-in of \$13,000, plus \$500. Okay.

R: At the time when we finalized the deal was when I paid additional to bring the loan down to \$20,000.

M: You said you paid additionally. Do you know how much you paid additionally?

R: So, \$13,500...42,895...9,896 was what I had to come up with.

M: How did you come up with that money?

R: I think I used mainly a check. I made sure I had enough time to transfer money from various accounts.

M: Great. Thank you. Thank you for doing that calculation. I appreciate it.

R: I haven't thought about it since.

M: How did you decide who to finance your car with, that you decided to go with [REDACTED] versus some other source for your financing?

R: It was either my bank or [REDACTED]. Actually, it was the [REDACTED]...is what does it, it's not [REDACTED].

M: [REDACTED].

R: It was just literally the difference in the interest rate.

M: What was the interest rate of your financial institution?

R: 1.79.

M: This one was?

R: 0.9...no contest, no brainer.

M: Okay. Did you ever say anything to the dealer about what you wanted to pay a month?

R: No, I just said I wanted the total to be \$20,000 or less. That was all I said because I knew based...I had had a \$23,000 loan on the [REDACTED] and I knew from the car payments I had made then that I could probably afford the same now of 23, but because I now have a house mortgage, which I didn't have then, I was trying to juggle and figure out what was affordable, what I could handle, and go no higher.

M: Okay. Can you tell me did anybody, either yourself or the dealer, ever mention anything about the possibility of refinancing the vehicle or renegotiating your interest rate or the monthly payments or anything like that?

R: No.

M: All right.

ADDITIONAL PRODUCTS AND SERVICES

M: When you were at the dealer did the dealer offer you any additional products or services to purchase?

R: Yes, they always do.

M: Tell me a little bit about that experience.

R: I knew some of them based on previous experience in buying cars from them. I knew about the service that includes the loaner car and the car washes. That was a no brainer. I was going to go that route. I knew about remote start. I knew about undercoating. I knew about the paint protective coating. I knew about the vinyl thing they can put on the front of the car to protect it, and I knew about the interior protection where they extra stain proof the fabric and this and that. What I didn't know...there were two things I didn't know which they told me about, both of which I bought. One was they now can put some kind of a coating on your front windshield that makes it ultra, ultra-smooth. It's supposed to improve...prevent glare problems like at night driving or in bad weather. It rain sheets off it, like you put [REDACTED] on the car. It is awesome. I thought, okay, [REDACTED] so I got that and I've been very pleased with it.

M: You found a difference?

R: Yes, I can see the difference and I like it. The other thing that I didn't know about was they now have a tire protection plan, so if you get a nail in the tire and it can't be repaired you get a replacement tire. If you go in a pothole...I am good at the pothole routine...I've replaced more tires from potholes than anything. That was like, yes, I need that. Within a week of getting the car I had a nail in my tire and I used the plan.

M: That made you happy.

R: The plan has paid for itself.

M: Did they also ask you about things like rustproofing?

R: That's the undercoating.

M: Did you get that?

R: Yes, absolutely.

M: What about an extended service contract?

R: Yes.

M: Did you get GAP coverage?

R: I got one extra coverage...if the car is totaled within a year...that one. I was like I can get that. I had one car that got totaled in [REDACTED].

M: Okay. This is when you started telling me about the fact that...did they tell you what the prices were for each of these individual plans or just give you one big price?

R: I think they were just talking one big price most of the time. I don't see it in here. Here is some of the stuff, windshield, \$399, nitrogen fill, which I got, which I knew about because I'd had it in the other car, undercoating. They did put some of that. Mud guards, I got that. There is some other...stripping on the outside of the car that protects it against chips and things, which I got. Some of it they just put in and some of it they did itemize out.

M: Okay. Looking at your paperwork, how much would you say that you paid in total for all these added options, products and services?

R: If I take this as the verbatim final number, it was \$42,895.06.

M: That for the car in total. Do you know what you paid for all the options you purchased?

R: I think it came close to \$10,000.

M: Okay. On the purchase order what is included in the \$4,698 total add-ons...that's what I was asking about.

R: I think that's where they have...it looks like the windshield and the nitrogen fill, undercoating, and the stain proofing, the tire protection plan, the mud guards. It does not include...that didn't include the...

M: I see the individual prices like \$399, \$89, \$499, \$299, but that doesn't equal \$4,698.

R: Okay. That would mean that's the stuff like the dealer plan where you get the loaner car and stuff like that. That was probably where the remote start came in. They added that on after.

M: Did you ever get any paperwork that outlined all that stuff or not?

R: I don't think so. Like I said, some of the stuff they...wait a minute. It's not priced out, but there's this. That's probably where the rest of the lumping comes in.

M: These were the add-on items to the car like floor mats or scotch guard or splash guards.

R: That accounts for some of the additional stuff that wasn't...

M: Okay. I don't really see that. I might ask [REDACTED] to [REDACTED] that as well, even though there are no prices here, so we have that.

R: That's okay.

M: Okay. The retail installment contract on Page Two says the other additional items are \$3,454. Why is that different from the above figure of \$4,598?

R: Because they transfer you around to different departments to do different things. That's why I said it came up all together...the add-ons came up to about \$10,000 because you're doing things in different places in the dealership. You're asking for discounts multiple times. You're saying I am eligible for the [REDACTED] discount, I am eligible for this and that. You're negotiating your way along.

M: Okay. Thank you for answering those additional questions.

R: I hope that helps them. Just the way they...car dealers have ways to doing things to try and trick you sometimes, and this may have been part of their technique.

M: But you don't feel like you were tricked?

R: Not particularly, no. I think I did about as well as I could do, if not a little better than anywhere. No, I was satisfied.

M: Okay. Was there anything that the dealer offered you additionally that you did not accept or take?

R: I don't remember.

M: Fair enough.

R: I was there for several hours while this was all finalized.

M: I was going to ask you that. You said this all occurred over a two-week period. When you went to [REDACTED] how long were you there for from the time you arrived to the time you left?

R: The final day I know I left around four o'clock. What time did I get there...10:30/11. I was there a long time.

M: Okay. Can you tell me...that was not the first time you were there?

R: No.

M: The first time you were there how long were you there for?

R: About an hour because I had a place I had to be and I was just starting the process. I wasn't interested in a long drawn out thing that day. It just wasn't going to happen,

M: Okay. That day you spent quite a few number of hours there did you end up leaving with the car that day?

R: Yes.

M: All right.

CONTRACT AND POST-PURCHASE

- M: Did you have an opportunity to review all the paperwork before you signed?
- R: Yes. They handed it to me. You can sit there and look at it as long as you need to.
- M: Okay. Do you recall how you reviewed it? What did you look at when you were reviewing it?
- R: I think I tried to pay attention to the pricing, which you really have to. I also was looking to make sure that everything I wanted was included, like you forgot the nitrogen fill, that kind of thing...okay.
- M: What you looked at were the items that you had wanted. What else did you look at?
- R: The pricing. I looked at as much as I could.
- M: When you say the pricing, looked at the total price or was it the pricing for everything?
- R: First you're looking at this pricing, then when you go to different departments and you're buying different things, it's not like you're doing the whole deal all at once.
- M: Tell me a little bit about that. You're saying you went to different departments. Tell me what that means.
- R: Well, they send me to one department for the loan and they sent me to another department for talking about some of these add-on things that the dealer sells.
- M: It wasn't your finance person who talked to you about these add-ons, it was somebody else?
- R: Yes, they had two different people.
- M: You met with your sales rep, your finance rep, and then some third person?
- R: Yes.
- M: Interesting. The third person you didn't meet in the Finance Department, you met with them in a different department?
- R: Yes.
- M: Very interesting.
- R: It's their system.
- M: Okay. Tell me overall what you did at the beginning of our interview what in particular you liked about the paperwork signing process and what you didn't like about that process.

R: I am neutral on the whole thing. There wasn't anything that particular stood out or detracted. Since I have dealt with this dealer before I knew what to expect and I think that was...I just understood. There was nothing to it.

M: When you were reviewing your paperwork did you review it in paper format or did you review it on a computer screen?

R: Paper.

M: Okay. Since the purchase of your car have you had any contact with your dealer?

R: I took it back to get a lot of these add-ons done, like the undercoating, the paint protectant, and all that stuff. The car has been in service once. I do have to contact them again because [REDACTED] did done thing that I really was not happy about.

M: What was that?

R: They put their sales brochure, which goes every which way, that remote start is available. The dealer couldn't get it. They were supposed to check further into it. They're either supposed to get it and install it or they're going to have to refund me a little bit of money. Since they had it here, that's one thing that was a little surprising and quite in its own way disappointing.

M: That was something you really wanted.

R: Yes. It was something I wanted and it was something that they absolutely said in their printed literature, which goes every which way, it was available. If it's in this type of a brochure, you would expect it to be available. I had had it on my [REDACTED]. If it's on a [REDACTED], why can't you get it on a [REDACTED]? End of illustration on that one...show and tell.

M: Did the dealer ever contact you after the purchase of your car?

R: Yes, they sent thank you notes for coming to the dealer, if you have any questions, contact us, blah, blah, blah.

M: With this missing starter that you're referring to, what has been the response of the dealer to the fact that you didn't end up getting the push-button starter?

R: Well, it's not a push-button. I can be in my house and start it...get the air conditioning going or warm the car up, that kind of thing. The service department really tried to figure it out. They haven't. I haven't had time to really push too hard on it. I am not too worried. The dealer will stand behind it.

M: How do you know that?

R: I've dealt with them for so many years.

M: Was it ever mentioned to you that...anything about a placement or tacking device on your vehicle?

R: What do you mean? I don't understand.

M: Nobody ever said we're going to put a tracking device or gave you paperwork and explained something to you about a tracking device?

R: Well, there's safety connect.

M: Nothing else, no device of any kind, that would prevent you from starting your car or anything like that?

R: No. You're completely snowing me on that one.

M: It's fine. Some people have had that and some people don't.

R: Why?

M: I don't know. That's why I am asking.

R: That, to me, only makes sense if you have a teenager and you want to know where they are, which I don't, or you're a drunk driver, and I am not. That would be to me ordered by law enforcement.

M: Okay.

OVERALL UNDERSTANDING

M: Let me give you back for a moment your retail installment or purchase order and I would love for you to do a few things for me. The first is I would love to know what your...in generally looking at this document overall...what you think that document is, what does that document do for you?

R: It's what you get when you buy a car.

M: What is that one for you?

R: The general features of the car and some of the add-ons that I bought, but it also had the final...the price....some detailing on the price.

M: Can you point out for me on that document the monthly payment that you make?

R: No, it's not on this. This is not the right document.

M: Why don't you go to the second page. I don't know why it's separate.

R: Because I signed it in separate places of the dealer. Okay. The monthly payment...here it says \$341.15.

M: Is that what you pay every month to [REDACTED]?

R: I don't have my checkbook with me. I've only made one payment. I think I paid \$400 just to get started paying it back early.

M: Okay. You paid a little more than what you had to pay. Do you do that regularly?

R: I try. Even though it's a low interest rate I'd rather have some time free between when finishing paying for this car and then maybe in about five years if I am still driving trading it in and getting more features that will keep me on the road.

M: Do you see your interest rate on that document?

R: 0.9.

M: Can you tell me is there a place on that document where you can find the length of the payments?

R: It should be 60 months. Yes, it's there...60 regular payments monthly beginning [REDACTED]

M: Thinking about these different things, the monthly payment, the interest rate, and the length of the loan, were any of those stipulated by your or were they stipulated by the dealer? How did

you arrive at I am going to pay for this car over 60 months, pay this much a month, use this interest rate, et cetera?

R: The only thing I stipulated was that since their interest rate was lower than what the bank was going to charge, that was fine, and I said my maximum loan was \$20,000. That was all.

M: You just stipulated those two things and then they calculated everything else out for you.

R: Yes. I knew that at \$20,000 my monthly payments were going to be about what they turned out to be.

M: You had a sense that was what it was going to be?

R: Yes.

M: Okay. When you provided your down payment, again was this something that you stipulated or something that they stipulated?

R: The \$500, they stipulated.

M: No, I meant the total amount of money that you put down on the car in order to get your loan to \$20,000. You had a trade-in and you gave additional money.

R: It was just based on the arithmetic.

M: Okay. You said you paid for most of that by check?

R: Yes.

M: You also at some point mentioned using credit cards.

R: I think I did for something or other. I don't remember which part of it. That bill has long since paid.

M: Did you leave with your car that day?

R: The final day when I was there from about 10:30 or 11 until four, yes. That was a very nice experience. The salesman helped me transfer stuff from the old car to the new car. He helped set up the Blue Tooth and some other things on the satellite radio and all of that stuff. He was really, really, very, very helpful.

M: Did you get also a document sometimes referred to as a spot delivery document, which is essentially a document that lets you drive off the lot with the car on the spot when the sale or financing are not technically yet final?

R: I don't see it here I don't think. I don't have anything. I didn't need temporary license plates. We transferred the tags on the old car to the new.

M: What was temporary that you got?

R: It was just the registration that was temporary.

M: Okay. Did you walk out with this paperwork when you left the dealership?

R: Yes.

M: Have you gotten any other paperwork from the dealer?

R: Just some emails...mainly emails and...what did they do. I had to go back in and give them...my license plate was due for renewal. About the time they were transferring the tags, and they only charged me for the transfer and they forgot to charge me for the renewal portion, so I had to go five them some more money on that. That was minor.

M: All right. I don't see anything here, so unless you had some additional...

R: Of course, there's the odometer statement. They got the car...actually, they didn't have the car in stock, they got it a few days later after I agreed to get it. They found it in [REDACTED], and they picked it up and brought it to the dealer, that kind of thing. That was funny, too. The original salesman, the one that wasn't very helpful, saw the car come in and said why did you get that car, that lady is not going to buy the car, she told me she's not going to buy the car. My salesman said she bought the car. He said, no she didn't. He told me the story later. The guy was in total denial partly because he didn't understand the English well enough to say I wasn't going to buy the car he wanted to sell me. That was funny. When I am there picking up the car and he's looking.

M: Okay. I am going to check with my team and see if there are any other questions that they want me to ask you.

R: Is this what you're looking for, vehicle prior use?

M: Dealer exchange...disclosure of vehicle's prior use, I acknowledge having been advised that the above-described vehicle was used for the following purposes...dealer exchange.

R: That was when they had to bring the car up from the other dealer.

M: Right. You were saying that. Okay.

R: I am not finding anything else.

M: That's fine. I appreciate it.

OVERALL EXPERIENCE

M: My last question for you is thinking about the entire experience...we talked about shopping for the car, the pricing for the car, the financing for the car, deciding whether or not to take these add-on packages, et cetera. Thinking about everything all together, can you tell me how you would summarize your overall experience of purchasing and financing a car?

R: It was just fine. I mean, it was what I expected. Again, it was the familiarity with the dealer and how they operate and where I can negotiate and where I can't, knowing roughly where I stood financially and what I wanted to do. It was just plain...I was prepared. I think a person who goes into a dealer prepared with an idea of what they want, what they want to pay, what they want to finance if they're going to finance, and how they're going to do the rest of and what they're doing with any previous vehicles, the more prepared you are, the more you're going to be satisfied.

CONCLUSION/FINAL COMMENTS

M: You've been wonderful to me...very patient with me, very helpful in providing all these documents. I really appreciate it.

(Colleague has a question)

M: They just want to make sure we go through some of these other documents here. This is the Environmental Protection Registration form. Take a look at that and tell me what that does for you.

R: This is what I was talking about, one of the add-ones...the paint protection, the fabric, the vinyl, the leather interior.

M: Is there a price for that on there?

R: That was \$499.

M: Is it what you expected it to cover, all the things that you wanted?

R: Yes. I knew what I was getting. I bought that before.

M: This is not the first time you purchased it. With that one of the options that you bought was that you went somewhere else to buy or did you buy that in the finance department?

R: No, the finance would just be the loan.

M: Tell me what that one is.

R: That's the undercoating and rust inhibitor. It states it very clearly.

M: How much was that?

R: This was \$299.

M: So, the first one was \$499, and this one is \$299. Again, was it what you expected it to be?

R: Yes, I have bought this before. This was in my list that I had from previous cars.

M: Okay. What's this one? It's a little faded, but I can see the price.

R: This was that windshield I was telling you about, that really neat thing.

M: That's something you haven't purchased before?

R: No. This was the first time I've done that, and I would do it again.

M: How much was that one?

R: The windshield protection...I was hoping it was over here because it's next to impossible to read.

M: It says \$399.

R: It's expensive but I like it. In fact I was debating calling them up and saying can you do that on the rear window, too?

M: They only have it on the front window?

R: Yes.

M: What's this one?

R: This was that tire program I was telling you about.

M: That you made use of.

R: I made use of within one week. I am sorry I had to make use of it. It was kind of serendipitous. They only found it when they went to take the air out of the tires and put in the nitrogen fill when they did all this add-on stuff. It took them several days to get the tire because it's a new model.

M: Take a look at this one and tell me what that is. This one is just a privacy statement.

R: This is the loan thing that we were looking at...retail installment contract. No, wait a minute. No, this isn't. This might be the one where the car is totaled within a year.

M: The GAP coverage?

R: Yes, this might be that. The only other thing it could possibly be is the...I think it's the extended warranty. I am not sure. It's one or the other.

M: Okay. You think it's either GAP insurance or...

R: It doesn't really say what it is, right? I am sure the Finance Department explained it at the time.

M: Okay. They just want me to verify one more time if you have the spot delivery form. You looked briefly before, but they just want to make sure that you don't have that. Usually it says it right at the top. Did you go through everything?

R: I thought I did.

M: It may be a different color but a lot of times it's yellow.

R: That was the lemon law stuff was the yellow. That's the dealer exchange.

M: Thank you for your patients. I really appreciate it.

(Going through paperwork)

R: Do you learn a lot from this so when you go purchase a car you're going to be a whiz?

M: It's funny that you say that. I learn a lot from every study. Do you know whether or not...I saw that it's not in there...you have a GAP contract? Is that everything that applies to your car?

R: This is everything.

M: All right. Thank you very much for your patience. I really appreciate it so much. Have a wonderful rest of your day.

// end of recording //



AUTO BUYER STUDY

151949

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What was the most recent car you purchased and when did you purchase it and where did you purchase it?

R: [REDACTED], I believe, this year. I purchased a [REDACTED] from [REDACTED].

M: What factors influenced your decision of both what car to buy and where to buy it from?

R: We were researching for a car for my son who is young but he needed to get another car. He had a [REDACTED] prior to that and then a mishap, not his problem, but we needed to get a new car. So, he said he wanted to look at [REDACTED] so we started our search for [REDACTED] again.

M: What influenced your decision on that specific [REDACTED] that you picked?

R: Well, we narrowed it down to 2. Two different dealers. Well, a dealer and [REDACTED]. They were willing, though a process that took about a week or so, a week and a half, for them to get the price range to where my son could afford and we thought was a worthwhile deal for him. That's what it took to get it down. We walked out before a couple of times and they finally got to where we expected them to be.

M: We're going to go into more detail about that experience. You were between 2 dealers. How did you decide which dealer? How did you decide which car model? What were some of the things involved in that?

R: What it was is, my son never did this and my wife and I did the shopping. He works at night so he couldn't go with us except to come and sign once we made the deal. We went online and with [REDACTED] you do most of the stuff online. You find your car online. We found one online. While we were talking with them we went to the [REDACTED] dealer in [REDACTED] near where I work at and we went and visited. The salesman took a used one for a drive but it was too high. As we were leaving he said, "What about this one in the show room? A brand new one." I said, "That's fine but it's too high." I said he can't even get ransom(?) numbers. (Inaudible) the finance guy ran some numbers. He came back and I said, "It's not what we're looking for. It's too high." We left. Well, a couple of days later he called and talked to my wife and they had a verbal agreement over the phone. We had gone since then to [REDACTED] and they were sending a car over that we were going to buy. It was a used one. But, the guy got the brand new one to the price range that the used one was. And, for a brand new one we said, "OK, if you get it there

then we'll come and look at it." I went in and we talked and I left again. Came back and it was at the price we agreed upon.

M: Why did you leave again if you came to a verbal agreement on the phone?

R: That's the problem with car dealers. The salesman, a nice young man, just starting out, less than a year selling cars, very up front, very good. Finance person, different ballgame, you know. After we had a verbal agreement on the phone with my wife, she wrote everything down what the agreement was. I took it in there, we talked, everything was fine. My son and I went back to the finance buy and he presented a whole different ballgame. OK. So, that's why we left to look at other options for financing. We still wanted to get the car but we were looking at other options to finance.

M: We're going to go into more detail on some of that in just a bit.

R: That's just an overall how it all went down.

M: Excellent. Tell me how long the entire process took. After all the times of walking out, how many days was the process from start to finish?

R: I would say probably a week. Seven days, roughly.

M: In general, the shopping experience of choosing the car. Anything you particularly enjoyed or did not enjoy about that part of the process?

R: I would recommend anybody who is going to shop for a car spend some time online. I'm not including the online time. I'm just talking since we first contacted the dealer or [REDACTED]. Then, it took about a week. But, shopping online you're able to pinpoint what you're looking for, price range that available, and then when you walk into to car dealership you have a good idea what's out there in case they play games with you, so to speak, if they're not going to work with you.

AGREEING TO A PRICE FOR THE CAR

M: Let's talk about how you got to the price you were looking for for the car. You did some research online.

R: Yes.

M: You walked into the dealer with a figure in mind. Tell me how that process went.

R: First of all, you've got to know your finances. [REDACTED]. So, we knew we had that money coming in. So, that was the down payment. Then, we were looking at what he makes, his finances, because he's going to be the one...although I'm going to buy the car because of my credit... [REDACTED]...we're looking at what he can afford working part time. We wanted to keep it in a certain range so that's where we start online. We start doing searches for the type of car he wanted. We looked at different cars but he settled back. He's kind of set in his way, the way he is, his age, and he wanted another [REDACTED]. So, we started looking at those [REDACTED] thinking we couldn't get a brand new one. It was going to be a couple of years old. We found a couple in his price range online and then we started contacting dealers and [REDACTED] and stuff like that.

M: What was the original price of the car and then the price you finally agreed upon?

R: Original price was, I believe, \$19,300.00 or something. They brought it down to \$15,000.00 I think and then we had the money from the insurance and that got it down to \$10,000.00 which was the limit we wanted to go to for him.

M: What other comments do you have specifically about the aspect of obtaining the final price on the car? Any positive experiences? Any negative experiences with the price part?

R: It wasn't real positive. Like I said, the finance man, I don't know how else to say it, he tried to play games with...

M: Tell me what you mean by that. What happened?

R: If my son had went alone he would have got hooked into a long drawn out 7-year contract, he would have paid thousands of dollars of interest which he didn't need to pay. The agreement was, on the phone with the young salesman, the agreement was \$15,000.00, we're going to pay \$5,000.00 for the car and the [REDACTED] \$10,000.00. When we walked in there, 3 year loan, he said, "You've got to go with a 7-year loan to get these rebates." The rebates cut it down from \$19,300.00 to \$15,000.00. Taking \$4,000.00 or \$5,000.00 off of it. You have to pay a 7-year loan to get the rebates.

That's ridiculous. We had an agreement. And that's why I ended up leaving. Not the salesman, but the finance guy wanted to jack up the price on us.

M: He was trying to get you to commit to a longer term.

R: Like I was saying, there was no other option. It was like, that's ridiculous. I'm not a 20 year old kid. You can't tell me that's the only option you have, when we already had an agreement with the salesman. I don't know if the salesman even knew this was going on with the finance guy. That's what they do. Their goal is to get you to sign a 7-year deal for a car so that helps the dealership out.

OBTAINING FINANCING

M: How did you ultimately pay for the car?

R: Ultimately, what we did is we took the [REDACTED] \$5,000 [REDACTED] [REDACTED] we worked out, that same finance guy, after I left I came back and he was more reasonable, he mentioned the original agreement we had with the salesman, and we financed \$10,000.00 for 3 years.

M: You put down \$5,000.00 down and you financed \$10,000.00 over 3 years.

R: Right. Right.

M: Ultimately, how did you decide to finance through the dealer versus some other company like a bank?

R: That's it. We went right down the street, right near my work, I bank at [REDACTED], so we went down the street to [REDACTED] and talked with them. The manager...I come in there a couple of times a week at the bank...so I talked to her. She said go online. They contract with a company called [REDACTED] to do a refinance for a car. So, I talked with them and in about 20 minutes or half an hour I went back to the [REDACTED] dealer and the guy was shockingly more reasonable and he presented the plan we originally had. We went through it and there were still some things I would say that I wasn't in agreement upon.

M: Such as?

R: Well, when I talked with the salesman, after you buy a car they have, do you want to get clear coat on it? Do you want to do some stuff with the interior? Do you want to get this package on it? And, things like that they add on. If you agree to it, and it was like 5 things they wanted to do, and I said, "No, I don't want any of them except for one of them." And, when I went back to them, what the salesman said that one package was, when I went back to the finance guy it was like \$200.00 more. I don't know that happens from walking one office to another, but it was \$200.00 more. I asked them about it and I wasn't real excited with his answer. Again, he was playing games with me. But, the amount of time we've taken to get to this point, I know car dealers or car finance people understand that you've worked hard and you're tired. I said, "Well, I'll pay the extra little bit." And, they added something else on it to try to justify the price.

M: We're going to talk about that in just a second. That's really helpful. At any point did the dealer indicate you could get a better price if you agreed to certain conditions?

R: Yes, he did. Yes.

M: Give me an example.

R: That was the sticking point. At first he had a 7-year contract. But then, when I went back, he was willing to go with a 3-year contract. For whatever reason, it changed in 20 minutes or half an hour. But when he was willing to go with the 3-year maybe he thought I was serious then. That was the change. He went from a 7-year contract to a 3-year contract.

M: You told me you compared contract rates with the dealer financing. Right? How did you ultimately decide to go with the dealer?

R: What ended up happening was, when I went to [REDACTED] the assistant manager told me what the rates would be, which would be a little bit less than this, but I was going to have to go through applying online through a company called [REDACTED], which I didn't have time to do it right then. So, she told me what the rates would be. In my mind, I would go back to the dealer, I'd sign the paperwork, as long as it's a 3-year contract, and then I'd go back to [REDACTED] and refinance and get away from the contract with the dealer just because of the finance man.

M: What happened?

R: I went back and the finance man agreed to the 3-year contract. It's only been one month. He's only made one payment. We're in the process of trying to refinance it right now.

M: I see. So, you are trying to refinance it?

R: Yes, we're going to try to refinance it. We came across some issues with that because of Equifax and my son not having a recorded background as far as...he doesn't have any credit history. We had some issues with that, but that's a different issue.

M: OK. Tell me a little bit about the refinancing process. You're negotiating, renegotiating, in return for...

R: That might be worse than the dealer.

M: Oh, really?

R: Yes. Going through [REDACTED], which is a subsidiary or a contracting company with [REDACTED] who does auto loans and refinancing so to speak. I want my son to get the credit. I don't need the credit. He's trying to get a credit history. So, I want him to be able to build credit. So, I put both our information in when I went online for [REDACTED]. And, of course, it's not [REDACTED] fault, but they put out the information, they go through the credit agencies like Experian and Equifax. Well, Experian didn't have a problem. They had some background information on my son because he has a secured credit card. Equifax didn't have any information on my son, they said. They didn't know my son was who he was. So, we had to photocopy his Social Security card and a picture of his license and faxed it in. Forty-eight hours later I called Equifax. Equifax doesn't have any information. So, I'll send it again. I did the

same thing. I faxed it to them at the same number they gave me. Called 48 hours later. They still didn't have it. OK. So, I said, "I'll make a copy and I'll send it to you by mail. I'll put it in an envelope and put a stamp on it." I did that. They said, "You've got wait a week." I waited 7 more days. Called them up.

M: At this point why would you just not stick with the dealer financing?

R: We are. But, there's a point to it. There's a point. We can get a lower rate. And, the point that this guy...I think, sometimes when you make people upset when you try to play games with them, they don't want to deal with you.

M: So, to you at this point it's more the principal. You don't want to deal with them anymore.

R: Yes. Exactly. I'm not going to deal with them anymore. But, if my son can save \$20.00 to \$30.00 a month on his payment, you know, it's worth his benefit.

M: The terms of the dealer financing, the monthly payment, the interest rate, obviously you talked to him about those terms. Right?

R: Yes. Yes.

M: Were any of them negotiable, do you know?

R: Not the interest rate. It wasn't. The terms, as far as the years, they seemed to be. It was 7 years to 3.

M: Anything else? Monthly payments?

R: No. What they did was, what the guy did, he had his computer as we sat at the desk, and he pulled it around and just typed in information, numbers and stuff and what came up, came up. It was, I forget, 5.69% or something like that which, to me, is a pretty high rate for a car.

M: Any other comments about the financing experience?

R: No. I can probably go on and on, but it was simple once we reached an agreement. But, other than that...

M: Was the key sticking point with the finance person the length of the loan or was there anything else he tried to kind of pull the wool over your eyes on?

R: The length of the loan was the first and main point. When you agree to 7 that's a lot of money interest you're going to pay over 4 more years. That was probably the primary.

M: Anything else that he did?

R: After that, like I said, after I left and came back and agreed to 3 years, we agreed to the payment and he was going down the information on here is itemized, and then the additions...

ADDITIONAL PRODUCTS AND SERVICES

M: Alright. Great. Let's talk about the add ons. What additional products and services did he try to offer you?

R: He didn't offer me anything. It was the salesman. The salesman offered me 5 different add ons. One was for Scotchgarding the seats, one was for clear coat or something on the paint, something was for...there were 3 more. I can't remember what they were.

M: Which was the one you wanted?

R: I think we went ahead and did the Scotchgard. We had them do Scotchgard at the beginning because my son's not going to do that and I'm not going to do it. That was, I forget what that was supposed to be. Probably outrageous, \$300.00 or \$400.00. Then, we went from the salesman back to the finance office, for some reason it's \$900.00. It's like double or triple. That when I asked, "How do you get to that point?" He just said something like, "Well, there's tax on it." It seemed like a lot of tax to me.

M: What about anything like an extended service contract, rust proofing, GAP coverage? Did they offer you any of those things?

R: We didn't do any rust proofing and we didn't do any extended coverage. I think one of those 5 offers was one of those, but I normally don't, no matter what I buy, do extended coverage with anything.

M: What about GAP coverage?

R: I don't remember. I'm trying to think of different terminology he used. What do you mean by GAP coverage?

M: You're not familiar with that?

R: It depends. Explain it to me. That way I can...the term off the top of my head but maybe he said something different.

M: What is your interpretation of what it might be?

R: It would mean that if you have an accident or something happens that there's a gap between what the brand new price and there's usually depreciation when you drive off the lot, that would be my guess.

M: Right. Did they offer you anything like that?

R: No.

M: OK. You said that the sales rep initially offered you some of these add ons and you agreed to the one, and the financing person didn't offer you any additional add ons. He just tried to increase the price of the one that you wanted.

R: Right.

M: He didn't try to suck you into anything else?

R: No.

M: Did you try to negotiate that \$900.00 back down?

R: Yes. What I had was, again, this was part of the game. In my pocket I had a piece of paper that my wife has written down everything, all the terms and all the numbers that they had agreed upon with the sales person. So, I said, "Well, in my pocket I have a different number than that \$900.00." He said, "Oh, OK." That's when he brought it down some and he added something on to it, which turns out, as I went to leave the salesman came out to put the plates on and stuff, because it had DMV and they can get's plates where you don't have to use the 30-day tags at this dealership. He said, "Did you have this done?" I said, "They charged me for it but I didn't." He said, "Well, let me go and check and see if they did it." They never did the clear coat on the paint or whatever. So, they took it back and did it afterwards. I was going to drive off without even having it done, but they were going to charge me for it.

M: That was different.

R: That was part of the \$900.00 where he got up to \$900.00.

M: Oh, he was going to throw in the...

R: Yes. I think I got it down to \$700.00. I got the interior Scotchgarded and the clear coat. I'm not sure if I used the correct terms. But, that's what I ended up getting for the \$700.00 instead of the \$900.00 basically. So, they did do it but I could easily have driven off without them ever doing the clear coat, without talking with the salesman as he was putting the license plate on.

CONTRACT AND POST-PURCHASE

- M: Let's talk about the contract and the signing of the paperwork. Did you have an opportunity to review the paperwork before signing?
- R: Yes.
- M: Did you review it before you signed it?
- R: Yes.
- M: What was particularly easy about the signing process versus what was difficult about the signing process?
- R: The difficult part was what I just verbalized in the last 10 to 15 minutes about dealing with this guy. The easy part is that, once we get to the right amount, just sign. The hard part is getting there. It's not hard to sign. (Inaudible)
- M: In reviewing the paperwork, was there anything particularly difficult or confusing about the paperwork itself? We're going to pull out the paperwork and look at it more specifically, but just overall.
- R: I'm a bottom-line kind of guy. Just look at the bottom line. There's so much to read on here and I'm not a lawyer. You start reading that stuff and if you're not a lawyer I could have spent another 2 hours in there reading this. It's like 2 feet long, this contract. He just points to where to sign. You've got to trust him. You're hoping he's being honest with you in telling you what to sign because he wants to make the sale. But, they type it up and it prints out and all this word in the fine print, I've just got to hope that they're being honest with us and that I'm signing the right forms in the right place.
- M: All you cared about ultimately, was the bottom line price.
- R: Exactly. I'm worried about the interest rate and what the monthly payment is going to be for 3 years so it can be paid.
- M: Have you had any contact with the dealer since purchasing the car?
- R: No. The salesman send my son a nice card or email or something like that. That's the only contact we've had. He will probably return there because they did give him a free oil change when we gets to 3,000 miles. One nice thing the salesman did, he took us back, I guess it's protocol to come back and meet the service manager and all the service options they have for you and stuff like that. So, that was nice.
- M: You had a good experience with the sales manager, sales person.

R: Yes. I liked the sales person. He was a young guy and he was new into sales, less than a year, and he was doing his best to make a sale. He worked hard. I give him credit.

M: Since you closed the deal have you had any problems with the financing? I know you're looking to refinance and you've had some problems with that, but with the financing you have right now has there been?

R: No problems.

M: No problems.

R: Yes. As far as they sent everything out and my son's taking care of paying the first month, so I think he's doing it online.

M: You're going to continue with the refinance (inaudible)?

R: Well, that's up to my son. It's up to him. If he wants to, and I'll explain it to him again, but he has to go through the process. Just to go back on Equifax real quick, and I don't want to belabor them, that nightmare, but he's going to have to change his secure credit card to an unsecured credit card so he can start building credit with Equifax. Equifax don't recognize that he's a person. They don't recognize him, his Social Security number, everything I sent them, they don't recognize him. So, they won't give banks any credit history on him. Because of that he can't get a loan.

M: But, the other company, Experian could, right?

R: Yes, Experian could.

M: He still can't get a loan even though...

R: They had [REDACTED] check both Experian and Equifax.

M: The need to check.

R: Yes. Equifax came back and said they couldn't find him. But, Experian had a good number for him.

M: Interesting.

R: Yes. It was weird.

M: He'll decide whether he's going to continue that or just stick with the dealer financing.

R: Knowing him, he probably won't. If he wants to stay with that it's fine with me because it's his money. He's working for it. But, I would like...he needs to change this because

he has to go to an unsecured credit card. I think that will start registering more on his credit background than his secured one.

M: So, the rate, the APR that you're paying to the dealer is slightly higher than the refinance and you're OK with that?

R: It would be slightly higher. A couple of percentage points higher. But, you've got to learn.

M: Was placement of a tracking device ever required or discussed?

R: I remember seeing...I'm trying to think if he brought that up or if we just saw it on his desk, an advertisement for it.

M: Are you familiar with what the tracking devices are for?

R: Yes. I can't remember if he...it might have...I just remember seeing that on his desk something about it but I don't know if he brought that up or not.

M: That's OK. What are they typically used for, do you know?

R: I thought it was more used for insurance companies, not car dealers. I'm not sure why a car dealer was using those more than insurance companies. So, I don't know if we're talking about 2 different things.

M: To the best of your knowledge it was not discussed that any sort of tracking device was going to be activated or anything like that. It's my understanding that occasionally they have to disclose it to you. In case you don't make payments on the car they can shut your car off.

R: That was never discussed. None of that.

OVERALL UNDERSTANDING

M: OK. Let's go ahead and look at your paperwork and if there are any additional questions about some of the things we've discussed to this point, they might send in a note. Let's start with the retail installment sales contract. Overall, looking at this, anything particularly confusing or difficult to understand about this document, do you think?

R: All of that.

M: Fine print.

R: I didn't read it all. In fact, before I came here I started looking through it in case you'd have some questions and I came to the part that just shocked me. This no cooling off period part down here. "State law does not provide for cooling off or cancellation period for this sale." I thought all sales of this magnitude you had a 48 or 72 hour time to change your mind. But, now there's a no cooling off period. This was never brought to my attention during the whole thing. But, I looked at it and like, "Are you kidding me?"

M: That was something new you discovered after the fact. Anything else you discovered?

R: I've never seen a contract of a high ticket item that ever had a no cooling off period on it.

M: Anything else you discovered?

R: I would have to read through it because I didn't read through it.

M: Oh, no. That's OK.

R: I haven't read through all this stuff. If you expect someone to read it you might just send them home for a week or give it to their attorney. Nothing that jumps out at me.

M: Where is the monthly payment on here?

R: Right here. It says, "Your payment schedule will be..."

M: Did you review that number at the time of the purchase?

R: Yes.

M: And, how did you get to that particular amount?

R: That's what came up on his screen. He had to use the interest rate he used, he never explained it. I'm just assuming, for whatever reason, the 5.79 plus put the numbers in through an amortization schedule, put the numbers in the computer and that's what pops out. How he got to this interest rate, I'm just assuming their finance company is who decides. I don't know. It was never explained.

M: You never thought to negotiate that rate?

R: No. The final payment came to his range. We wanted it a little lower. Like I said, with refinancing we could get it a little lower, but it was acceptable at that level.

M: The monthly payment.

R: The monthly payment was a little higher but it was a 3-year, so you know, after a while you just get tired. It was like, I'm just ready to sign the paper and get out of here.

M: I understand. We were just talking about the APR. Point to the APR for me.

R: Right here.

M: OK. What about the length of the payment?

R: It says right here.

M: That was the big sticking point for you that he ultimately agreed to so you could finish the deal. Right?

R: Yes. And then, the finance charge which I pay over 3 years which I can deal with.

M: And, the down payment you told me was \$5,000.00, right?

R: Yes.

M: Where is that?

R: I was a little wrong. I said the car was \$20,600.00. I thought it was \$19,300.00. It was probably different numbers I saw on the way that moved it up. The down payment, let's see where they moved that in at. Here's \$18,900.00 and it was a total sales price. OK, let me see if I can find it.

M: Looks like \$5,948?

R: I'm looking at that. Cash. I can't remember. Maybe he did pay another \$5,000.00. \$18,000.00 was for his car so my son must have used another \$900.00 or whatever for that item. Let's see, down payment, cash rebate. OK. He must have took another less than \$1,000.00 out of his bank for that. He must have done some transferring on that.

M: Most of the down payment you said came from the insurance.

R: Right. Insurance. \$5,018 of it was from insurance. The rest of it was from his bank account.

M: What about the rebates? Did they discuss the rebate with you?

R: Yes, we discussed it. It was what caused some of the friction because in order to get that done I was going to have to do a 7-year loan. We're not going to give you that rebate unless you do a 7-year loan. Initially, that's what he said. That's when I said, "Well, OK. That's not our agreement." That's when I left the first time.

M: But they did give you the rebate.

R: When I came back it was like it wasn't even a discussion. It's kind of funny how that works.

M: Anything else about this contract you want to point out that was...

R: It was kind of interesting, check the insurance you want and sign below. Optional credit insurance. I don't know what that's talking about. Everything is NA.

M: You're not sure what it means?

R: No. It just come on NA and there was no discussion. Most of this stuff there is no discussion. I mean, this stuff in the back we don't even look at it. You just sign. You know, he works it all out and you just sign the paperwork. That's how it went.

M: Were you ever given or discussed something they called a spot delivery agreement? Do you know what that is? Did they discuss that with you?

R: Never heard of it before.

M: Never heard of that before.

R: No. Are you going to educate me?

M: I'm going to read you a definition of it and I want you to let me know if there's language about this anywhere in the paperwork you received. Basically, it occurs when the dealer allows you to drive the car off the lot, on the spot, when the sale and financing are technically not yet final. Do you recall reading anything about that in any of the paperwork?

R: I did read about it, but a couple of times...the first time we were with the salesman before the finance guy, the salesman wanted us to drive the cars home. We never do that. I never do that.

M: You don't recall anything about that.

R: We didn't talk about spot. I told him upfront I'm not going to drive one off the lot. I'm just not going to do that.

M: But, I think technically speaking, even when you do the financing with them it hasn't necessarily been officially approved to the day. It might take 24 hours or 48 hours for it to make sure everything goes right. So, if for some reason, when they ran something for him, let's say on TrueCredit Score or whatever, you would have had to return the car for some reason, they didn't go over any of that with you?

R: Never heard anything about that. No. Never heard anything about that.

M: Let's look at this one. Do you have that paper with you?

R: [REDACTED]

M: Oh, got it. OK. Tell me what some of these charges are. I looked at this before and I don't understand what some of these charges are.

R: I probably won't either. So, let's look and see. There's a processing fee.

M: Where is the processing fee? Oh, I see.

R: It's just something they put on here for whatever reason.

M: What's the crystal fusion? And then, other afterwards? Do you know what those are?

R: Yes. I think they're the ones they added on. These are doing the...I'm believing this is what it was for the clear coat, the crystal fusion, and the interior package just says "other after markets." I think it was \$695.00 which wasn't the price we agreed upon. And the \$200.00 added on there. I believe that's what that is referring to.

M: OK. Any reason you think why...so, when you go back and you look at the sale contract and at the bottom like in letter five, other charges. I don't see those charges listed here.

R: Where are you now? On this one here?

M: Yes. Back on your sales contract. It doesn't look like the crystal fusion and those things are added on here.

R: Right.

M: Any idea why that is? The processing fee is on there.

R: Right. And, the total numbers are the same. I don't know how they got the total number there to be the same on the total sale price.

M: They didn't really explain this to you.

R: There's a lot of stuff they probably didn't explain to me. And, the processing fee like you said. This part is the after markets. Seventy-three, 53 plus 22, taxes and stuff. I mean, there's so much stuff on here that we didn't talk about specifically. Like I said, I just talked about the end game.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: The other piece of paper you had here is the addendum. What is your understanding of what this is? Did they explain this to you?

R: I guess this has to do with the contract. Like you said, the spot. Not that this is the spot, but the sale agreement or lease has to be accepted.

M: Do you recall whether they went over this with you?

R: Not in any detail.

M: You're not really fully sure what this is.

R: Not really. No.

OVERALL EXPERIENCE

M: I'm going to give them an opportunity to pass in a note if they have any additional questions about your paperwork. But, in the meantime can you please summarize for me your final views on your overall car buying experience and what, if anything, you would do differently if you had the opportunity to do it again.

R: Overall it was probably better than I have experienced in the past dealings with car dealers.

M: What was better than other times?

R: Well, this time my wife had an agreement with the salesman before I walked in, so I knew what the parameters were before walking in. So, it was better than I had in the past, but not as good as what I had with [REDACTED]. I would have preferred to go to [REDACTED] and we would have went to [REDACTED] because we had bought vehicles there before and there's no hassle like this guy put us through because the figures were already worked out. So, I would have preferred to go to [REDACTED] and we were going to go to [REDACTED]. We had a car picked out. But, it was a used car. And, new one...I went through the hassle for a new car for my son. So, it's better than what I had in the past because, like I said, everything was worked out. I just had to deal with the finance guy, but I expected that going in. But, it wasn't as good as it could have been.

M: What would you do differently next time, do you think?

R: Well, buying a brand new car from a dealer, I would probably want to do the same thing as far as having an agreement with somebody written down and discussed verbally before I walked in, with numbers written down. Whenever you deal with finance, I hate to say this because I'm sure there's some good finance guys out there, but they're always going to try to get you to sign something that you don't want. That's their job. Not jack up the price but to get you to sign a longer deal or whatever it's going to take for them. They're looking after their own interests, you know.

M: Do you think if you had it to do over again you would finance through the dealer or through some other means?

R: Getting a brand new car? I've got to go to [REDACTED] to tell you the truth. To get a brand new car, I might have looked for other financing ahead of time. I might have done that. It moved a lot quicker than I was expecting. When my wife starts doing something...I'm a little slower about things. I check things out. I massage a little bit to try to figure out this and that, then I play all the angles. My wife just jumps in and makes phone calls and she had this working. I would have done it slower. She's a little quicker. I would have checked out other financing options ahead of time.

M: She got the ball rolling.

R: She got the ball rolling and my son needed a car because he was using one of our vehicles. There was a lot of dynamics involved. It went quicker than I would normally go, but sometimes you understand through experience that you're just going to have to deal with certain things.

M: If it were up to you to do again you might come in with some other financing options that kind of compared.

R: I would have went to [REDACTED] first since I go to that bank 2 or 3 times a week. I would have been there talking to the assistant manager real quick and say, "This is what we're going to do. What should I do? Let me know." I would have checked that and maybe somebody else, another banking institution, and see what they would do for a new car. I would do more research on the financing knowing that I was going to have to deal with a finance guy who, again, knowing their purpose for what they do for where they're working at, that their goal was to get you to sign something maybe you don't necessarily want.

CONCLUSION/FINAL COMMENTS

- M: Right. If you wouldn't mind, since we are wrapping up just a few minutes early, I just want to check and make sure there's no additional question before I let you go.
- R: No problem.
- M: Just one last question to revisit. You were sharing with me about the additional products and services that the sales person first discussed with you. How were those presented? Did he present pricing to you for each one of those additional add ons and, if so, how was that presented? Was it verbally or written down?
- R: It was...well, verbally we didn't talk how much each was going to cost. He had a card or a piece of paper with something on it at his desk and he showed it to us and these were the different options and we were to look at it and check off which ones we were interested in. It might have been a card.
- M: But, it didn't have pricing on it. Didn't you tell me the one package you did want, you were under the impression it was \$300.00 or \$400.00 and the finance guy tried to...
- R: Yes.
- M: How did you know it was \$300.00 or \$400.00?
- R: Yes. That was something that was discussed on the phone with my wife and him and she wrote it on the piece of paper that I took with me that we're going to get this one package and this is what it is.
- M: That was the verbal thing.
- R: That was the verbal thing.
- M: You wife wrote down.
- R: But, when we were in there earlier, this was on Monday we were in his office and we left, he had shown us the different add ons and we went through and there was like 5 of them and we talked about them. At that time another sales guy...was it a sales guy or a finance guy? It was probably a sales guy. Monday, when we were there the first time, he came out with the salesman and he talked to us a little bit trying to finalize the sale and we said, "No, this is just too much. We're not going to go that high."
- M: Your recollection of the add ons is that they were more of the verbal discussion, not "here's the pricing for them" to you visually.
- R: Right. It was more of a verbal discussion. We thought, "They're not going to deal with us. It's too high." We weren't going to settle. He was just telling us about it and we

knew that they're going to get this down. There's no way they're going to get this \$19,000.00 car as it sits inside the show room, down to the price we want. That was on Monday when we left. So, I wasn't really paying too much attention to it. But, the fact that it was a verbal thing, there wasn't prices assigned to it.

M: And then, in the finance office when he said, "Well, actually that package is \$900.00" that was written down somewhere or was that a verbal thing?

R: The thing was, when I went in with my son on Thursday, then I had the piece of paper from my wife where she had written down on the phone their conversation, what it's going to be. It wasn't an exact amount. It was \$300.00 or \$400.00. I don't know exactly what she had on the paper. But, that's when we checked off exactly what we wanted and then when he sat down and the number was twice to three times the amount I had on my piece of paper, you know, a bell went off in my head saying, "Where is he getting so much?" That's why I asked him about it, because it was a lot higher than what was negotiated or discussed. Again, it wasn't exact. If he had come back and said it was \$475.00 I wouldn't have. But, \$900.00 compared to \$300.00 or \$400.00? To me, I thought, and what ended up happening was, of course he told me about the tax, but what they did is just put another one on there. They put the clear coat on there I think to get it down. But, I think I still paid more than what, you know, I don't know the exact numbers for those packages but it wouldn't have been that high.

M: You never saw the exact numbers.

R: No. I never saw the exact prices on those add ons except for the one was what my wife discussed with him on the phone.

M: Great. I think that's all I have for you. Thank you so much for your help and for being patient with me.

R: No problem. Take care of yourself.

M: Thank you.

// end of recording //



AUTO BUYER STUDY

152288 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What was the most recent car you purchased and when did you purchase it and from where?

R: It was a [REDACTED]. It was done roughly in [REDACTED]. And, where it was done at [REDACTED].

M: Excellent. Which factors influenced your decision regarding what car to buy and where to buy it?

R: We are pretty much a [REDACTED] family. You know, they're reliable and it's the first vehicle for my son so I knew I had to cosign it for him. I ideally wanted a used vehicle for him, but of course, the dealers always say it's best to get a brand new car because you get better deals, better discounts, you know the shenanigans. I was like, "OK." So, that was...I didn't want him to get a big vehicle because of gas, the mileage, and I think I prefer the vehicle...it would be a small vehicle that's not going to make him spend too much money in gas because I know he's always out and about. So, a small vehicle. He didn't want that [REDACTED] in the beginning. We test drove a [REDACTED] and I didn't like that and it felt very insecure. It felt very small in the back. Me, being short, I felt very insecure. If somebody hit us from the back I'm going to be in a lot of pain. So, I didn't like that one. So, then we test drove the [REDACTED], you know, their [REDACTED] so they have a lot more features and they have...when you put it on reverse it has the camera on the back, it had a blue tooth so that was a big deal for him. So, those were the main factors for us to get that vehicle.

M: What about how you chose where to purchase? The dealer to go to? Where there any factors that influenced your decision?

R: It did. The seller, I don't know their titles, but they're the person I always go to whenever I want to buy a vehicle. So, they were the ones I went to to purchase my first vehicle.

M: You had the same salesperson?

R: Yes.

M: Oh, I see.

R: So, I know, even though I don't bring that much money on the table or the best credit of the world, they always try to help me out tremendously. So, I know I'm going to be there for at least the entire day, but somehow I'm going to get what I want and kind of meet them in the middle. The first they want to give you the worst interest rate. I'm like, "No, you're crazy. I'm not paying that interest rate." And, I know they're going to work it out somehow.

M: You had experience at this particular dealer before for other cars.

R: Yes, with the salesperson, the guy that looks for the vehicle, but not the finance person. It's always a new finance person all the time.

M: Summarizing the experience about shopping or choosing that particular car, was there anything in particular that you really liked or didn't like about that experience?

R: It was a long day.

M: Tell me about that. How long was that process from start to finish?

R: We went there on Saturday. I didn't get the car until about Monday.

M: So, three days.

R: Yes. We were at the dealer, we picked out the vehicle. We test drove [REDACTED] and then we test drove the [REDACTED]. We originally had to drive a white [REDACTED] and then they thought we were going to get the [REDACTED]. I'm like, "I don't like that car." She was like, "Why not?" "I just don't like it. It doesn't feel secure enough and it shakes too much when you drive it. I don't want it." So, she's like, "OK, you want to try the [REDACTED]?" We were like, "Yes." So, when he decided the [REDACTED]...

M: You meant the [REDACTED].

R: Yes, the [REDACTED] [REDACTED]. Yes. So, we decided for that one and then, for some reason, my son had taken the white one. So, he wanted the white one, the white color vehicle, [REDACTED], and for some reason they said the white color was about [REDACTED] more than any other color. I'm like, "OK, as long as it has the same features inside, we really don't care what color it is." So, we went for the black one. Then, my son saw it and we test drive that one as well so we decided for that one. OK. Fine. Then, we waited for 3 hours for our turn to talk to the finance guy.

M: Oh, wow. You just had to sit there and wait?

R: Yes. And, mind you, I had a 10 year old with me and a 9 year old. They're like, "I'm bored. Can we go home?" They were just dragging my ear. So, we waited there and then he ran numbers for me and he's like, "OK, it was a long (inaudible) bla, bla, bla, but

I got you approved.” I’m like, “OK.” I’m waiting. “OK, what’s the finance rate?” He said, “Twenty-four point 99.” I’m like, “I am not signing those documents.”

M: Twenty-four?

R: Yes.

M: Percent?

R: Yes. I’m like, “I’m sorry. I wasted your time. I am not signing no documents at a 24% rate.” I said, “I know I don’t have the best credit, but I also don’t have the worst.” They’re looking at me like...I’m like, “I’m sorry, you know.” But they’re like, “Can you put more down, then?” I’m like, “No. It’s his vehicle. He only has \$1,000.00 down. That’s all we have. I came here for a used vehicle. You guys want me to buy a brand new vehicle because I get some discounts or whatever.” So, we sat there and then it was almost 5:30 PM or 6:00 PM and all the banks were closed. All the major banks were closing. So, he was like, “OK, what I can do is, I can talk to other banks, but that’s not going to be until Monday. Maybe I can get you down to 10%.” I’m used to paying between 7% and 10%. I mean, it’s still high but it’s doable. I said, “Sure. That’s fine. I’ll wait. It’s no big deal for me.” My son was a little disappointed because he didn’t drive a brand new vehicle out of the lot. I was like, “You know, hon, if it’s not meant to be, it’s not meant to be. Don’t worry about it.” So, came back Monday. I didn’t have to work that day for some reason. I think it was a holiday. They called me and they said...you know, the guy...he said, “I have good news for you. I got you approved for 10%. Come in and sign the paperwork, this and that.” We got there, then we had to talk about insurance on the vehicle. That was another 3 hours because the car payment, it was...the insurance was higher than the car payment. My son is going to pay for this. I’m just putting my signature. But, no money is coming out of my pocket. I’m looking at my son and I’m like, “I am not signing this. I am sorry. It’s like putting you in this situation where I know 6 months from now they can tow this vehicle away from the house because you can’t make no payments. It’s ruining your credit. You’re just getting your credit started and making my credit worse than what it already is.” So, they also have connections, you know, with insurance and stuff. So, they started calling different insurance companies trying to see who can offer me a better insurance rate for him. I also have my insurance agent. The guy that works there, we used to work together at a different location. But, he went his own way and I went in another way with a different company. I had sent him, I said, “Look, I’m getting a new vehicle. I’m trying to get insurance on the vehicle, but it’s going skyrocketed and I can’t afford this. I cannot pay more insurance on my vehicle that I know I have a great driving record. I’m not going to pay no \$500.00.

AGREEING TO A PRICE FOR THE CAR

M: Let me back up just a little bit. I want to ask you about arriving to a price for the car. So, before you get to financing and you're getting to the price that you're going to pay for the car. Tell me about that process. What was the car listed for originally, what did you end up paying for it, and how did you get to that price?

R: I'd have to look at the paperwork because I kind of forgot. They said they brought it down \$2,000.00 less than what it already was, so I can actually get it approved to the car payments that he could roughly afford. Yes, because they said the vehicle was about \$23,000.00. That's what they said. Then they said they brought it down to \$18,000.00. The white one was \$25,000.00 but somehow they brought it down to \$18,000.00 and then they added all these fees and, you know, with the processing fee I'm like, "Why does it have to be \$700.00? It used to be \$65.00 when I bought my vehicle a long time ago." So, all of these things add up. But, for them to be able to make a car payment where my son could afford the car payment, then that's how they played the numbers in there.

M: Did you go into the dealer with a price in mind that you knew you wanted to pay? Or, how did you...

R: I came to the dealer not really with a price for the vehicle, but a car payment on a monthly basis.

M: Monthly payment.

R: Yes. No more than this. This is what I want to pay. I don't care. A used vehicle. But, "Oh, lets' get a brand new vehicle. You get all these benefits and this and that and bla, bla, bla." And they said it's better for them...they said it's better if we buy a used vehicle then why not trying to push me with a used vehicle? But, they said I don't get all these benefits and all these discounts that, you know, for me to be able to get it.

M: Was there a lot of negotiating to get the price down or did you pretty much say, "This is what I want to pay on a monthly basis?" And, they said, "Well, here's what the car is going to cost."

R: Yes. That's why I like going to them, because when I tell them no more than this a month, they will work the numbers. They will bring the interest rate down, maybe a tier or two down, or they will remove some fees down the line. Just play with the numbers. They say they lost money. They never do. I'm like, "They're lying because you guys never do lose money." That's why I go over there. I tell them, "No more than this a month."

M: How do you get to that number? That monthly number?

R: I just kind of, you know, my son has a part time job. I tell him, "This is how much you need to pay for this." I run numbers for him. "So, this is your net income."

M: So, you're doing it based on your budget. Did you do any research about what the [REDACTED] cars cost and coming in and saying, "Well, this is typically what they sell for." Or was it just a matter of "This is what we can afford. Give me a car that fits within this."

R: I personally wanted a [REDACTED] for him. He wanted a [REDACTED]. I'm like, "No, honey. That's a \$40,000.00 vehicle. Nobody is paying for that." I knew that the vehicle, the [REDACTED] run between \$20,000.00 and \$30,000.00 depending the model. You know, the [REDACTED], the [REDACTED], the [REDACTED], and all of them. So, I know the [REDACTED] is a little higher and then the [REDACTED] is a little lower. I knew between \$20,000.00 and \$25,000.00, depending on the interest rate, we can stay within our budget. So, most definitely I always look into the vehicle prices. Yes.

M: Did you trade in a car at the time of purchase?

R: No.

OBTAINING FINANCING

M: Let's talk about the financing. How did you pay for the car? Tell me about the financing.

R: I tried to get a pre-approved loan with the credit union, but because I already have 2 vehicles under my name, which is my vehicle and my husband's vehicle, they kind of looked at it like it was too much of a liability for them. I wasn't going to be able to afford to pay for all these vehicles. I'm telling them, "I'm not paying for all 3 of them. I'm just cosigning for them." They denied me.

M: So you did search elsewhere besides the dealer for financing.

R: Oh, yes. Most definitely. The credit unions always give you a better rate than the companies at the dealers.

M: Ok.

R: You also get a better lower rate.

M: But, they denied you because you already had 2 cars in your name. So, you ended up going through the dealer financing.

R: Yes.

M: Did you say he put \$1,000.00 down and financed the rest?

R: Yes.

M: OK. What, if anything, did you particularly like about the financing experience?

R: The guy did everything that he could to help me out. I really, really, you know, really see that on him. I'm sure he gets a percentage every time they sell a vehicle, but he definitely, you know...you know what? Do I have 2 glasses? Because, I went to the movies today, so I'm like, "Do I have my 3-D glasses?" Yes, he called because it was 24% before and then he got another company where they got it down to 16% and I'm like, "It's still too high. Sorry, I'm not paying." And then he asked me, you know, "What's the highest you can spend?" "At worst, 10% and that's it." He told me...

M: How did you know you could negotiate the interest rate? I've been talking to people all day long and no one else has told me that they can negotiate the interest rate. How did you know you could do that?

R: Because they want to make a sale. They don't want you walking out of the dealer without a vehicle. And, with my husband's vehicle, they wanted to also sell me his

vehicle with a 24.99%. From 24 they brought it down to 7%. They match the percentage I had with the credit union on my vehicle. That's how I know that they will and they can.

M: So, you had experience negotiating that before.

R: Yes. The moment you tell them no, no, no, no, no, and you're ready to walk out, and maybe in that moment of that window they've got to meet a certain criteria of the month or whatever, I don't know. You know, they tell people they got to work out of commission. They want that commission so they will do their best to do it. I'm sure that they get in trouble because the guy that sold me my husband's vehicle told me, "I'll deal with them later." So, whatever that meant to me I really don't care as long as I get my percentage that I want. Or, at least close to what I want.

M: What did you not like about the financing experience, other than they came back with 24% and lowered it. Other than the percentage rate, was there other aspects of the financing process that you did not like?

R: I'm going to say the wait, but that is something that you expect, knowing that you're not bringing a lot to the table. You know, you're bringing very little money. It's something to expect. I didn't like it but it's something that I had to face.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products or services?

R: With buying a brand new vehicle, zero miles, you get oil change for the rest of the time he has that vehicle.

M: So, there was a maintenance...

R: Maintenance. Yes.

M: Extended service?

R: Yes. So, he just drives the vehicle to the [REDACTED], tells them what he wants, and they will change the oil for him. Maintenance, pretty much.

M: Anything else?

R: No. Just the maintenance.

M: Anything about rust proofing?

R: No.

M: Anything...GAP coverage? Are you familiar with what that is?

R: No. That was a must.

M: What do you mean, "That was a must?"

R: They would not give me the vehicle without the GAP insurance.

M: They wouldn't give you the vehicle without it? So, it was mandatory.

R: Yes. It was mandatory.

M: How much did that cost?

R: I think it's right here. Nine hundred dollars.

M: Were you able to negotiate that price, or no?

R: No. No.

M: What was your overall impression of the dealer offering you these additional products?

R: Me, myself personally, have never purchased a brand new vehicle. Every time I buy a vehicle for me, it's used. Having the service, you know, oil change and all that stuff, for the remaining time that you keep the vehicle, I think that was great. I'm like, "Oh, I didn't know that. Maybe I'll look into it whenever I'm ready to buy me a new vehicle."

M: This is the first time you experienced these additional purchases.

R: Yes, because they offered me, for my vehicle, but it was more money that I would have to put into the financing. I'm like, "No, I already have a pre-approved letter that it has a limit to it. I don't want to add more to it than what I already have."

M: At what point in the process, when did this occur that they offered you these additional add ons?

R: The GAP I already knew, because every time I buy a vehicle they tell me you have to have GAP insurance on it just in case something happens.

M: What is the GAP insurance? Do you know what that is?

R: They say it's to cover bumper to bumper in the event that the vehicle comes into a total loss. The GAP will cover whatever the insurance doesn't cover. But, I think there's a limit on that. I think it's only like a year or two.

M: Did your sales person talk to you about this or was it the finance person?

R: The finance guy was the one. He just said it covers bumper to bumper in the event that something happens. They don't really go into detail for that, at that point. (inaudible) leave it alone.

M: What about the extended service agreement that you bought? Was it the finance person that talked to you about that?

R: That's not really a purchase. That's included in when you buy a brand new vehicle, zero miles.

M: You didn't pay extra for that.

R: No. That comes with buying a brand new vehicle from [REDACTED]. They say it's free but it's not really. They charge you somehow.

M: We'll look at your paperwork and see if we can find that charge in there somewhere. Any other additional products or services that you purchased?

R: No. I didn't want to add anything more to it because, you know, we were already at our budget limit. They didn't offer anything else. They were like, "Am I going to make this sale or not?"

- M: Up to this point, my interpretation of what you've shared is that the trickiest part of the process was negotiating the interest rate. Is that true? Or, were there any other steps along the way where you sort of felt like they were trying to pull one over on you or anything, or no?
- R: No, not them. They know I'm not going to sign nothing that I don't want. I don't have a problem just saying, "No, I don't want it." Just like she was trying to push that [REDACTED] on me. I'm like, "I don't want it. I don't like it." "Well, why not?" That vehicle was only \$15,000.00. She's like, "It's within your budget." I'm like, "OK. But, I don't want it. I don't want it. This is what we want. Can you help me or not? I can go somewhere else. Easy as that." And, they don't want you walking out.
- M: Nothing else seemed overly tricky about the experience.
- R: No. Because see, I always look to them and I tell them the way it is, what I have, what I want to pay a month, and what my credit looks like. They know it's not the best, but whenever I buy a vehicle I either trade it in 2 or 3 years later or when I pay it off. You know, it's in good sense.

CONTRACT AND POST-PURCHASE

- M: OK. Let's talk about the contract. Did you have an opportunity to review the paperwork before you signed it all?
- R: They show it to you on the screen, which I don't like because you really don't see...they tell you, "This is just a bill of sale. This is just the trade in document, this is the down payment, this is for the GAP insurance." But, you don't really get to read what's in there.
- M: The didn't print you a copy.
- R: They don't print you a copy before you...they only print it once. It's signed because it's electronically now. It's a little...
- M: Yes. One of those little things (inaudible) whatever.
- R: Yes. Exactly. Yes. But, they just kind of twisted the screen and they just tell you, "OK, this is for your glass, and you should sign right here, and cosign right here and that." They really don't go into the details.
- M: How do you feel about that?
- R: You know, once I get to that point where I want the interest rate that I want and I know I'm not going to be paying more, you know, it's kind of like a give and take situation. I know somehow you're getting a lot more than what I'm getting, but at least I didn't pay for the interest rate. That's my main thing. The interest rate. All the other stuff that you add on, somehow you were going to either way, so...
- M: So, at that point you just wanted to sign it and get out of there.
- R: Yes. Pretty much.
- M: Any other comments about the ease or difficulty of understanding the paperwork? We're going to look at it in more detail in a second, but just in general overall, anything tricky about the paperwork?
- R: It's too much of a fine print for me. Like, who has time to read all of that? Who's actually going to sit there and read all of that and actually ask questions and tell them what is this, what is that? I don't think maybe 70% of the average customer does not read that. Maybe there are some mass(?) contingency(?) that actually read every single detail and will dig into that until they get a better number, or people that are buying stuff right out, you know, they're like, "No, I'm not paying for that. I don't need that, I don't need that." And, they know that if you bring in money to a company they are going to bend the rules for that person because they're just dropping their money as it is. Me, as an average customer, you know, I have to give and take. I have to lose some to win some.

M: Interesting. Thank you for sharing that. Have you had any contact with the dealer since purchasing the car?

R: Yes. The salesperson keeps asking me to fill out a survey. But, it went to my son's email. I don't know where it went. I tried to look for it to give him a good rate. I could tell them I guess, but I don't know where this is, to be honest with you.

M: Have you had any problems with the financing of the car since you've closed the deal?

R: No, I haven't. I haven't at all. We pay electronically. We set it up with the [REDACTED] and my son's bank where it comes atomically out of his account so he doesn't forget and I'm not wondering whether he paid it or not. I just remind him, "Remember, it's coming up. Make sure the money is there." I make sure that the payments come out a day after his payday so that way I'm sure the money is there.

M: Excellent. Was placement of a tracking device required or discussed at all?

R: Insurance did.

M: Insurance did.

R: Yes. I believe...I'm not sure. You mean the stolen device?

M: No. Any other talk about a tracking device?

R: The insurance sent one for him because...

M: In case the vehicle is stolen.

R: No. To record his driving...to insure he's not a reckless driver. Like a babysitter. That's what I call it, babysitter.

M: OK. Have you ever heard anything about, I think sometimes there are tracking devices that are put in the car and then activated and they can shut the car off if you haven't made your payments.

R: Really?

M: Yes.

R: I never heard of that.

M: Never heard of that.

R: No.

M: So, nothing like that was ever discussed.

R: No, but I'm sure with a [REDACTED] vehicle they have all different kind of features now, and those are the basic features. Maybe it's in there and I don't even know.

OVERALL UNDERSTANDING

- M: OK. Let's look at your paperwork and if they have any additional questions about what we've discussed, they'll send a note in. Let's start with the retail installment sales contract. Do you have that in front of you?
- R: Is it this one?
- M: It says on top...no, the retail installment sales contract. It says on the top left corner. There you go. What is your understanding of the document?
- R: This is where it tells me what my percentage rate is and what I'm actually paying including interest rate all together.
- M: Is there anything about this document that's particularly confusing or difficult to understand?
- R: No, not really. It tells you right here what the interest rate is and what money is on top of the \$19,000.00 and what it is all together. See, they're saying a down payment of \$2,500.00 which is not true. We only gave them \$1,000.00.
- M: So, that's incorrect you're saying.
- R: Like I say, they play with the numbers.
- M: Total down payment. On the next page it says total, oh wait. Remaining cash down payment, \$1,000.00. I don't know. I'm not sure why there's the \$1,000.00 on the next page. Where on this document, point to me...you pointed to the APR, right?
- R: Yes.
- M: The 9.94%. And, where's the monthly payment? Can you show me where that is?
- R: Right here. Amount of each payment. Right after the 72 month regular payments.
- M: Do you know how that number was generated?
- R: I guess they divided. I want to say 5 years. I hope it's 5 years.
- M: Where is that?
- R: It says 72 payments and one final payment of \$369.00.
- M: The length of payments is 72, right?
- R: Yes.

M: Were any of these numbers negotiated other than the interest rate that you talked about?

R: No. Not at all.

M: Did the dealer just suggest these numbers to you?

R: That's what, you know, as they play along with the numbers, that's what they do. Like I told you, by that time they just play with the numbers and I see them. I literally see them playing with the number, adding months or removing these...

M: What was the monthly total amount that you were targeting?

R: I was saying \$350.00. But, he said, "The best I can do is \$369.00." And, you know, I'm talking to my son and then I'm talking to my husband and I'm like, "They're saying \$370.00. That's the best they can do." I could have been more pushy about it, but coming from 24% to 9% I think they have done a lot and probably there was no more room to play around with the numbers. Like I said, it's a give and take situation.

M: OK. Let's turn to the next page of this agreement. What are all of these line items here?

R: I don't know.

M: Not sure. Thank you, [REDACTED]. I think what they're pointing out is that there was a \$1,500.00 manufacturer's rebate that was included along with your \$1,000.00 down payment, which is why they're saying the down payment totaled \$2,500.00. Did you know you got a \$1,500.00 rebate?

R: They were telling me something about a rebate. If you get a brand new vehicle you get a rebate out of the original price. That's what they kept telling me.

M: That was the \$1,500.00 plus your \$1,000.00 down payment is the \$2,500.00 . Does that make sense now?

R: Yes.

M: You weren't totally sure how they got to that number.

R: No.

M: I believe you mentioned to me before, and I want to understand the content a little bit more, that the GAP insurance was required, you said. So, what...tell me about how you came to that understanding that it's required?

R: Every time I purchase a vehicle or finance a vehicle, they make it as a requirement for them to approve your loan.

M: They verbally tell you that?

R: Yes. They tell me, “You have to have this.” Maybe you don’t, but as an average customer we really don’t. Maybe we don’t look into it deep enough. They have to make that commission, they have to sell it, you know. So,...

M: Are you sure? Have they verbally said, “You have to have GAP insurance?” Or, is it just when you’re going line by line item, they’re like, “Oh, and here’s your GAP insurance.” You know what I’m saying?

R: No. They always tell me I have to have it.

M: What about, you said you also purchased the...or, no. You said the service contract. Is that something that was optional or required?

R: They said it was...it came with the vehicle and it was free or whatever, which I don’t believe it’s free, I don’t believe they’re being free, but...

M: They told you it was free.

R: Yes. That it came with the purchase of buying a brand new vehicle.

M: I need you guys to clarify for me which paragraph you want me to read. Is it on the GAP contract which I haven’t gotten to yet, or are you talking about still on the retail installment sale contract? If you could clarify that for me I’ll get to that last question. While we wait for them to clarify that let’s turn to...maybe it is on the contract now that I look at it. Let’s look at...there’s another piece of paper that, on the top, should say “Guaranteed auto protection program.” Do you have that?

R: Yes.

M: We’re looking at this document. It’s the Guaranteed Auto Protection Program, it says. Can you tell me, do you know what this is? What is your interpretation of this document?

R: Well, I see it now. This is one of the documents I didn’t need to sign. They just kind of show you the paperwork you need to sign. So, I didn’t see this paperwork.

M: Do you know what this is?

R: Now that I see it, I guess it’s the GAP paperwork.

M: What was the price of it?

R: Nine hundred dollars.

M: Did they tell you that's what it was going to cost?

R: No. They just said, "We'll just add the GAP insurance into the financing." That's all. That's what they said.

M: They didn't tell you it was \$900.00

R: No. But, since it was here, that's where I saw it.

M: OK. It was line items. Can you take a look at the paragraph that's at the bottom of the contract and read it for me?

R: It says, "The purchase of this debt cancellation agreement addendum (inaudible) voluntarily seen(?) you agree to purchase the GAP protection described in this agreement for the additional charge set forth above the agreement purchase price. GAP protection is not required in order for your to obtain credit or obtain any particular overall(?) terms for credit." They never showed me this. I would have said, "No. That's what I have car insurance." You know, vehicle insurance.

M: It was your interpretation or understanding that this was required, even though now on the paperwork it's telling you it was not required.

R: Right.

M: Let's look also at that service contract. Do we think it says anywhere on the service contract that it's optional? You were saying that the service agreement...look at page 3 of the contract, above your signature on page 3. Optional mechanical breakdown protection.

R: The term of this protection will be 72 months or that many miles, whichever occurs first. You want me to read that? I don't know what [REDACTED] means. [REDACTED] I don't know. It says here zero dollars.

M: Right. Well, zero dollar deductible. I'm not sure what they offered you there, to be honest with you. I wanted to check...

R: It says right here, optional mechanical breakdown protection. Mechanical breakdown protection is not required to obtain credit and you may purchase it from anyone you want who is reasonable and acceptable to the creditor.

M: Is that what they told you was included?

R: They told me it was included, but they never said...they told me as long as you have the vehicle you can always bring it here to change oil, but they never told me once it reaches

this amount of miles, you know, it was no longer free. That's what they told me, but they didn't tell me that part.

M: How do you feel now? You've looked at these 2 things that seemingly you thought were required, but now are not required. How does that...what is your impression of that?

R: That they take advantage of people and I feel I've been taken advantage of because I could have saved \$900.00 on this deal, not paying interest on \$900.00 that I don't need to pay. But, like I said, they play with the numbers. The average customers will not read these documents, number one. Number two, they don't show you this sheet right here. They just show you this and the ones that you need to sign.

M: Your signature was required right on the guaranteed auto protection. Was your signature required here or no?

R: Yes, but they just tell you, "Sign here, sign here." They just kind of click, you know.

M: OK. Just clicking through. And, what about the [REDACTED] extra care vehicle service agreement application? Do you have that one? Do you know what this is?

R: No. Warranty auto protection?

M: The [REDACTED] extra care vehicle service agreement application?

R: Here it is. See, that's a \$2,000.00 right there. Like I said, they don't let you read. They just kind of, "Sign right here. Sign right here. Sign right here." You know?

M: This is, I think the other what we were just reading that other paragraph on the other form as well. So, these are 2 things. You have separate contracts for them that are additional prices that were in your...

R: It's stuff that I didn't need to get.

M: Yes.

R: I don't like this part right here. That's \$2,000.00. That's \$3,000.00 all together that just didn't need to be in this financed amount of money.

M: You weren't aware of those additional costs.

R: Yes.

M: And, weren't given the time to properly read the fine print.

R: Exactly. Yes.

M: Anything else that you're noticing as we're going through your paperwork that is different than what your expectations were when you were doing the deal?

R: That, at the end of the day, they (inaudible) I would say. They never loose. Who knows? This is the copy that I have but who knows what they have in their records and maybe this money that they're getting paying for this, they may be applying it to something else.

M: Were you aware of a spot delivery agreement? Do you know what that is? Do you see one ever presented to you?

R: No.

M: When the dealer allows the car buyer to drive off the lot with the car, on the spot, when the sale and financing are technically final, you have to sign an agreement that, if for some reason the deal doesn't go through you return the car.

R: No. I was never offered that. It's only just to test drive and you have to come back. Never free to test drive the vehicle for 30 days. No.

M: Did you have to fill out a credit application?

R: Yes.

M: Did you fill that out or did the dealer fill it out?

R: No, I filled it out.

M: You filled it out yourself so you knew the information was correct.

R: Yes.

OVERALL EXPERIENCE

M: What I'd like to do for a few minutes, and they can decide if there's any additional questions about your paperwork that they want to send in, I'd like for you to summarize for me your overall impressions of the entire car buying and financing experience. Now that we've talked through some of it and we've looked at some of your paperwork, how do you feel about it overall?

R: I feel I've been taken advantage of, to be honest with you. Even though I thought that I was getting a great deal with the interest rate, but I know see that they're also very sneaky about putting stuff on your paperwork. They only let you skim through the paperwork that you have to sign and they just kind of tell you what it is. This is this, this is that, this is this, and then you just sign it away. You're so tired, you're so worn down, you don't want to be there no more. You just want to get it done and over with. They take advantage of that. Yes, they still play this friendly card, you know, thank you for your business card kind of thing. Like I said, they never lose. They never lose.

M: If you had this to do over again, what do you think you would do differently next time?

R: Now that I've gone through and seen that this is volunteer, I don't have to buy this extra stuff because that's why you have insurance. If something ever happened to your vehicle, that's why you must, if you have a lien on your vehicle you have to have full coverage. So, that's why you have insurance. So, why pay more on top of everything else?

M: Anything else you would do differently?

R: Maybe not the GAP. You don't need the GAP now that I see that it's volunteer. Everywhere I go they tell me, "You have to have it." Now that I don't have to have it, and I don't have to pay for it. So, now I feel more knowledgeable, you know? More tools to go over there and negotiate what I actually want to get.

M: If you wouldn't mind, because we're a little bit running ahead of schedule, I just want to go back and see if they have any final questions. Would you hang on for just a second?

R: No problem.

M: We went through everything so quickly. Thank you for your patience.

R: No problem.

M: Can you just fill me in a little bit about, you mentioned when you were reviewing the contract and the paperwork and you said it was on a computer screen, right?

R: Yes.

M: Then you mentioned you didn't sign...how did you sign the paperwork? It was electronically. Not a hard copy.

R: Right.

M: So, when did you get copies of your paperwork and how were they delivered to you?

R: They were printed out and put in an envelope and said, "Thank you."

M: After you signed everything. You didn't get any hard copies before you signed electronically.

R: Right. Yes.

M: Then, after you signed electronically, they printed out copies.

R: And put them in an envelope and that was it.

M: Stuck it in an envelope and sent you on your way.

R: Yes. By then it was 3 days later. I just wanted to get out of there. It was Monday. I already had a discussion with the insurance where they're telling me I had to pay \$400.00 worth of insurance just for him. I was like, "That's not going to happen." So, that's where all this drag for that day was. You know, figuring out to bring a insurance payment to a decent amount for him. I knew it was going to be bad because of his age and he just got his driver license, but I didn't think it was going to be that bad. I said, "Are you kidding? I'm not going to close the deal because the insurance is going to be more than the car payment." But, my agent worked it out where he was going to have a different policy with my name and his name and he was paying roughly \$180.00 a month with that thing on his vehicle, like a babysitter. That's what I call it, a babysitter. Making sure he's not as reckless driver because based on that thing on the vehicle, in six months that's how they're going to base his insurance. That's another thing I'm waiting on, like...

CONCLUSION/FINAL COMMENTS

M: Let me ask you a hypothetical question. It's probably going to be very difficult to answer. But, do you think that if they had printed off the paperwork earlier in the process, that you may have felt like you had more time to review it, or do you think you still, at that point, were like so exhausted you just wanted to sign it and get out of there?

R: I would have rather had this and to see where you see its options. Because, I tend to scan through those spaces. But, once you're in the computer you feel like you're under way, you know? You don't have time to really take your time. So, like before. But, I never knew before either. You know, I need the car, I have a car. It's approved. So, whatever it takes to get this vehicle. Like I said, an average customer will not read everything. Eventually he will be taken advantage of, and the dealer never loses. They never lose.

M: I really appreciate your time. Thank you so much for being here.

// end of recording //



AUTO BUYER STUDY

155913

Project #FTC1501

RESPONDENT INTRODUCTION

M: The first question I have is, I have one question. Let me just verify from the beginning. I see it says here [REDACTED], but yet we have a piece of paper that says you bought it from a [REDACTED]. Is that wrong information?

R: That's wrong information.

M: So, you bought it from this place in [REDACTED].

R: That's correct.

M: OK. We'll get that corrected on our paperwork. Thank you.

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What is the most recent car that you purchased and when did that occur?

R: That was a [REDACTED], and the date, it was right around [REDACTED]...

M: I don't need the exact date. But, the month would help.

R: This year, [REDACTED] maybe.

M: OK. What, if anything, did you like in particular about the experience?

R: It was very easy.

M: What does that mean, easy?

R: In the sense of, well first of all let me go back a little bit. [REDACTED]

[REDACTED] So, when I said it was a good experience, what happened was, my daughter had purchased a car from them a while back and was friends with the owner.

M: [REDACTED]

R: Right. So, she took me there. Let me go back for a second. First she took me to the [REDACTED] and we looked at a brand new [REDACTED] or something like that. I wanted to be able to afford the payments, so in order to afford the payments I'd have to put a pretty hefty down payment down. So, she said, "Why don't we try with my friend over at [REDACTED]. So, we went over there and he specializes in very expensive models but older. In other words, not brand new. He turns a lot of them over. He goes to auctions and buys them at auctions and then sells them. He's got everything from an [REDACTED] to a [REDACTED] and all kinds of stuff on there. So, anyway, went there and he was the one that suggested, [REDACTED] This is an [REDACTED] which is much better than [REDACTED]. It's [REDACTED] and I can give it to you at my cost." He was close friends with my daughter. As it turned out he gave me a very generous interest rate, little did I know based on my credit score. So, I said, "Well, I belong to [REDACTED] Credit Union and they always advertise, like right now, [REDACTED] for used cars. Let me go try to refinance it at [REDACTED]."

M: What does that mean, refinance?

R: In other words, just try to get that loan and then get them to do the loan. In other words, I transfer the loan over to [REDACTED] and pay them but get a lower interest rate than 8%, because 8%, while it's low for my credit scores, it's not real low for current interest rates. And [REDACTED] wouldn't even touch it [REDACTED]. They wouldn't even touch it. So, I go back and say, "Yes, that was really, you know..." and he gave me that right away and was able to put it together. I said, "I can only afford \$550.00 max."

M: Five-fifty a month?

R: A month. The other thing, it's also a purchase as opposed to a lease. And too, it's only for 48 months so in 4 years, as opposed to a 72 or 60 or something.

M: Thank you. We'll talk a little bit about the refinancing concept in a little bit. Overall, can you tell me what influenced your decision on what car to buy? Why did you want a [REDACTED]?

R: My daughter has owned...her first car I bought her, [REDACTED], was a [REDACTED] and she's always driven...went from [REDACTED]. [REDACTED] is, you know, really, I mean I guess their advertisement says, "The best or nothing at all." [REDACTED] is probably, I believe, the best. So, she was the one that offered, "Hey, we'll go see him." And, he had several cars on the lot, but that was a [REDACTED] and something that I could afford and I got it way low, below the cost.

M: We'll talk about that in a second, too. Once you reached the dealership, how long did the entire process take, from the time you arrived until you left, either with or without the deal?

R: I would say we did it all in about 3 hours.

M: Did you just go once?

R: Yes.

AGREEING TO A PRICE FOR THE CAR

M: OK. Let's talk about getting the price for your car. Tell me about that. First, did you do any research ahead of time to figure out what the car should cost or not?

R: Yes. I went on the internet and looked at a couple of prices, and then I...

M: Where did you go on the internet to get that info?

R: I went to a couple of places. I went to [REDACTED] and I went to the one that I always go to. I can't remember the name of it. It's where you look up your Blue Book value. Blue Book or something like that.

M: Kelley Blue Book?

R: Yes.

M: Can you tell me, did you negotiate the price of the car?

R: No. Not really. He said, "I'm offering you my cost." When he told me what it was I didn't dispute it because I had already looked up some of them.

M: I was going to say, what did your research show the car should cost?

R: Range?

M: Yes.

R: But, with [REDACTED] with everything on it, which it does, was between \$29,000.00 to \$35,000.00, in that range. He gave it to me for, I believe it was \$27,000.00.

M: What, if anything, did you like about the experience obtaining your final price on your car, and what, if anything, did you not like about it?

R: I liked it because, again like I said, I had already looked it up and it was a fantastic deal. I couldn't, you know, it was something I couldn't turn down. It wasn't haggling or anything like that. He just basically said, "Look, I buy the cars at auction and I'll sell you this one for what it cost me. To a certain extent I'm losing money because I'm not charging you for the registration and all that processing fees and all that stuff."

M: So, he didn't charge you (inaudible)?

R: No, he didn't charge me that either. So, it was like...

M: How many miles were on the car?

R: That's another great thing. It was a [REDACTED] but only had [REDACTED] miles on it. When you look at the [REDACTED] thing on it, it was just a [REDACTED]. That's why it had so little miles on it. It wasn't a purchase at any time. It was leased in [REDACTED] and then it was leased again twice.

M: Can you tell me, the original price on the car was what?

R: I believe it was \$27,000.00.

M: That's what you bought it for.

R: Right.

M: OK. Did he ever indicate to you that you could get a better price if you agreed to certain conditions?

R: No.

M: Did you trade in another car?

R: I did.

M: Let's talk about that. How was the trade-in price determined?

R: He just basically...again, that was another one where I had already looked it up, how much it was worth. It was probably the longest lasting car in America, which is a [REDACTED]. My wife bought it as her car and she paid \$3,300.00 for it from a friend and he told me it was worth, which is true because I looked it up, it was worth maybe \$1,500.00 to \$1,600.00 and he said that he would pay me, I think it was double, \$3,000.00 for it.

M: He would pay double.

R: Whatever it was worth. What I paid for the car pretty much, or what my wife paid for the car. She paid \$3,300.00 and we got it for \$3,000.00...we got \$3,000.00 out of it.

M: So, it was not worth \$1,500.00 and he doubled it and gave you \$3,000.00.

R: Right. Right.

M: This may be a stupid question, but did you owe any money on the car? The trade-in?

R: No.

OBTAINING FINANCING

M: How did you pay for your car?

R: I gave him a check for a down payment so I could get the payments where I wanted them to be, that was \$7,000.00 and then he financed the rest of it.

M: Tell me about the financing experience. In this case, did you talk to somebody else about the financing or you just dealt with the same person?

R: No. I just dealt directly with him. I knew, again based on my credit score, I wasn't going to get a fantastic deal. He was able to do what I thought was a pretty good deal.

M: The best part of it then was the fact that you got what you considered to be a relatively pretty good deal?

R: Yes.

M: Anything negative about the financing experience?

R: No. Other than the fact that, it wasn't about the financing experience as much as I couldn't do any better because of my credit score, and I tried.

M: Your decision to finance through the dealer, that was because...

R: Again, it was very difficult for me with my credit score to try to do anything else. [REDACTED] couldn't do it. [REDACTED], I wouldn't even have tried. That's the bank I usually bank with but their interest rates are really high. So, it was really not much of an option.

M: Where did you discuss the financing? Was there a financing office?

R: No. It was directly with him.

M: Let's talk about the terms you discussed. I think you said you didn't negotiate anything. He just said, "This is it." Right?

R: Yes.

M: Tell me a little bit about what terms you talked to him about when you...

R: Basically, I just said, "I don't want to get into it for a long period of time. I can only afford maximum \$550.00 a month." That was basically it, and that's exactly what he did for me.

M: Let's talk about this because you brought this up and I'm really interested in this. You mentioned the possibility of refinancing the vehicle or, renegotiating the APR or the

monthly payments of the purchase. Who told you about refinancing? Was this something he mentioned you could do?

R: No. I basically knew that if I were able to, I could shop around and see if I can get a better deal, because 8%, while it was great for me with my credit score, again, it's [REDACTED]. When you go to look and see with credit unions, with, you know, even online it says car loans or something like that, you can go as low as 1.9% or something like that. So, I said, "OK, let me see if there's some way I can get it even lower so that would obviously lower my monthly payments even below \$550.00." And then, because I was a member of [REDACTED] Credit Union, that's where I went to first. The guy, when he looked at my thing he said, "Wow, you bought this good. It's worth more." They had to look and see how much, obviously if they give me a loan, how much is the car worth, you know, because they're going to be owning the car as well. He said, "Wow, it's worth more than you paid for it." He said it himself, the gentleman I was working with, the loan officer. He said, "Give me a few seconds." He went back with everything else and he said, "I'm sorry, you don't qualify because of your credit score. I can't do anything for you."

M: In reality you couldn't refinance the car. OK. Did you ever think of trading it in for a different one?

R: No.

ADDITIONAL PRODUCTS AND SERVICES

M: You like your [REDACTED]. When you were with your daughter's friend did he or she ever offer any additional products or services to purchase with the vehicle? Any kind of packages or...

R: I have many times gone and leased many cars and brand new cars and every time you go to the guy who's doing the financing, and this other guy may tell you, "We can do the interior, we can do the cover coating on the outside, and we can do this and the maintenance and all that kind of stuff." So, it's additional moneys that you pay. I'm just trying to remember in his particular case if he offered me anything. I don't believe that he did.

M: So, you don't have any coverage of any kind. You just purchased the car.

R: Right. With my insurance I have, I have gap insurance.

M: You do have gap insurance?

R: Yes. That wasn't through him.

M: That wasn't financed through the finance package you got from him?

R: No.

M: That's financed through your...

R: The gap insurance is just, I have [REDACTED] and I have gap insurance on all my cars.

M: OK. I don't have to ask you any of these because you didn't get any of these options.

CONTRACT AND POST-PURCHASE

M: Let's talk about the opportunity to review your paperwork before signing it. Tell me about that. How did that work? Are you the kind that...

R: I'll sign anything that's put in front of me.

M: You don't go in depth into...

R: I don't read it. The only things I look at is the interest rate, the monthly payments, and the number of payments and when the last payment is, and that's it. I'm used to doing that. [REDACTED]

M: Can you tell me, at any point in time, before you drove off the lot did you find that any of the spots on the retail installment contract that I have here, was any of it blank when you signed it?

R: Not that I can remember.

M: I'm going to have you look at this in just a minute. Was there anything in particular that you could share about the paperwork signing process that you went through, either that you liked or didn't like?

R: No. It was a very quick, you know, it was like 2 copies of everything and then put one in front of me and I'd sign and give it back, and other ones you initial here, here, and here, sign here, initial here, sign here. It all perfunctory.

M: Have you had any contact with the dealer since purchasing the car?

R: Yes.

M: Tell me about that contact. What was it for?

R: I called him up because there were a couple of things that I found that were wrong with the car. One was the lighter socket...I don't smoke cigarettes, but use it for an electrical outlet...wasn't working. And then, between the 2 front seats there's a little thing you pull up and then it opens up into a little compartment where you can put things in and all that. The handle piece of it, you pull it up like this and it opens it up, it fell off. You could just push it back in, but you could tell it was broken because there were 2 pieces of plastic that were cut off. The third thing was, when I filled up the windshield washer fluid compartment and a few minutes later went to use the fluid, it would completely drain. So, those were 3 things I looked at and I went back to him and I said, "Hey, here's what's wrong." He said, "All of this actually is still under warranty. So, all you've got to do is go to any [REDACTED] dealership and they'll fix it for you." Sure enough, I went to my daughter's [REDACTED] and everything was under warranty so they fixed it.

One was just a fuse for the electrical thing. The other parts they had to order. So, the gentleman I dealt with was the same service rep that handled my daughter. He said, "Sir, I don't have them in stock but I don't have to go to [REDACTED] for them. They're local. So, would you like to schedule it for next week and come back?" I said, "Sure." So, a week later I went back and they installed those 2 and I was good to go.

M: Was there any other reason that you've had an interaction with the dealer since you purchased the car, besides those 3 repair issues?

R: No. Only that I received a text from the dealership that basically said, "This is to inform you that we did not receive your monthly payment." So, I called the dealership. He was not in but one of his associates was in and I said, "Hey, listen. I just got this thing and I know that I paid it because what I did was, as I normally do on most of these kinds of bills, I have my bank, what do you call it..."

M: Auto deduct?

R: Yes. [REDACTED]. It's like, they send a check and to be delivered, like I have a little program for the thing and it says what day they deliver the check by and that kind of (inaudible).

M: Yes, yes, yes.

R: So, I had already set it up automatically so I knew I didn't have to worry about it. The bank would then deliver the check by that due date. So, I told the gentleman, "There must be a mistake because my bank"...and I looked at my statement and it had been taken out so I told him, "You need to double check." He said, "Hold on for just a second." In about 5 minutes later he came back, "You're right. There's an envelope here." I guess they weren't used to getting it that way. There was an envelope from the bank and it was my payment.

M: At any point since you purchased your vehicle has anything changed? Like, is your payment the payment that was on your retail installment sales contract? Is that the payment you make every month?

R: That is correct.

M: At any point in time was there a discussion about the placement of a tracking device?

R: No.

OVERALL UNDERSTANDING

- M: OK. Now, let's go over your contract, your retail sales contract. Let's start with this first. Looking at that retail sales contract...(note comes in from outside the room). They want to know who's idea it was to make automatic payments for your car.
- R: Mine. He had no concern over it. He just said, "This is how much it is each month." How I got it to him or what I did, he didn't specify.
- M: It wasn't the dealer that required it or anything.
- R: No.
- M: OK. Thank you. Let's look at this document first. Did your dealer fill it in or did you fill it in?
- R: The dealer filled it in.
- M: Overall would you say that the document was easy to understand or not easy to understand?
- R: It was easy to understand.
- M: On that document, can you point to me the place where it shows your monthly payment?
- R: Yes. It's like an itemization. I don't see it on here.
- M: Is that the only paperwork you got? Maybe it's in these other papers.
- R: What did you say your monthly payment was?
- M: Five hundred and fifty.
- R: There it is. Sorry. I knew I saw it. It says \$550.00 installment of bla, bla, bla 48 at \$550.00.
- M: This monthly payment, you had said you wanted the payments to be, what did you tell me? Did you say you wanted the payments to be under a certain amount of money?
- R: Right. I said I couldn't afford any more than \$550.00. I thought that was my max.
- M: Did the dealer initially suggest that he could match that \$550.00 or how did that work?
- R: He said, "We can work it out to make it about that amount."
- M: Did you ever think about how he worked it out? Did he...

R: He said, "In order for me to do it you would have to put down \$7,000.00. Can you afford to do \$7,000.00?" I said I could put \$7,000.00.

M: Got it. That's how you negotiated. He said if you want it to be at \$550.00, you need to give me \$7,000.00.

R: Yes.

M: And, you were OK with that.

R: Yes.

M: OK. Now I want you to find the interest rate on your contract.

R: Eight point nine nine (8.99%).

M: Did you have a different understanding when you bought the car or reviewed the purchase? Or, is that what you expected?

R: That's what I expected.

M: Did the dealer initially suggest it or did you negotiate this rate?

R: He said that was the best interest rate he could get for me based on my credit score.

M: Did you know ahead of time that, in fact, that was a good interest rate based on what you had heard or seen elsewhere?

R: Yes. Just online. I had not actually gone to anyone else except afterward where I went to [REDACTED].

M: And [REDACTED] said they couldn't match that.

R: Right. They couldn't. No.

M: Now point on the document to where your length of payment is.

R: For what?

M: Length of payment?

R: Forty-eight equal consecutive monthly payments.

M: OK. Again, is that what you expected?

R: Yes.

M: Was that what you requested?

R: I said I didn't want to get a long-term loan, you know 60, 72 months, something like that.

M: You told him you didn't want 60 or 72 months, but other than that he then suggested how many months?

R: Yes.

M: Did you at any point try to negotiate that and try to bring the number of months down?

R: No.

M: Point to the down payment on your contract.

R: Cash down payment \$7,000.00.

M: OK. Did you have a different understanding about what that down payment would be?

R: No. He was the one that said in order for me to get those payments at that rate that I would have to give him \$7,000.00.

M: Did you, I don't see it in the pile here, at any point get something called a spot delivery agreement which is an agreement that occurs when the dealer allows a car buyer to drive off the lot with the car on the spot when the sale and financing is technically not final.

R: If he did, he didn't say anything about it. I don't see anything in here.

M: In your original paperwork there was nothing either.

R: Odometer Disclosure, no.

M: Could you tell me if you see, on your buyer's order, take a quick look, do you see TDI for \$8.95? Do you know what that is?

R: I remember that amount but I don't remember what that is.

M: You don't remember what it was for.

R: No.

M: That's fine. I was just curious if you knew. I don't see it listed anywhere else. Let's see if it's on your service contract here. Maybe I misunderstood so let me verify this a little bit. It says here "Trade in, net of allowance less lien payoff, \$1,561.18." Did I

understand or misunderstand you when you told me he gave you \$3,000.00 for that car, which is close to what your wife originally paid for it?

R: That's what I said. I can't remember. I know we discussed the \$3,000.00 and I can't remember now what...I think I must have been mistaken.

M: I was just curious because I remember you saying that.

R: I did say that.

M: I'm proud of myself that I remembered.

R: I did say that.

M: OK. Very good. You don't remember a spot deliver thing.

R: No.

M: I think you told me that you didn't get any of the additional coverages. Is that correct?

R: That's correct.

M: So, you didn't get any kind of maintenance agreement or any kind of extended service contract like to pay for service?

R: No, ma'am. But, like I said, he indicated, and that was indeed the case, that it was still under the original warranty.

M: Right. So, when you brought the car in (inaudible). That's on your original, right?

R: Yes, ma'am.

M: Did you have to fill out a credit application there?

R: Actually, I believe I did. Yes, because I had to give my personal information. Social Security number, income, the like.

M: You don't have that with you do you?

R: No.

M: Did he give that back to you or you didn't get that? Do you know?

R: I didn't get it.

M: You said you didn't get a tracking device, right?

R: Right.

OVERALL EXPERIENCE

M: Can you tell me, I'm going to see if they have any additional questions they want me to ask you, but in the meantime can you summarize for me overall, your sentiments about the whole process of purchasing and financing this vehicle?

R: Comparing it to others in the past, it was a very good experience. He came through on everything he said he was going to do. He gave me a really good interest rate. He made the payments what I wanted, he didn't extend it for a long period of time like I wanted, I got the car, you know...the best car I ever had was, I bought an actual [REDACTED] from the factory in [REDACTED] when I was living in [REDACTED]. I was overseas. There was a brand new [REDACTED] and that's when they came out with the new model. Since then I've never owned a better car until now.

M: You like the car that you got.

R: I love the car. It's a great car. Going back to the experience compared to others, the last one that I did was with [REDACTED] and that's the SUV that my wife drives now. I realized that I could probably have gotten a better deal and didn't.

M: For the [REDACTED] you mean?

R: Yes.

M: What makes you think that?

R: Because I wound up not getting the car I went in there to actually want to get. I went in there to get a [REDACTED] and I wound up with a [REDACTED], which is a lower model. But, they talked me into it because they said, "With all the things you really want, you want everything in it, you want the GPS system built in, you want the air conditioning, you want the leather, bla, bla, bla. We can't do that with the [REDACTED] but we can do it with the [REDACTED]." I really didn't want to do that but I guess I talked myself into it or let them talk me into getting that. So, in that respect I didn't care that much for the experience. The other things is that when they serviced my car...

M: The one you have now?

R: The [REDACTED]. Talking about comparing it... I don't know, it just leaves a little bit to be desired.

M: Do you take this car to your daughter's friend to have it serviced? Or, do you take it...

R: I just take it to the [REDACTED].

M: To [REDACTED]?

R: To [REDACTED]. Like typical [REDACTED], they're excellent. (Inaudible)

M: Does he have a body shop, this guy?

R: Yes.

M: So he repairs cars?

R: He has a separate body shop.

M: One part of his business is selling used cars and the other is repairing.

R: He has another place that's not far from where...it's also in [REDACTED] because I went there...also in [REDACTED] off of [REDACTED].

M: Great. I guess they don't have additional questions because they would have been in by now. You've been great. Thank you very much. I really appreciated my time with you. Thank you so much for coming in. You are free to go.

R: Out of jail.

M: Don't forget to pick up your free gift.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

177724 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So, tell me what was the most recent car you purchased and when was that?

R: I just purchased a [REDACTED].

M: Oh wow.

R: Yes, it's nice. (Laughing)

M: What color is it?

R: It's black, it's really nice.

M: Nice, ok.

R: But I just purchased that about three or so weeks ago, about three and a half weeks ago.

M: Oh wow, excellent.

R: Yes.

M: Ok and where did you purchase the car?

R: [REDACTED].

M: Ok and tell me sort of what, if anything, you particularly enjoyed about your experience shopping and choosing the car, and what you particularly did not enjoy overall?

R: I wouldn't say I enjoyed it. The actual dealer, like dealing with the actual dealer itself wasn't as stressful as I thought it would be. You know walking in and picking out the car. Well, I had already looked online prior to arriving, so I knew which car I was interested in. So the actual, you know, dealer portion, dealing with the salesperson wasn't stressful at all; the financing...just horrible.

M: Ok, we're going to get into the nitty-gritty of that in a little bit because I want to hear about that. But tell me a little bit more about how you chose what kind of car you were interested in; how you chose the particular dealer you went to.

R: The actual car, so what happened was I rented one; they gave me a [REDACTED] when I went to...I was out of town for the holidays. Went to go visit family and they upgraded me to a [REDACTED]. And so I had it for a whole week and liked it. And I said you know probably my next car is going to be that. And so, which is usually how I end up with most of my cars.

M: Oh yes? And you just happened, a couple weeks later, to be in the market for a new car?

R: Well, I already knew I was in the market for a new car. I just sort of pushed it off. So this was; I'm talking about Thanksgiving of last year. So, pretty much I held it off because I was having transmission problems with my car. So I held off as long as I could, just basically took the plunge and pretty much knew which car I wanted as far as trim and stuff like that. I went online and just researched online and went to the dealer inventories online. And also used [REDACTED] navigator, they have an auto navigator where it's a bunch of dealers and you know you can sort of price the car, arrange financing without a hit to your credit, stuff like that, so that's how.

M: Through [REDACTED], you say?

R: [REDACTED], right.

M: Oh, interesting. So, you sort of test-drove the car because you rented it for a week and that's how you sort of knew what model and everything you wanted?

R: Exactly.

M: And then you did some homework online too, to sort of figure out which dealer had the model of car that you wanted?

R: Right, exactly. So I found two dealers that had pretty much the same model and trim that I was looking for. One advertised a lower price than the other, so that's why I ended up going to the particular dealer I did.

M: Oh, so what kind of advertising was it that you saw?

R: Well, so I would...with the auto navigator, you can pick what kind of car you're interested in or you can...you can either do it by what kind of car you're interested in, what price range you're interested in, you know different criteria. So, of course I knew I wanted a [REDACTED] and so they pulled up all of the [REDACTED] and different trim levels and everything. And I was able to just, you know scroll through them, I like this one in this color and this one in this color. And like I said, the particular one that I picked out, they had it at [REDACTED] and they had it at another [REDACTED]. [REDACTED] was advertising it for \$28,995. The other dealership was advertising it for close to \$35,000.

M: Oh wow, ok and this is again through that same online search engine?

R: Right.

M: Ok.

R: So, of course I went to [REDACTED]. I ended up purchasing it through [REDACTED], but found out really that the other dealership...it ended up really coming close to what the other dealership charged. So they just, they advertise it for one price, but they didn't tell you that it included all of this additional discounts and stuff, none of which the average person off the street qualified for.

M: Interesting, so tell me how you felt about that. So that dealer kind of pulled you in because of the price.

R: Yes.

M: They were advertising a lower price, but then it sounds like you didn't really walk out paying that lower price.

R: Right.

M: So how did you feel about that?

R: Highly disturbed. Highly disturbed and after the fact...I mean the fact is, I'm very happy with the car. So, that sort of blunts it, but as far as like I said, as far as the financing goes, just really left a really sour taste in my mouth. Because, even looking at the contract after the fact, I realize how they did some of the tricks that they sort of sell. "Oh yes, we'll give you this," and I realized well, you know I had a \$2,000 rebate that I didn't even know about, that they use that to sort of lower the price, which really didn't benefit me because they just lowered the price to meet what I was demanding, without actually lowering the price, you know so.

M: Right.

R: It was little tricks like that that made me upset about it. Like I said, the fact is, I feel like...I do feel like I paid a fair price for the car, so I'm not upset. But like, I did a survey with them after the fact and I blasted them on it. And you know they called me back and I basically explained, when I walked through the door, I really...I was hoping for an experience where I walked through the door, you tell me this is what the price is. If I feel it's a fair price, I'm not trying to walk through the door and pay rock-bottom price. If I think it's a fair price for the car, I don't mind paying it. But the games really...that really destroys the experience for me. And I feel like when I walk in, I feel like I'm being scammed, everybody that talks to me is trying to scam me somehow. And that's how I feel.

M: You keep mentioning, we're going to dig into it more, but you keep mentioning the financing. So the sour taste in your mouth sounds like it was more related to the financing part of the experience and not the actual sales rep that sold you the car?

R: No, the sales rep was excellent. The sales rep, like I said, I mean he didn't have to do a whole lot. I came in knowing about the car and knowing about, you know the features of the car. As far as online-based price and even other people who purchased this same car, I did research on Reddit, to find other people who've purchased similar cars with similar packages, to find out what they paid. And you know discuss with them as far as their experience.

M: So did other people you spoke to pay the same amount as you or less or more than you?

R: Pretty much around the same, maybe it was like \$1,000, \$2,000 difference between where they were located.

M: So you ultimately feel like you paid a fair price; you just feel like the process was a little misleading?

R: I do. I feel like I paid a fair price, after all of the discounts and everything were applied. They just weren't upfront with how they were applying them.

AGREEING TO A PRICE FOR THE CAR

M: Ok, so let's talk a little bit more about that, because so what you had said to me a few minutes ago is that they advertised certain discounts.

R: Yes.

M: What were those discounts? But then you said that they weren't available to sort of the average person, so tell me a little bit more about those.

R: So the discounts and they didn't tell me this until we got into the financing, so it wasn't when I was sitting with the dealer, he was like, oh, this isn't the real price. I got through the dealer process and we were going through financing.

M: You agreed on the price with the dealer and went into financing, and then this happened?

R: Right and financing guy was like, oh no, that's not the real price. I thought that...he said I thought that the dealer would've told you this. It was his response, "So they didn't tell you this?" And so he threw the responsibility back on the dealer. The dealer, you know was apologizing, because nobody told him. And so they were, the discounts were [REDACTED] discount, [REDACTED] discount, what else... [REDACTED] discount. And the problem I had with it was none of this was stated in their advertising.

M: So let me make sure I understand. So the price they advertised were including these discounts, which would be, only apply to you if you were military or a college student, but they were applied to the price they advertised?

R: Exactly.

M: And then you went in there and they said, well actually, since you're not military and you're not a recent college graduate?

R: Not a first responder or police.

M: You don't get these discounts?

R: Right, exactly.

M: But the dealer, the car sales rep didn't know that either?

R: No.

M: Very interesting.

R: Right.

M: Ok, all right, so once you reached the dealership, tell me sort of how long the entire process took from the time you arrived until the time you left, with or without...well, you purchased the car, so when you reached a deal at some point?

R: About four or five hours.

M: Ok, so you did it in one day, four or five hours?

R: Right, but I had actually visited prior to that. So, this was the actual...when I walked in this time, I had already told the dealer when I show up, I went in like maybe that Monday or Tuesday, looked at the car. You know liked it; I didn't really feel like I needed to test-drive it because I've already test-drove one. And I told them if I come back, it'll probably be Thursday or Friday and if I do come back, just more than likely buy the car.

M: Ok, so it was really sort of a two-day process?

R: Right.

M: You went and visited, you looked at it and then you went back and you did the deal?

R: Right, exactly.

M: Ok and about four or five hours?

R: Right.

M: Ok. We're going to revisit the issue of the discounts and the financing process in a couple minutes, ok?

R: Ok.

M: So tell me, so I guess it sounds like the price of the car changed. So I guess talking about initially your time with the salesman, how did you go about getting to the price of the car, with him or her?

R: Well, I mean it was on the car. You know so it was advertised with the discount of, like, it said the car is, base price, \$35,000. This car is being sold for \$28,995.

M: So you came in and that was what you saw online?

R: That was on the car, on the actual sticker on the car, which it actually had. And it was on the online and on multiple sites, even on theirs, up on their actual inventory site.

M: So you walked in expecting to pay whatever you just said, \$28,995?

R: Right and I know the car is based \$35,000. So, if I walk in and see the \$28,000, I'm like, ok, that's a price I can live with.

M: Ok, all right and that was the final price you agreed upon with your sales rep?

R: Exactly.

M: Ok and the MSRP price was listed as \$35,000?

R: Right.

M: Ok, all right. Did the dealer at any time, the sales rep indicate you could get a better price if you agreed to certain conditions or anything?

R: No.

M: No? Ok, so how quickly was the whole \$28,995, that's great, let's go to financing? Was that part of the process easy, difficult, long, short?

R: That part was very easy. Like I say, everybody I spoke to, up until the time I got into the finance office, was the \$28,995. That, like I said, I thought that was a fair price.

M: So you didn't do any more, further negotiating at that point?

R: No.

M: Ok. Did you trade in a car, a prior car when you bought this?

R: No, I sold the car, but I sold it to another dealer at that location.

M: You sold it to another dealer?

R: It was, like I said, the transmission was...it was a real beater; I was actually going to donate the car. And the guy was like I'll give you \$500 for it and I was like, done, you know I just really wanted to get rid of it, so.

M: But you didn't choose to do it at that same dealer because?

R: The dealer just wanted to offer like \$200 or \$300; that was it. And the guy was willing to do \$500, so.

M: So you did talk to this particular dealer about trading it in and they gave you a lower cost then?

R: Right.

OBTAINING FINANCING

M: Ok. So, obtaining the financing, so how did you pay for the car?

R: So when I came in, like I said, I had arranged, I got preapproved for financing through [REDACTED]. And that was based on the \$28,995 price. When they raised the price, it raised my interest rate also. So they ended up giving, finding a lower interest rate through [REDACTED], which is who I ended up going with. So, it wasn't...it was like .5% or something like lower. So I came in preapproved, but I ended up using the dealer financing instead of the preapproved financing.

M: Ok, so you did use the dealer financing?

R: Yes, I did.

M: Ok, because I thought you just said you went with [REDACTED]?

R: Well, I'm saying, originally I was preapproved with [REDACTED], but I was preapproved for...

M: [REDACTED]?

R: I'm sorry, [REDACTED].

M: Ok, I was confused. (Laughing) You were preapproved through [REDACTED].

R: I was preapproved through [REDACTED], but for a lower amount.

M: Got you.

R: And when they sprung the higher amount on me, then my interest rate went up. It wasn't a big deal, I think it was like 1% or something, but they ended up finding a lower rate for me through [REDACTED] instead.

M: Ok, through the dealer?

R: Right.

M: Ok. So, let's talk about this process. So how did you...fill in the blanks, how you got from the going to financing, you're at \$28,995 and then tell me what happened from there.

R: So then, like I said, he printed all of the paperwork out and I noticed...he didn't even say anything either, I just happened to be looking it over and then it said \$33,000.

M: So he didn't even say anything to you, he just handed you the papers and you noticed it yourself?

R: Yes, exactly.

M: Holy-moly, ok.

R: And really, I should know this, when I signed up for, when I originally started, signed up for this survey, I said let me read this paperwork. I really found that the three, the \$33,000 included a \$3,000, it was a \$2,000 discount, plus I just put a \$1,000 down. So, really the real price is almost close to \$36,000. So and I didn't realize that at the time. So, really, they really got over, which is...the price that I ended up buying the car for is the price that the other dealership was advertising for.

M: Which is how much?

R: Which was like \$35,500 or \$36,000, something like that, so I really didn't get...well, like I said, I enjoy the car; I think the car is worth the money I paid for it. But, I really didn't get a deal on the car.

M: Right.

R: I ended up just paying...and I would've rather that they just advertise it for that price. If I come in and I qualify for discounts, get the discounts and apply the discounts, but you know.

M: Right, so tell me what happened when you were looking at the paperwork and you see \$33,000 or whatever you saw? What happened then? What did you do? What did you say?

R: Oh, I mean I stopped. I said no, this isn't the price that we agreed on. And he was like, well, that's the price of the car, that's you know, the price, this other price that you're quoting includes multiple discounts, none of which you qualified for. And I said, well, nothing in your advertising, nothing in any of the ads that I've seen for this car indicate that, because I read everything backwards and forwards. And he was like, well, if you've used our site, not [REDACTED] auto navigator or [REDACTED], [REDACTED]. He said if you look at our site, you'll see a disclaimer at the bottom saying that. He said there should be some type of disclaimer. So, I actually had my laptop with me, pulled the laptop out, pulled his site up and showed him. And what it said was the price may include multiple dealer discounts. That's all it said, period.

M: So it was his site, so you showed him his site?

R: Right.

M: Ok and then what happened?

- R: And I told him basically I wasn't going to pay \$33,000 for the car. So, they went back and forth and basically, I told them I would pay half of the difference between \$28,000...well, basically between \$29,000 and \$33,000. So, that was sort of how we, well how it was left. And basically, I don't know, like I said, they finagled the price and at the time, that's what I figured I was paying. I found out later, that's not really what I was paying, but you know.
- M: So you thought you ultimately agreed upon a price that split the difference between \$29,000 and \$33,000?
- R: Exactly.
- M: Did your sales rep get back involved in the process at some point? Like did you say, hey buddy, you told me we were at \$29,000, what happened? Did he?
- R: No, it was, at this point, it was just dealing with the finance. And the finance would go back and you know say...I don't know if he did it or not, he'd just say, well, let me go talk to the sales manager. And he would disappear for fifteen minutes or twenty minutes and then come back. And then we would go back and forth about something else, and then he'd go back again and then he'd come back. You know so whether he was actually speaking to them, I don't know, because they were in another building. They were under construction at this dealership, so.
- M: So you moved to a different building to meet with the finance and insurance people?
- R: Exactly.
- M: Ok and you ultimately ended up deciding on a price for your car with the finance people and not with the sales rep?
- R: Exactly.
- M: Ok, all right, any other comments about the experience of not the financing part yet, but coming to the final price of the car?
- R: Like I said, it's just, it was...no, I mean like I said, I pretty much knew, as far as what to expect as far as price-wise, at the max of what the car should cost. And you know I didn't really have to...as far as what I thought was going to have to pay for the car before I got to financing, I didn't really have...I didn't feel like I had to negotiate a whole lot, because the price that I thought they were offering it for was fair. So, especially, really...and the reason I felt like it was fair was because, even with such a big difference, was because it's a new model coming out, in the middle of this year. So the fact that...
- M: Did you plan that on purpose, to go look for a car at the end of the year or?

R: That part, it did play into my decision. The fact that I decided to purchase this car, knowing that a new model is coming out, also was sort of purposely, because I knew I would get probably a better deal on the car that...it wasn't major upgrade, but still, if it's an upgrade, then I feel like you know I will probably get a better deal on a car that's going out of style.

M: Right, ok. And so the negotiating that happened, that happened with the finance guy and you, so tell me a little bit more about that back and forth. So he came back and said it was \$33,000 and you came back and said I'll split the difference and that was the end of it?

R: No, I was basically like, no, if you can't, if we can't come to an agreement on this price, then I'm going home.

M: What did he say, or she?

R: He said, well; let me go talk to the sales manager. And he left, like I said, for about fifteen minutes. Then he came back and basically was like we can't...because it was a premium, he was like, well; we can't really negotiate too much on this price. And so basically I told him, I said, well, we're done. And I was like...basically, like I said, I gave a long lecture on bait and switch. And the fact that you know you all are playing games, you know. And if you can't meet me somewhere, you know if you can't give in somewhat, then you don't want to deal. Because I feel like, you know like I said, we've gone through this whole process and at this point, I'd been there for three and a half hours.

M: Right.

R: You know, so basically at that point, that's when I was like if you can't at least meet me, you know halfway, then you don't want the deal and that's when.

M: And that's when he or she said?

R: Right, came back; he left again and then came back and said ok.

M: Ok, all right. So talking more now specifically about the financing, so you said you chose to ultimately finance through the dealer because the price of the car went up.

R: Yes.

M: Your interest rate went up.

R: Right.

M: Ok, so you got a lower interest rate through the dealer?

R: Right.

M: And what other terms did you discuss with the finance representative?

R: So the length of the loan, they were trying to talk me into a seventy-two-month and I had previously done a seventy-two-month and it was...by the time I finished paying for the car, I was you know, kind of over it. Stop paying for a car that I'm not really feeling anymore. So I told them, I said without a doubt, I really would've liked to do a shorter than even sixty, but I told them I wouldn't go...and he just really, I think for fifteen minutes or so, he was really you know, trying to give me all of the scenarios, well you should do a longer...I was like, no, I don't want a longer. So that was a major thing.

M: And so he threw out the number first, you said?

R: Right.

M: And what length did you?

R: I did sixty.

M: You did sixty?

R: Right.

M: Ok.

R: It's more than likely that'll be paid off before that, but I just felt like that was the max amount I wanted to do. Also, you know of course he brought up the maintenance plans and which I did sign up for one of them. But I cancelled it the day before yesterday.

M: Ok, we're going to talk about that, sort of the additional products, in just a couple of minutes.

R: Right.

M: What else did you talk about, in terms of the terms, the monthly payment?

R: Monthly payment.

M: Did you put down a down payment?

R: Yes I only put \$1,000 down.

M: Ok. Oh, I think you did mention that, ok.

R: I don't know why, I just felt like, you know, why?

M: Ok, what about the APR? Did you discuss the APR?

R: We didn't discuss the APR. What happened was like I said, so he told me when we factored in all of the additional costs, ended up coming out to like \$6,000 more than I had originally intended. So the interest rate went up. I want to say like a percentage and a half or something like that. So he came back and he was like, well, [REDACTED] is...I mean right as a matter of fact, he was doing the paperwork and he came back and he was like, well [REDACTED] just offered you a half a percentage lower than what [REDACTED] was offering. He was like; do you want to take it? And I was like; sure...actually financed my last car through [REDACTED]. So I was like, fine, no problem. And I ended up taking that.

M: Ok. Did you negotiate any of the financing terms?

R: No, I didn't.

M: Ok, are you aware of whether or not you can negotiate those terms?

R: I'm not, no. No; I know that I could've shopped around, as far as going to like my credit union or you know others. But I also know that, in my mind, I would've had to leave and arrange all of this and then come back, which I didn't really feel like doing.

M: Oh, so you put your time is sort of more important?

R: Right, which comes back to why I was so upset, because had I known, ok, a more realistic expectation of what to pay, then I could've made these arrangements prior to getting to the dealer.

M: Right, ok. But, no thought that maybe you could've negotiated the interest rate a little bit more or anything like that?

R: No. Well, no, I've never actually heard that you can.

M: Never heard of that, ok.

ADDITIONAL PRODUCTS AND SERVICES

M: Let's talk a little bit more about these additional products or services that you mentioned. What additional products or services did they try to sell you?

R: They tried to sell me a tire package, extended warranty, maintenance plan and something else, I can't even remember.

M: What about rustproofing?

R: No.

M: Or GAP coverage?

R: I did get GAP coverage, I did.

M: Ok, so let's talk about what you did purchase. You purchased GAP coverage and you said you purchased the extended.

R: The extended maintenance contract, so the way that the extended maintenance...kind of again, that was something...so the way they sold me on the extended maintenance contract was it was a lifetime, for the length of...my length of my ownership of the car. And it included minor maintenance and oil changes. So like, you know belts and stuff like that. And like I said, the only reason I signed up for it, because it said basically the lifetime. I was like that's reasonable. Then he sort of said it, well...this was as we were leaving...he was like, well, the oil changes are for the first three oil changes and then after that, you pay for the oil. No, you pay for the filter, we pay for the oil. So, it perked my attention; I said I'll read the paperwork when it comes. Sure enough, I read the paperwork when it came; it was really just a one-year service plan, for a price that other people online were paying for six and seven years. And which meant that it was really just oil changes. So it was three oil changes at a 5,000-mile interval. And any, like he said, any minor maintenance work or anything like that. So, you know I actually brought this to their attention, after the fact. Everybody, oh no, it's lifetime, it's lifetime and started pulling out brochures and see, it's lifetime. I said, well no, it says, you know. So I said it says, you know, this is a one-year, basically three-service-visit contract. And they insisted no. Then I told them, well it says that I have only...I only have until, I have thirty days to kind of cancel this contract, from the date that it starts. They said no, no, no, that's not true and you have a year to cancel. And I reread the contract, the entire contract, it said thirty days and it was only good one year. So I cancelled it. And I didn't even contact the dealer to cancel. I actually wrote directly to the contract manager for the contract and cancelled through them, so.

M: And how much did you pay at the time for that?

R: \$1,000 to upgrade (?).

M: And how did you come to that?

R: That was the price that was quoted to me, so this was the price for what they said was a lifetime.

M: So he just quoted you the price of it?

R: Right, exactly.

M: And you said you got GAP coverage as well. What is that, to the best of your knowledge?

R: That basically covers any difference between what the car is worth versus the loan on the car, whichever.

M: Why did you choose to purchase that?

R: Because I had a previous car, I got into a car accident and it got totaled and I ended up owing \$3,000, so.

M: So you had prior experience, and again, what did that cost you?

R: It was like \$800.

M: And again, was it the same, they quoted you the price or was there any negotiating on that or?

R: No, they quoted me the price on that.

M: Ok, any other additional products or services that they offered you or that you purchased?

R: Like I said, just like the tire package and all. That was it.

M: And when did this occur in the process, when they offered you these additional products and services? Do you remember?

R: After we got through a price and...well no, it was actually after he gave me the interest rate through [REDACTED] instead of through [REDACTED], so.

M: Ok, so it was sort of at the end, towards the end of the financing process that this came up?

R: Right.

M: Ok, anything in particular that you liked or didn't like about being offered these additional products and services?

R: No, I just, I sort of feel that that's part of the game. That's how they make their money. If they can't make it on price, then they make it on the services and contracts and stuff like that. Because I even did my research on that, so I am going to purchase the extended warranty on the car. But I found out that I have three years of, was it three years, 36,000 miles or something like that, which is what the original warranty coverage is. I have, as long as before the warranty expires, the existing warranty expires, I purchase an extended warranty; I can purchase it from any dealer. And I found a lower price online through another dealer in Ohio, so I'm going to get it. I just haven't got it yet, so.

M: Interesting, ok.

R: Yes.

M: Do you think you were influenced, in any way, in terms of your decision-making on purchasing some of these additional products and services by the fact that they'd already kind of increased the price on the car? Do you think if you were still at...I guess what I'm asking is if you were still at your \$29,000 price that you thought you were going to pay, do you think you would've been interested in more of these additional products and services or not really, not relevant?

R: I might've gotten the tire package. I have a friend who has, he has an [REDACTED] and his tires are super expensive, and he has it, you know he swears by it, loves it. I might've gotten that. So definitely, yes, it...you know when I get a car that I feel like I'm getting a pretty good price on, you know the extra stuff, kind of splurge on sometimes, you know. But when I feel like I'm being jammed, no, I'm not buying anything. Just like I said, just like the extended warranty, I could've probably negotiated an extended warranty with him, but after going through that, I don't want to do any more dealing. So you know, so after research and all that, I found where to go for this. You know there are plenty of people discussing the same thing that I'm discussing. I went online and just [REDACTED], you know, the same thing I was looking for and I found plenty of people who, you know or different forum, [REDACTED] and stuff like that, where people are discussing the same experience, basically the same experience that I experienced. And same questions that I had, so.

CONTRACT AND POST-PURCHASE

- M: All right, let's talk about the paperwork, signing the paperwork and the contract. Did you have the opportunity to review your paperwork before you signed it?
- R: I did. Well, it was like the paperwork sit-down and do a customary, you know, review and nothing like stands out. But not to just sit there and read line by line, no.
- M: Ok, so you didn't read it through thoroughly, but you read, you sort of skimmed through it, it sounds like?
- R: Right.
- M: Ok and what was particularly easy about the signing process, versus what was difficult about the signing process?
- R: Well, it was quick. So as he was churning them out, it was you know basically scan, sign, churn out, scan, sight. So getting through them was quick. Like I said, the fact that I wasn't as thorough going through them, so I'm discovering stuff now, reading through it, like last night I sat there and I pretty much read this service contract. And I mean the bill of sale. And I just discovered stuff that I was like, wow; I got "got." (Laughing) I mean not got, but you know like I said, it wasn't, they didn't...they didn't do what they said. And I just sort of discovered how.
- M: So what other things did you discover, in that regard?
- R: Well, like I said, like I didn't even realize I was getting a \$2,000 [REDACTED] rebate. So, they used that \$2,000 [REDACTED] rebate to lower the price to meet my demand of \$32,000 or \$33,000, or whatever, \$30,000-something.
- M: But you're saying you would've gotten that anyway?
- R: Exactly. And so had I gotten the \$31,000 car, plus this \$2,000, it would've been \$29,000...or right, \$29,000 car instead of \$31,000, stuff like that, so that plus my \$1,000.
- M: The \$1,000 was what?
- R: The down payment.
- M: Oh, the down payment, ok.
- R: You know they used that to sort of finagle the figures, what they quoted to me as this is your price, but really this is your price with all of these, your down payment and your rebate. Bam, we met your price and you know?
- M: But you didn't discover that until after the fact though?

R: Yes, right, exactly.

M: Now, were you reviewing your paperwork after the fact just because or were you reviewing it because you knew?

R: Because I was coming here, right.

M: Ok.

R: So, I kept meaning to do this. It's on me anyway. But, just because I was coming here, I said let me just look this over and see, you know.

M: Is there anything else you discovered while you were reviewing it?

R: No, like the taxes I already knew about. I had already figured that. That's what I say, it's the price of the car, plus taxes I had already figured all of that prior to going to the dealership, but.

M: Ok. Now, you've sort of talked to me about this already, but I'd like to summarize it real quick. So it sounds like you have had some additional contact with the dealer, since purchasing the car.

R: Right.

M: Can you summarize for me what you've spoken to the dealer about since purchasing the car and whether you initiated that contact or the dealer did?

R: The dealer did. And it was because [REDACTED] sends you a survey after the sale. And I basically gave them a bad...well, yes, I gave them a bad review. And the bad review was because of the financing. So, you know I basically stated in the...you know you do a comment and in the comment I stated, you know the financing experience, well financing portion of the sale just totally destroyed the sales experience. You know you guys pulled a bait and switch and you know. Like I say, I would've appreciated knowing or just like you know Saturn used to have this deal where, no-haggle-price, you come in and this is the price. You know and it's usually a reasonable price for the car, and I'd come in and I'd pay it and go out the door. So the whole bait and switch just really stressed me out and destroyed the experience. And I stated this in the survey and so they called me back and was so apologetic, it was the assistant manager and the finance manager, and the salesperson, all three of them called me separately, basically begging for me to update my survey to give them a better rating. And one of the things...so I talked to, basically you know I talked to them about, all of them about what...and they were like, well, you know and because I gave the salesperson great ratings. But they said, well, you know the rating really applies to the salesperson, it doesn't really apply to the dealership. I was like, well, that's not sort of how I read the survey, but you know. I'm sure it probably bases his bonus on or whatever he gets as far as with this overall survey rating is. So, I told them, I

had some scratches on the car and I wasn't really sure if it was from when I picked it up, because it was snowing the day I picked it up, or if it was from after. And they were like, well, we'll detail the car for you for free and just bring it in and we'll take care of anything, any concerns you have. So they did and I've realized...I mean I didn't revise it, but they basically sent me a second survey, where they were like did the dealer resolve your issues? And I gave them a good rating on that.

M: All right, any other additional contact that you had with the dealer, since the purchase of the car?

R: No. Oh, no, just other, picked up my plates for the car and that was it.

M: What about any problems with the financing since the purchase of the car?

R: No.

M: No problems, ok. Was placement of a tracking device required or ever discussed?

R: No.

M: Do you know anything about these tracking devices?

R: I do.

M: What do you know about them?

R: I know a lot of subprime finance companies are using tracking devices and auto-shutoff devices so you can't start the car if you don't make a payment, stuff like that, so you know.

M: But you didn't have any experience with that yourself?

R: No.

OVERALL UNDERSTANDING

- M: Ok, all right, let's, if you don't mind now, take a look at your paperwork and if they have any additional questions about anything else we've discussed, I'm sure that we'll get another note in here. So let's turn to your paperwork and let's look at the retail installment sale contract first. Ok, so sort of overall, this paperwork, now I know you mentioned when you kind of had time to go back and read it more carefully, you noticed a couple of things. But, summarizing for me, overall, how easy or difficult do you think this paperwork is to sort of understand?
- R: Overall, I mean it's pretty easy. I mean you know when I had sat down and looked at it, you know. It's just a lot of information at once. So it's kind of overwhelming. I mean for me to sit down and take an hour, you know sit here and read, line by line. It's pretty easy to understand, but. But it's just the sheer, like I said, the sheer volume of the amount of stuff to read, you know so.
- M: Right. Did you feel that during the experience, when they presented you with this paperwork, did you feel like they were pressuring you or rushing you to sort of go through and quickly, so you didn't have the opportunity to kind of read it line by line? Or did you think you just sort of were like; I just want to get moving, move on with it? Do you know what I mean? Were they sort of pressuring you to just get a move on it or?
- R: They were pressuring you to just sign it quickly. I mean I said he was churning these out, it was you know.
- M: Right.
- R: And I just had a pile of paper like this high, going through and just initialing them.
- M: Right, so it's sort of like the process itself isn't super conducive to like, ok, let me take twenty minutes to read this.
- R: Right and like I said, that's part of the problem with why I really sort of should have, would have done financing beforehand, had I known the right price. Also, part of the problem was I really wasn't sure...and this like I say, this was my first experience even contemplating arranging financing before I got there. So I wasn't sure.
- M: So that was the first time you'd ever done that?
- R: Well, yes, because prior to this, I really had bad credit. So, I was just happy to get a car. You know I mean my last, the last car I had through [REDACTED]; I had like a 20% interest rate. You know so; it was a lot different, this experience and my credit this time; I mean it was [REDACTED]-something. Prior to this, I'd been right around [REDACTED] for months and then I got this one deal hit my credit and dropped my credit like almost 100 points. And I was really trying, because I've disputed it and it's about to come...actually I talked to...it was through the Treasury Department and they're going to drop it. They're going to drop that

on my credit, but it won't be dropped before midsummer and I just needed a car, so. So part of the issue, part of the thing was I needed a car, I felt like my credit wasn't where it should be, but it was still ok. But it wasn't where it should be. And I was getting...ok, credit rating, so it wasn't, you know I mean it's part of the interest rate itself. So I didn't probably negotiate as hard as I should have or could have, or you know because I just felt like, ok, this is the first car I've ever bought that is a decent credit, a decent interest rate, so you know.

M: Ok, all right. Thank you very much for sharing all of that with me. That's super helpful. So, where on this contract, show me where the monthly payment is?

R: So the monthly payment, oh.

M: Ok, this says \$580.23 (?). Ok and was this the number that you reviewed at the time of the signing?

R: Yes.

M: Ok and the dealer had, or the finance guy had filled this in for you, correct?

R: Right.

M: Ok and do you know, did the dealer initially suggest this amount to you? Did you negotiate it at all?

R: No. Well, part. Like I said, no, I didn't really negotiate the monthly payment. I was more focused on the overall payment and the interest rate. I had already had an idea as far as, because I used the credit navigator, the [REDACTED] credit navigator. I mean car navigator and I had already had an idea as far as what my payments should, you know should be, as far as per amount, the car that I got, you know go for, so yes, that wasn't, that didn't really factor in it (?).

M: Ok and what about the APR? Where is the APR on this contract? Ok and was that a number again that you reviewed at the time of the purchase?

R: It is. That's what I was going to be stuck with.

M: Ok, so you were really focused on that, more so than some of the other numbers?

R: Right.

M: Ok and again, and you told me you didn't negotiate that rate at all, right?

R: No.

M: Ok and what about the length of payments? I know we talked about this, where is that?

R: Length of payments, number of payments, sixty.

M: Ok and again you said the dealer was pushing seventy-five on you?

R: Seventy-two.

M: Seventy-two, all right.

R: Yes, he was really, really pushing, so.

M: Ok and did you come back to him at sixty or were you even trying to get less than that or how did you?

R: I came back at sixty. The idea is even if I pay it off early, which more than likely I will, sixty months is the max and it's a reasonable amount of time that you know everybody decides...it's not too long. But, seventy-two just, no.

M: Ok, all right and the down payment, where is that on here?

R: Oh, here you go. This is \$1,000.

M: Cash (inaudible).

R: Right, it's a manufacturer's rebate.

M: And was that a number that you came up with?

R: The \$1,000?

M: The down payment?

R: Yes, it's something I came up with. Like I said, I could definitely pay more than that, but the interest rate didn't...I mean the payment didn't fluctuate too much if I put more down.

M: The monthly payment?

R: Right, so I just put like, you know why put more down (inaudible-mumbling)?

M: Ok, got it. So, if it had lowered your monthly payment substantially, you may've put more down. What, in your mind, would be a substantial difference in a monthly payment?

R: If I had put like \$5,000 down, you know. I mean are you talking about as far as the difference? I mean if it dropped it \$50, \$100 a month, that's significant. But if it's only dropping it \$10 or \$15, or you know \$20, that's not.

M: Ok, all right. Do you know if you were given a spot delivery agreement?

R: Don't know.

M: Do you know what that is or whether or not you received one?

R: You said a spot delivery?

M: Spot delivery.

R: No, don't know.

M: Not sure what that is?

R: No.

M: Don't think you have that here.

R: What is that?

M: A spot delivery agreement. They're usually something that they give you to sign, so that you can drive the car off the lot the same day, if the financing hasn't been.

R: Oh, I did see something like that.

M: You did see something like that?

R: Well, I saw something that said...no, I saw something that said if the financing didn't go through, that you have to bring it back, but. Is that the same thing?

M: So you saw on a piece of paper that if the financing doesn't go, you have to bring the car back?

R: Yes.

M: Where is that?

R: Oh, right here. So it says that the deal was not final and.

M: So I believe this is, I will have to have them answer that question, because it doesn't say. I thought it normally is called a spot delivery agreement. I don't see it saying that, but ok, so you did recognize at least this?

R: Right.

M: Ok, all right.

R: And I've heard the war stories of people who, you know drive off the lot and then they find out their financing didn't go through and had to bring it back in.

M: Ok. So where does it talk about, show me where it talks about some of those additional products and services that you purchased?

R: Right here. So, these are a listing of products that was offered that I didn't purchase.

M: That you did or did not purchase?

R: Did not.

M: These ones, products not selected. Ok, vehicle service agreement.

R: So those are all of...

M: Ok, are there any that...you did purchase?

R: The maintenance.

M: The maintenance, is that on here?

R: Products selected, yes.

M: The auto protection?

R: Right.

M: Ok. Let me see here. You said you didn't do rustproofing, that wasn't even listed there?

R: No.

M: What about antitheft, any sort of antitheft device?

R: That's part of it (?).

M: Ok.

R: Oh, I think it actually came with alarm system. It's supposed to be like an enhanced alarm system, like whatever, but.

M: Ok.

R: So I did get that.

M: Ok, what about the credit application? Do you have the credit application here or no?

R: No, because I don't even think I have a copy even, of the actual application.

M: Ok, so we want to look at this for a second. Do you know what this form is and what it's telling us here?

R: So this is the maintenance program that they basically said was a lifetime program. Oh, this thing. But see, when I researched it, it said lifetime.

M: So this is the extended maintenance program?

R: Right and it says lifetime on there. But the contract that they sent me said one year.

M: Ok, so where does that say lifetime on here?

R: I see a little blurb at the bottom.

M: Ok, protection for lifetime, so it says it here, but when you got the full contract?

R: When I got the contract, it just said one-year...like I said, basically like three services, because it's 5,000...it was a one-year, 15,000-mile contract.

M: So who gave you, when did you get this form and who gave this to you?

R: I got this when I actually did all of the...the finance manager.

M: Ok, so you got this from the finance department?

R: Right, but.

M: And you received the contract from [REDACTED] later on?

R: Right.

M: How much later?

R: Oh, about a week or two.

M: Ok.

R: And like I said, but the part of the issue is; one, nobody ever really explained, first of all, what they covered. So, when I went online and researched it, it basically covered oil changes. And three oil changes, even at \$50 an oil change is only \$150. And the other thing was...I just didn't trust them. I really didn't trust them. I didn't trust anything that they said, so when they came back and said lifetime.

M: Is that because of what happened with the price or just in general, you don't trust them?

R: Just because of what happened with the price. So, when I feel like you've already, you know, screwed me once, I don't really believe anything you say. So when they came back and kept insisting that it was lifetime, the guy was like, well you need to call me back. I called (inaudible) finance manager and he got real defensive and was like, oh no, no, no. And I never called him back. I called the 800-number for the...

M: For the [REDACTED]?

R: Right, as matter of fact, this is the contract. I'll actually give you that.

M: Ok.

R: So this was the customer agreement that the [REDACTED] sent me.

M: Where it said it only covered three months?

R: Right, so it said plan agreement, agreement expired, expiration, mileage was 15,000 and the expiration date is [REDACTED]. And it doesn't say anything about lifetime.

M: Right.

R: So, regardless if it is lifetime, I don't have any proof, paperwork to prove that it's lifetime. So, I wrote them and I cancelled it after that.

M: Right and so it does say agreement expiration date, [REDACTED]. It doesn't say lifetime; very interesting.

R: Right.

M: Ok. Let's look at some of the guarantee (inaudible-mumbling). Ok, what about this form? What is this form about and when did you receive it?

R: This is the GAP plan and I got this when I was signing the finance paperwork.

M: Ok.

R: So, that's pretty much what I expected.

M: It's what you expected?

R: Right.

M: Ok, is this easy or difficult to understand, do you think, this form?

R: Easy, you know I just wanted to know how much I'm paying, you know, who to contact.

M: All right, so I think I was asking you about the credit application. You don't think you have, you didn't fill that out?

R: I didn't.

M: Because you already had your...?

R: No, I did fill out the credit application. I didn't get a copy of it though.

M: Ok, did you fill it out or did the dealer fill it out?

R: No, I filled it out. So, basically, he knew I came in with the preapproval of the [REDACTED]. And they said it on the [REDACTED] website that when you get to the dealer, you're going to have to verify everything that you put on their site for preapproval. That you're going to have to fill out an application and stuff, I was expecting that.

M: Ok, all right. Now I know we talked about the tracking device, but there was no sort of agreement or anything that you had to review or that you were given on that?

R: No.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: Ok, great. Ok and for the next couple of minutes, if there are any additional questions, they'll bring in a note. But I'd like to just now take a few minutes to summarize some of the things we've talked about. So, is there anything else about the documents that you were given that we haven't discussed today that you would like to point out, anything positive or negative, or anything particularly difficult to understand about the paperwork that you were given?

R: No, like I said, the only thing that probably was difficult for me was, that's after the fact, was the sales contract which I discovered (inaudible) after the fact. And the maintenance plan, which you know I would just share frustration with them, I just cancelled, so that.

M: Ok, where did you discover the rebate situation? Is that on that?

R: That was, well it's on the contract, so it is, it does say manufacturer's rebate. And there was like something else too. I think that was where I first saw it, on there. And like I said, I didn't even know, nobody ever mentioned. You know the funny part was after the fact, I saw somebody else mention online that they were running a rebate program. And I was like, well, I got my car around this time, why didn't I get it? And I did, I just didn't realize it.

OVERALL EXPERIENCE

M: Interesting, ok, all right. So, any final views on your overall experience of both purchasing and financing your car?

R: Like I said, my next car I'm going to arrange financing beforehand.

M: So will you ever again use dealer financing?

R: No. No, not unless I have to.

M: But the financing, let me just play devil's advocate for just a second, because the financing, that actual financing, the APR, monthly payments and the length of the payments, that in and of itself wasn't the problem, per se?

R: It wasn't the problem, but what happens is the perception, my perception is the dealer is getting something from this. Whether he gives me, just like he was fighting for me for a longer term, in my head I was thinking he must be getting something for me taking this longer term. You know? I don't know, I don't really know how it works, but that's my perception. So, it makes the whole, even if I just walked through the door and got, you know, 1.9% or something like that, I still, in my mind, would think the dealer is getting something. Or he's trying to.

M: So regardless of the experience you had with him, ultimately baiting and switching you on the price, you still have this skepticism that the financing through the dealer is they're getting something, right?

R: Right, I mean I just feel like somehow, just like, you know not my experience but other people I know, you know they've arranged for financing, got there and the dealer either, you know arranged the price so my next car I'm going to use, I'm a [REDACTED] member, I'm going to use [REDACTED] price, whatever, you know they were going to find you the best price. I'll use my credit union or my bank to get my next financing. You know I'll have all of this in line before I get there and if they don't meet it, then I'm out the door. But, you know other people I know, they've gone and had all of it done, everything that I just said, you know had financing or they had price in order and they get there and the dealer tried to backtrack and you know finagle things like the service contracts and stuff like that. Because, that's the way they make their money, so you know.

M: Right, so did you contemplate walking away when this all happened?

R: I did, but.

M: And then, what ultimately made you decide to stay and finish the deal?

R: Because I needed a car. I could have walked away. My car was still in running order, just was in bad shape. But, I sort of felt like I've waited this long, make the splurge, even

at the worst case scenario, I could still live with the price and the payment. So, I went ahead with it.

M: The monthly payment was within your budget?

R: Right, yes.

M: So next time you think you're going to go through [REDACTED] and get the [REDACTED] price?

R: Oh yes, I'm going through [REDACTED]; I'm going through my credit union for the financing. And also I'm not going to wait so long to buy another car. So, I waited nine years, nine and a half years to buy this car. I mean you know so; my last car was on its last leg. When I buy my next car it won't be in such dire straits.

M: Right, so you felt a little bit pressured too because your car, you were having problems with the existing car?

R: Right, exactly.

M: Ok, all right, any other comments about the process? That was really helpful, what you would do differently the next time, anything else to add to that?

R: No. Like I said, I did have a very clear understanding of what to; you know what I would do differently next time.

M: Right, well it sounds like this was, although some of it was a negative experience, sounds like it was a pretty good learning experience too?

R: Oh, absolutely, yes, that's right.

CONCLUSION/FINAL COMMENTS

M: Well, you have been so helpful, such a fantastic respondent. Thank you for bearing with my half a voice, I really appreciate it.

R: No, no problem.

M: You've been fantastic, so I'm going to show you the way out and you can collect your gift and get on with the rest of your day, ok?

R: I really appreciate it.

M: Thank you so much.

// end of recording //



AUTO BUYER STUDY

180267 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So the very first thing I need you to do is just state your first name only.

R: Okay. My name is [REDACTED].

M: Okay, [REDACTED]. I love that name, by the way.

R: Thank you.

M: What is the most recent car that you purchased?

R: The car that I currently have.

M: And what is it?

R: It is a... Oh my god, what is it? It is [REDACTED]

M: Okay. [REDACTED]

R: Uh-huh. [REDACTED]

M: [REDACTED]. Oh. Okay. I'm glad you corrected that. And when did you purchase it?

R: It was [REDACTED].

M: Okay. Very good. Can you tell me what, if anything, you liked about the experience you had when you were shopping and choosing a car? What were the best parts about it?

R: The best part about it was it was quicker than I thought it was going to be. Because last time I bought a car, I was in there for the entire day. But this time, I was in there for probably like two hours, like two or three hours, which is good for a car dealership.

M: Uh-huh.

R: So I liked that it was pretty quick.

M: Okay. And can you tell me what, if anything, you didn't like about the experience you had shopping and choosing a car?

R: Well, I already knew that I wanted [REDACTED]. And I had been looking online. But I went. When I went into the dealership, it was like spontaneous. Like they didn't know I was coming. I didn't have an appointment. So when I walked in, I didn't like that no one greeted. I didn't like that when I did talk to a person, he didn't sit down and talk to me. He was kind of like standing up, hovering over me. Like, okay, fill this out. And then he went back to his manager. And I was like, this is not how you make a sale. Because I was like this close to saying I'm just going to leave because I don't like the vibes that I'm getting here. So that was a turnoff for me. But I ended up just staying.

M: And you said you knew you wanted a [REDACTED]. Tell me about that. How did you know you wanted that car? What sort of prompted you or motivated you to look at that car versus the many others that are out there?

R: My first car was actually a [REDACTED], but it was an older version. It was a [REDACTED]. And then my second car was a [REDACTED], which I loved my [REDACTED]. And my [REDACTED] was newish when I bought it. [REDACTED]. And then when I was looking for new cars, I was thinking I'm either going to get an [REDACTED] or a [REDACTED], because those were the two cars I had. I liked them. But I ended up going with the [REDACTED].

M: Uh-huh. And what made you choose the [REDACTED] over the [REDACTED]?

R: They're cuter.

M: They're cuter.

(Laughter)

M: So it was more fashiony, kind of personal choicey.

R: [REDACTED] look very standard. Like they are really good cars. But they just look so standard. And the [REDACTED], like I noticed like the 2015s, they were cute. But the 2016, like as they got even newer, they were getting even cuter. So I was like, I'm going to get an [REDACTED].

M: Okay. Great. What influenced your decision on what car to buy and who to buy it from?

R: So as far as why I went to the [REDACTED], they're like the dealership that's in the area, like the [REDACTED]. So I was thinking if I want to go get a [REDACTED], I want to go to a [REDACTED] dealership. I'm not going to go to some random place, like [REDACTED] or something like that. So that's why I chose to go to them.

M: And where is that dealership?

R: [REDACTED].

M: Oh okay. Okay. And did you see any ads for the car that influenced you in any way?

R: No.

M: No. Okay. Once you reached the dealership, oh you answered this, how long did the entire process take? You think it took like 2½-3 hours?

R: Yeah. It was like two or three hours.

M: And did you actually drive off with the car that day? Or did you have to come back?

R: No. I drove off that day.

M: You did. Okay. So it was only one visit to the dealership and you had your car.

R: Right.

M: Okay.

AGREEING TO A PRICE FOR THE CAR

M: How did you end up getting a price for your car?

R: Do you know what? I probably should have went with someone, like my father. When he found out I bought a car, he was like who did you go with? I was like, I went alone. He was like, oh, how much did you pay? So pricing, I pretty much was just like I know I don't have good credit. I have this much to put down. What can you do for me?

M: Uh-huh.

R: And that was it.

M: Uh-huh. Okay. So how much did you have to put down on the car?

R: I put down \$2000.

M: Okay. So you walked in you said I have \$2000 to put down on the car. And what can you do for me?

R: Right. Exactly. Exactly.

M: Okay. So let's talk about that, just like we talked about the shopping experience. Tell me about the actual agreeing to the price for the car experience. What did you like about that? What didn't you like about that process?

R: Well I knew because I don't have good credit that I wasn't going to be able to be too demanding. But I at least knew that I'm not going to give more than \$2000. So if this isn't going to cover it, then okay, never mind. I'll come back another day.

M: Okay.

R: But as far as like the payments I was going to make, I knew they were going to be high. There was nothing I could really do about it. So I was like I don't want to pay more than \$400 a month. And so he was like, okay. So he went back. And I guess he was talking to the financing companies. And then he came to me. And he was like, I can do \$450. That's the cheapest we can go. And I was like, whatever. Fine. I knew it wasn't going to get any lower than that because I have bad credit.

M: Uh-huh. Okay. So did you ask for anything specific? When you think of the terms of the car, you said I have \$2000, I don't want to spend more than \$400, but he convinced you to spend \$450.

R: Uh-huh.

M: Were there any other terms or any other things that you talked about relative to buying the car, in terms of pricing the car?

R: Not really. Like he pretty much just told me this is the financing company that we found that was willing to work with you. And this is what they want you to put down. He did try to convince me to put down \$2500. And I was like, no. So eventually, we just settled on the \$2000. And he was like, the \$450 is as low as we can go, unless you can put down more. And I'm like, I'm not putting down more. So I'll just deal with the \$450.

M: And did you talk about the length of the loan?

R: We did talk about the length of the loan. It was like, how much was it? I think it was [REDACTED] months. I think that was like the best one, though. I think the others were like... No. The other ones were shorter term, but the payments would have been more.

M: Uh-huh.

R: So, I settled for that one.

M: Okay. All right. And he didn't recommend 72 months to you?

R: Oh wait. Or do I have 72 months?

M: I don't know. You tell me.

R: I really don't remember.

M: Okay. Well, we'll look at your retail sales contract and see.

R: Maybe it's 72. I might have to look at that?

M: Yeah. I'll have you look at it. Let's see.

R: I think it's on this page.

M: I'm looking for it. Oh wait. Here it is. I can lend it to you, lend it back to you.

R: Okay. Let's see. Oh you're right. It's 72. I found it.

M: Show me where it is.

R: Right on this long paper.

M: Oh yeah. There go you. Very good. So it's 72.

R: So 72 is what it was. So if I would have gotten like 60 or shorter, the payments would have been... They weren't a huge difference, but they would have been more.

M: Okay.

R: And I didn't want to pay more than \$450. So I was like okay. In my mind, I was thinking I'm not going to have this loan for the whole term. I'm going to try and refinance in a year or so.

M: Really?

R: That's my plan. I'm going to try to refinance with my credit union after I work on fixing my credit over the next year or so.

M: Uh-huh. Okay.

R: So I was like, I'll settle for this right now.

M: So we'll talk about the refinancing in the few minutes. Okay?

R: Okay.

M: Don't forget that, because I want you to give me some feedback on that. Okay?

R: Sure.

M: Okay. All right. So, what was the original price of the car you were quoted, that you agreed to pay for the car. Do you remember?

R: I don't remember. I want to say it was like \$22,000.

M: Did you do any research about what these cars should cost?

R: A little bit.

M: And when you say a little bit, what did you do?

R: Like when I was looking at the cars online, I was seeing how much everybody was charging for it, like how much they were saying it costs. And it was all around, for the [REDACTED], they were pretty much all around \$20,000.

M: You mean for [REDACTED]

R: Yeah.

M: They were all around \$20,000. Is that what you're saying?

R: Yes.

M: Okay. So you were expecting that that's what you would pay, somewhere around \$20,000.

R: Right. Well not including like, because you know, when you get the loan it's actually way more that you're paying.

M: Because of the interest you mean?

R: Exactly. Because of the interest.

M: Okay.

R: But before all the interest and stuff, it was about \$20,000.

M: Okay. All right. And that was okay with you? You thought that that was what you should be paying for the car?

R: Yeah.

M: Okay.

R: I was pretty satisfied with that.

M: Okay. So we'll talk a little more about what you ended up paying.

R: Okay.

M: All right. Did the dealer indicate you could get a better price if you agreed to certain conditions?

R: No [REDACTED]

M: Oh. Okay. All right.

OBTAINING FINANCING

M: So, how did you pay for your car? I heard you say you put \$2000 down.

R: Yes I did. I put down \$2000.

M: And then what did you do for the rest?

R: The rest was financed through [REDACTED].

M: Okay. So that's the name of the company that agreed to finance your car?

R: Uh-huh.

M: Okay.

R: [REDACTED]

M: Did you know anything about them?

R: Never heard of them.

M: Okay. Are you still playing them, [REDACTED]? Is that who you make your...?

R: That's who I make my payments, yes.

M: Okay. And has does...? What was your monthly payment? You said it was about \$450?

R: \$450.

M: Okay.

R: \$449.

M: Yeah. Okay. And have you paid the \$449, around that, have you paid that since the beginning?

R: I haven't paid it yet.

M: Okay. You haven't.

R: So my first payment is actually coming up next week.

M: Okay. So that will be the first time.

R: Yes.

M: Okay. Okay. Tell me a little bit about your financing experience. You went in. You talked to a sales rep. You said it was not that awesome. Right?

R: Right.

M: Okay.

R: He didn't really sit down and talk to me. He kind of was just going back like I guess to find financing. And then he'd come in and talk to be a little bit. Like, did you fill this out? Oh okay. I'm talking to some people right now. Like it really wasn't like a good experience. But I was just like, I just want to get a car today and be done with it. So I was kind of like, whatever. Let's just get it started.

M: Okay. So tell me what happened when it got to the point where you had to do the financing for it. Did you do it in the same place you did the deal for the car? Did you go somewhere else to do the financing?

R: No. I moved to another table. But we were still right there.

M: Okay. So you moved to another table.

R: Uh-huh.

M: And was that in like a private financing office?

R: No. Everything was just out... Like everything was out in the open. It was like... It was almost like cubicles.

M: Right.

R: But it was car dealership-type of cubicles.

M: Right. But was it with a different person?

R: It actually was with a different person. Yes.

M: Okay.

R: So the guy that I was originally talking to, he I guess traded me off to his manager, which the manager was a little bit better. He still didn't really sit down and talk to me either. But yeah. So when I started talking to the manager, he was the one who told me about the \$450 that I would be paying every month and the 72 months. He was the one who had given me details. That other guy was gone. But it was still right there.

M: Okay. And so did, I guess ultimately I'm going to ask this, did it matter to you actually what you ended up paying for the car? Or did it not really matter to you, as long as you have your monthly payments, which you agreed to go up to \$450 and you agreed to 72 months? Did it matter to you what you ended up paying for the car, whether it was \$20,000, \$25,000, \$30,000, or whatever?

R: Yeah. It mattered to me because when I looked at what I would end up paying with all the interest and stuff, I was like this car is not worth that, in my mind. So it mattered to me. I didn't like it. But I knew that the situation that I was in, I didn't really have a lot options. Otherwise, I was just going to take my \$2000 and go buy a bucket. You know?

M: Uh-huh.

R: So in my mind, I was thinking like this is way too much for this car because by the time 72 months goes by, that car is not going to be worth anywhere near this. But in my mind, I was like I'm just going to have to make sure that I do whatever I have to do so that I can refinance, so that I'm not stuck with this particular loan for 72 months.

M: So, what was the interest rate that you...?

R: It was like 19, point something.

M: Nineteen point something?

R: Uh-huh.

M: Okay. And you shopped around at other places to see?

R: No.

M: No?

R: No. That was my first and last stop.

M: Okay. And did you do any research to find out whether that was a reasonable interest rate that you had to pay, given your credit rating?

R: I didn't do research, but I pretty much based it off of my past experience buying cars.

M: Uh-huh.

R: Because when I had bought my previous car before that, my credit was even worse. And my interest was like 25%. No. That's not right. It was like 23%. So I was like, it's going to be high like that.

M: Right.

R: So I knew I could get it here or I could get there. It's going to still be 19-20-23%. It's not going to get much better.

M: Okay. So if you couple in the fact that you pay \$450 a month and you have an interest rate of 19-some-odd percent, what did you end ultimately end up paying for the car?

R: Like over the course of the 72 months?

M: Yeah.

R: I want to say it's like \$36,000.

M: Okay. We'll talk about that. Okay. So let's see what else. When you talk about the refinancing of the vehicle, because you mentioned that a couple of times, is that something that the dealership, the finance guy at the dealership mentioned to you?

R: No.

M: Or that's just something you thought of.

R: Yeah. He didn't even know about that. I was like, that's my business. Once I leave here, I have nothing have nothing to do with you.

M: Okay. Got it. And do you know that in fact that's something you could do?

R: Yeah. Yeah. I've been a part of this credit union for a couple of years. And so when I got my car, I went to talk to them about it. I was like this is what I'm paying right now. I want to try and, you know, over the course of a year. Come back in a year and see if I can refinance. They took a look at my credit. And they were saying you need to get all of these negative items off. You need to bring your credit score up to here. You need to make sure you continue to make your payments on time. And then come back and talk to us and then I'm sure we could work with you from there.

M: Uh-huh.

R: So, that is ultimately the goal.

M: But they said that they could refinance it for you, if you met all those goals.

R: Exactly. Exactly.

M: Okay. And did you have this discussion with them after you purchased the car?

R: After I purchased the car.

M: Okay.

R: Because I did try to get financing through the credit union. They denied it.

M: Okay. And that's where you would go to refinance.

R: Exactly.

M: Okay. And would your goal be to keep the car that you have or trade the car in?

R: No. I'll keep it. I'll keep it. I just don't want to pay \$36,000 for it.

M: Yeah. Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products or services to purchase when you were buying your car? Like when you were talking to either your sales rep or the finance person, did they try to offer you additional products and services?

R: Like any add-ons to the car?

M: Not so much the add-ons to the car, but like an extended service contract or a something like that.

R: No.

M: No? No maintenance agreement, nothing like that?

R: No.

M: No.

R: They were pretty like, I don't know if it was because it was Saturday and they didn't want to be there. It was late. I don't know. But they were pretty much like, we just want to get you out of here.

M: Hmm. Okay. All right. So you didn't buy anything additional, right?

R: No.

M: Okay. We'll talk about that, too, in a little bit when we look at your contract.

R: Okay.

M: So there was no discussion of those add-ons and no discussion of what they might cost or anything like that.

R: No.

M: They didn't mention rustproofing or anything.

R: Not to me. Who knows what I signed?

(Laughter)

M: Okay.

CONTRACT AND POST-PURCHASE

M: All right, the contract and post-purchase. Let's talk about that a little bit.

R: Okay.

M: Did you have an opportunity to review the paperwork before signing it?

R: Not really. It was like I went into this room to talk to the lady who actually was the woman who took my down payment. And then it was just like, here we go. And we chit-chatting. We were talking about our zodiac signs because we are both into that. And then it was like okay, sign here. Sign here. Like it was really no discussion. I was kind of like looking at it a little bit. I was like, okay, insurance? Okay. You know what I mean? It was like really reading it, honestly.

M: Okay. That's fair enough. Tell me about that process, what you liked and didn't like about the process of having to sign all that paperwork, to seal the deal, so to speak.

R: It was kind of like this is a lot of stuff that I'm agreeing to. What is this? This is a lot. But also in my mind, I was just like I want to go. Whatever. Sign. Sign. Sign.

M: Uh-huh. Okay. All right. Have you contacted your dealer since purchasing the car?

R: No.

M: Okay. Did the dealer contact you since you purchased the car?

R: One of the guys who, he said he met me. I don't remember who he is. But he was just calling to see how everything was going with the car. That was the only time I heard from anybody.

M: Okay. Okay. Have you had to bring the car in for any reason since you purchased it?

R: No.

M: Okay. Was placement of a tracking device discussed with you or required?

R: No. It wasn't discussed with me.

M: Okay. Do you know if you have a tracking device?

R: No.

M: Okay. So nobody said anything to you that they're putting a tracking device on your car.

R: No. No one said that.

M: Okay. And there's nothing that... You've never been in a situation where the car won't start or anything like that.

R: No.

M: Okay. Well you haven't made a payment yet.

R: Right. Exactly.

M: All right.

OVERALL UNDERSTANDING

- M: Okay. So now, let's go over some of this paperwork so we can talk about it.
- R: Okay.
- M: All right. The first thing is let's look at this. What would you say this document is? Take a look at it.
- R: Okay. It says it's the retail installment sale contract.
- M: Okay.
- R: So basically, I mean basically, it looks like it's just telling me what the percentage rate is, how much the car, so the finance charge, how much was financed, and then like the total, how much I'm paying every month. And then when my payments starts. And the length of the term.
- M: Uh-huh. Okay. So let's break that down a little bit. Okay?
- R: Okay.
- M: So looking at the information on this page, can you find and point to the monthly payment that you make?
- R: Sure. It's here.
- M: Okay. And out loud, it is?
- R: It is right here.
- M: Yeah. Say it out loud.
- R: Just that it's here?
- M: Yeah.
- R: Okay. Yeah.
- M: I mean what it is.
- R: Sorry. This is the monthly payment.
- M: Yeah. And it's for...?
- R: It's \$449.84.

M: Okay. And did you have a different understanding when you bought the car of what it would be? Or did you review this at the purchase and agree to the amount that's there?

R: Yeah. I reviewed it and I agreed.

M: Okay. And can you tell me did the dealer initially suggest that particular payment or did you negotiate that?

R: It wasn't much of a negotiation.

M: Okay.

R: I was like, I want \$400. He was like, we can't do \$400. We can do \$450. I was like, fine.

M: Okay. All right. What, if anything, was easy to understand about this document or what, if anything, was difficult to understand about it?

R: I mean from what I looked at and what I read through, which was basically like the basics. I wanted to know how much I was paying, how long, stuff like that. That was pretty understandable.

M: Okay. Find and point to the APR or the interest rate.

R: Okay. That is here. And it's 19.74%.

M: Okay. And so my question here is the same. Did you have that understanding or a different understanding about what you would be paying with regard to interest on this car?

R: Yes. I understood it.

M: Okay. And did you look at that number before you signed your contract?

R: Yes.

M: Okay. Did the dealer initially suggest this number? Or did you negotiate this number?

R: That number wasn't negotiated or even spoken about. We had no discussion about the percentage rate.

M: Was it your understanding that you could negotiate it if you wanted to or no?

R: No.

M: No?

R: I didn't understand that.

M: Okay.

R: No one ever made me feel like that was a possibility.

M: Okay. All right. Now show me where the length of the payments is.

R: Okay. That is here. And that's 72 months.

M: Okay. And again, did the dealer initially suggest it? Or did you negotiate the number of months?

R: It wasn't really suggested or negotiated. It was kind of like if you want to pay this much every month, then this is how long it's going to be for. And it was like, okay. I was looking at the number. Because he gave me another piece of paper. I wish I would have brought.

M: What was the other piece of paper?

R: It was like it said if you put down this much, for this amount a month, this is what your payment is going to be. And it kind of did a breakdown like that. If you put down \$3000 for 72 months, you're going to pay... And it wasn't even like a big different. You're going to pay \$420. I was like, a whole \$1000 for my payment to be like \$30 less a month? No. But I guess over time, that would be kind of worth it. But at that moment, I was thinking, \$1000? I'm not giving you another \$1000.

M: Okay. And point to the down payment.

R: Okay. Is that on here? Hmm. Okay. It says here that the total cost of your purchase on credit, including your own down payment is \$4500, which is not what I paid.

M: Wait. Say that again.

R: It says your total cost of your purchase on credit, including your down payment, your down payment of \$4500, which is not accurate.

M: It's not accurate?

R: No. I did not put down \$4500. Definitely not. I didn't have \$4500.

M: Uh-huh.

R: I put down \$2000. So I'm not sure what that is. Yeah. I don't know what that is.

M: Uh-huh.

R: But I did have another piece of paper that I don't have with me that I sent, not sent to you guys. But you asked me to upload something.

M: Yeah.

R: I uploaded that one. And I could not find it, because I had uploaded it when I was at work. And it's probably somewhere on my desk. But that had the down payment of \$2000 on it.

M: Uh-huh. Could you look for it for me?

R: Of course.

M: And I'll give you my business card and you can email it to me. I would really appreciate it if you would do that.

R: Of course. Yes.

M: Okay?

R: Yes. That definitely said \$2000. This \$4500 is confusing because it says that it's including the purchase on credit. Like what does that mean?

M: Uh-huh.

R: I'm not sure what that one is.

M: All right. Let me ask you this. Did I ask you this at the beginning? Did you get something called a "spot delivery agreement," where it's a document that basically says that you can take the car off the lot without in fact the deal being final, without the financing being final?

R: I do not recall seeing that. What is called, a spot agreement?

M: A spot delivery agreement.

R: Spot delivery agreement. No.

M: Oh here it is.

R: Oh you see it.

M: I see it.

R: Okay.

M: Tell me about this document. Take a quick look.

R: Okay. Let's see. Agreement for vehicle spot delivery.

M: Do you remember that document, discussing it at all?

R: We definitely did not discuss it.

M: Okay.

R: But I signed it. This was like a part of the whole stack where it was just kind of like, sign here, okay, sign here, okay, and sign here. So this, I probably did see that it said delivery. And I didn't pay any attention because I was driving it off the lot.

M: Uh-huh.

R: So, you don't have to deliver it to me.

M: Uh-huh.

R: But no. We didn't discuss this one.

M: Okay. So basically, that was one of the ones that you were just signing as you went along.

R: Exactly.

M: He said, here, sign this.

R: Yeah. And I was just kind of like looking at the title.

M: Uh-huh. Okay. And so taking a look at that, can you tell me what you think it is?

R: Let's see. (Mumbling, reading to herself). I mean it doesn't really say much because everything is empty as far as like the dollar amounts.

M: Uh-huh.

R: I'm not really sure what this is about.

M: So the blanks that are on there, those blanks were there when you signed the agreement.

R: Right.

M: Okay. Okay. You can give that back to me. Thank you very much. I appreciate it.

R: No problem.

M: Okay. So they don't even fill this in, the sum of this, or a single payment of this. None of those numbers are in here.

R: Right. So I mean did I just sign a blank paper?

M: It looks like it. Okay. All right. So this is interesting. I want you to take a look at the... Do you have the retail sales contract?

R: Uh-huh.

M: Okay. Let's turn the page for a minute. Let's see.

R: This one?

M: Uh-huh. I'm going to ask you some questions about something that's on here. Huh. It's not on here. Let's see.

R: Maybe it's in here.

M: So take a look at this for a minute.

R: Okay.

M: So there's something here called an "optional guaranteed asset protection." You signed that. Tell me what you think that is.

R: Is this for like...? Gap charge. I want to say gap is like if you, god I knew what this was, because my insurance asked about it, too.

M: What do you mean your insurance asked about it?

R: They were saying did I want to have gap coverage.

M: Okay. So they recommended that you have it.

R: Yeah. But I think it was like the dealership had already had something about gap. I didn't understand completely what gap meant though.

M: Okay. So did you pay for this insurance? Do you know? This gap insurance or gap coverage, whatever it's called.

R: I think I paid for it with the car and not with my insurance.

M: So you mean it was added to the price of the car?

R: Yeah.

M: Okay. Is there anywhere on there where it says what it cost you?

R: Let me see. Is it this \$900? Yeah. I think it's the \$900.

M: Okay.

R: I believe so.

M: And other than that one piece of paper that you have at home or that you have at your office that you didn't send in, was there any other documentation that you received?

R: No. That was it.

M: That's it.

R: That was the one.

M: Okay. Because like you, I'm interested in understanding where that \$4500 came from.

R: Right. Yeah.

M: Because I don't see anything detailed in terms of the... You know on your retail sales contract, there isn't even a notification that you paid \$900-something dollars.

R: For the gap.

M: For the gap. Yeah. It's not listed. So I'm just curious as to what else, if anything, wasn't listed. Okay. Anything else you can share with me about any of...? That was one of the things I was asking you about in terms of the additional coverage for service.

R: Oh okay. So the gap.

M: Gap is one that they can...

R: Just slide in there.

M: Yeah. I mean they can talk to you about it or not. And did they talk to you about the gap coverage? Do you recall?

R: We did have a conversation about the gap coverage. I just can't remember what it was. But I felt like when they told me something about it, I was like oh yeah I should probably have that.

M: Okay. And you also said that your insurance company had talked to you about that?

R: Yeah.

M: When did they talk to you about it, before or after you bought the car?

R: While I was in the process. Like when they were like finishing the paperwork, I was on the phone with the insurance.

M: Oh really?

R: Yeah. And they were like, do you have, I want to say they asked me about gap coverage. Oh they did ask me about gap coverage. And I was like, oh yeah. The dealership said that they were going to have that in there.

M: Uh-huh.

R: And so I assumed that was something that I would need.

M: Uh-huh. Okay. Is your understanding of the amount of money, you said something like \$36,800 or something like that?

R: Yeah.

M: Is what you ended up paying for the car. Is that correct?

R: Yes. I do believe that's what I said. Hmm. Yeah. So yeah. Do you see the \$36,880?

M: Yes. I see that. And do you know what constitutes that? In other words, how that adds up to \$36,000?

R: I want to say because of the 19%, the 19% interest over 72 months.

M: Okay. So you don't think that it involves any other...?

R: Oh the gap? It could.

M: Okay. Okay. All right.

OVERALL EXPERIENCE

M: So we're going to... I'm going to see if my team has any other questions for you. But in the meantime, what I'd love for you to do is summarize for me your final views on the overall experience of purchasing and financing your car.

R: I hate buying cars.

(Laughter)

R: I hope this one lasts forever.

M: Okay.

R: Forever

M: Uh-huh. Okay. All right. And I'm going to give you... Here's my email.

R: Okay.

M: I would really be most grateful to you if you could get that other document and send it to us.

R: Definitely. I know it's at work. I just need to find it in my piles of paper.

M: Okay. And I'm the president of the company here. So if you send me that document and you can if you want to, I probably would feel better about it if it were okay with you if you make a Xerox copy of that paper. And then black-out your name or any other personal information, like if there's a Social Security number on it or anything like that. There probably isn't. But just your full name. Just black it out.

R: Okay.

M: Okay? And that way I don't have any personal information. Like if it has your address on it or anything like that.

R: Okay.

M: Okay?

R: Definitely.

M: And this is... If you do that, I would really appreciate it.

R: Definitely.

M: Okay. Thank you so much for coming in. It's been a real pleasure to work with you.

R: Thank you.

M: And other than that one document, you didn't get anything else, right?

R: That was it. Yeah.

M: Okay. That's good. Okay. We're ready to go. Let me show you where to go and you can get your gift. It can go towards making your first payment on your car.

R: I know. Right?

(Laughter)

// end of recording //



AUTO BUYER STUDY

201240

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: If you could state your first name only for the record.

R: [REDACTED]. What's the most recent car that you purchased?

R: It was a [REDACTED].

M: When did that occur?

R: I want to say [REDACTED].

M: What did you like, if anything, about your experience shopping for it and choosing a car?

R: What I liked was the end result in getting a new car. I liked test driving different models, different makes, to see which one I liked the best. I liked getting in cars and seeing all the features and which one has the backup camera to compare.

M: What if anything didn't you like about your experience?

R: It was very stressful.

M: What's stressful about it do you think?

R: Well, it's a lot of money to put into something so you want to try to find the best car for the best money. There were all these things that come into it, like what features do you want, how many miles does it have, what year is it. It's stressful to balance...you see one that you like and then you see another one, that there might be a different one at a different dealership even better. It's hard to make a final decision.

M: Did you buy a new car or used car?

R: Used.

M: Where did you buy your car?

R: [REDACTED].

M: Help me understand what influenced your decision on what car to buy and who to buy it from.

R: I went to a couple different dealerships and that one had, I guess, the best deal. I went to another [REDACTED] dealership and they had a car that I loved but it had more miles on it, so I continued to shop around and found one that I liked at [REDACTED] that had a comparable price but less miles on it.

M: Did you see any ads for this brand of car before you decided to shop for a [REDACTED] or what made you think of a [REDACTED], that's what you wanted?

R: My aunt has one. [REDACTED]. She really likes it. She's never had a problem with it. They seem to be a little cheaper than a [REDACTED] or [REDACTED] and a comparable car, like same size and everything. I decided to test drive them and I ended up liking them, so I went with a [REDACTED].

M: Once you reached the dealership how long did the entire process take from the time you arrived until you left either with the car or without or with a deal or without?

R: Quite a while. The first dealership we went to that I didn't end up purchasing the car I want to say maybe three hours. The other dealership that I did purchase the car I want to say we got there (inaudible). I am not exactly sure how long. Four hours, maybe, more, maybe five.

M: You are referring to the pronoun we. Can you tell me who was with you?

R: My dad.

M: Great. Thank you.

AGREEING TO A PRICE FOR THE CAR

- M: How did you go about getting to the price for your car?
- R: There was some negotiation. I went by myself first and I picked out one that I liked and then my dad ended up driving down and we negotiated a price.
- M: Was that at that first dealer or the second?
- R: The second one, the one that I purchased.
- M: The first dealer you went to you were by yourself.
- R: The first dealer I was with my dad as well. We talked about...it was actually kind of funny. We asked a certain price and they're like, oh, no, we can't do that price, and then they came running to the car as we were leaving...in my original car...they're like, no wait, wait, wait, before you leave, they said they would give me the deal we that wanted, and we were still like, no, no, so we left.
- M: You said because of the mileage?
- R: Yes.
- M: Okay. How did you know...you said you negotiated. How did you know the negotiation, where you wanted to bring the car in at price wise?
- R: I looked at Kelly Blue Book a little bit to find out what the same model goes for. I also did a lot of online research. I saw different places on line for different dealers, like [REDACTED] versus the actual dealership. I got a good ballpark estimate that I wanted to keep it around.
- M: What was that estimate, if you don't mind sharing?
- R: I ended up getting the car for \$14,000.
- M: Was that what you researched you should be paying for the car?
- R: That was a fair price because it is a [REDACTED] but it had low miles on it. I think it was \$14,400, maybe, so we talked them down...maybe even higher...but with all the fees and stuff it came out to close to 15, so we talked them down to 14.
- M: Got it. What did you like if anything about your experience obtaining the price? That whole part of the price negotiations, what did you like about that and what didn't you like about that?
- R: I liked when they lowered the price for me. I found that, again, a little stressful because talking about that much money is a lot to...on paper it doesn't seem that much, but when you think about how much you're actually going to be paying for it, it's a lot. I liked feeling empowered

that they would listen to me and lower the price because I was willing to buy it so they would compromise with me.

M: Were they directing the conversation to you or to your dad, or how did that go?

R: Mostly to me, I guess, and my dad was just there helping because it's the first time I've bought a car.

M: Great. What was the original price? You said it was 15 or something like that?

R: I want to say it was 14,400, and then plus all of the fees, like the taxes and tags, it raised it a little bit, but then we brought them down to 14 for everything.

M: Did the dealer at any point in the conversation indicate that you could get a better price if you agreed to certain conditions?

R: I don't think so.

M: Okay. Did you have a car to trade in prior to buying this car?

R: I did.

M: Did you trade in...

R: Yes, I did trade in a car.

M: Can you share with me a little bit about that experience? How was the trade-in price determined?

R: At the first dealership we went to they said they would give me \$1000 for the trade-in. The second dealership where I ended up purchasing the car they said they would only give me \$300, and that was part of the negotiation and price, they said they would give me a little bit more for the trade-in to drop the price down. I think they ended up giving me \$700 for the trade-in instead of the \$300 once we dropped the price down.

M: Okay. Did you owe money on the car at the trade-in?

R: No.

M: All right.

OBTAINING FINANCING

M: How did you pay for your car?

R: I put \$5000 of my own money on my credit card...or debit card...and the rest I financed.

M: You financed it through?

R: I financed it through the dealership.

M: Did you look for financing elsewhere?

R: I did.

M: Tell us a little bit about that.

R: I contacted my bank. I am with [REDACTED]. I contacted them and a few other places, but I don't have very much credit. I only had one credit card, so I don't have very much credit, so they didn't...nowhere offered me a loan because I didn't have enough credit, so the dealership was the only option I had.

M: When you were talking to the dealership about financing, tell me what that was like for you. What did you like about that process and what didn't you like about that process?

R: Well, it was at the end and I was a little tired. Again, I didn't have very much credit so he wasn't able to offer me a loan right off the bat. They had to go in...because I recently graduated college, so they gave me like a student rate or something...a recent graduate rate or something. They were able to give me a loan. They had to try to make it work.

M: It's the end of the day and when you were doing the financing for your car, where were you doing it? Were you in the same place where you could talk to the sales rep or were you in a different place?

R: It was the same building but it was a back office.

M: What was the process for obtaining financing at the dealership? When you say it was the back office, what terms did you discuss?

R: He offered us...it was the end of the day and they were closing, he offered us a certain rate if I sent in my...they had to get a picture of my transcript and my diploma. When I came home I sent it to him. He was like, we can give you this rate if you send us these documents.

M: What was the rate they said they would give you, do you remember?

R: Four point something. It was kind of odd...I really don't know why. I financed through their dealership, the [REDACTED], and then they sent me a letter that they couldn't offer me the

rate, and now my rate is through [REDACTED] and it's lower. They couldn't offer me...I have that paper I think. I got this letter from [REDACTED] that said we can't give you...

M: Received your recent credit application from [REDACTED]. The law requires us to notify an applicant when we have decided to take adverse action with respect to the application. At this time we were unable to grant the credit you requested. If you'd like a statement of why...okay. They said our credit decision was based on...okay.

R: They sent me that and then [REDACTED] send me this with a lower rate. I guess now my loan is technically through a bank, not the dealership.

M: [REDACTED] recently acquired the loan from [REDACTED] for the purchase. It says the review of your loan documents an error was discovered regarding your interest rate. To correct the error we've reduced your interest rate and as a result we've revised the disclosures. Can I make copies of that?

R: You can make a copy of this if you'd like.

M: You didn't give us this letter, but you gave us this.

R: Yes.

M: Awesome. Thank you.

R: It was a little weird.

M: Yes, it's kind of interesting. When you were talking about terms for the purchase of your car, did you indicate any specifics about what you wanted? Do you have another contract? Is the only contract that you have with...that's the buyer's order, here is the retailer's contract, and that's with [REDACTED]. Did you get another document that looks like this from [REDACTED]?

R: I did not, no.

M: Okay.

R: That one piece of paper from [REDACTED] is all I have.

M: Good. We'll get a copy of that and they'll bring it back and then we can go through some of it. All right. When you went into the Finance Department to talk about financing your car, did you have any expectations like how much a month you wanted to pay versus how much interest rate you wanted to pay versus...like you said, going in you knew you wanted to pay this much for the car, but did you have any expectations for these other things?

R: For the first dealership I think they offered me 5.5 percent, so I thought that was a baseline, to not go over it. I liked to go under it. Calling around to all the banks [REDACTED], so I was like, well, this seems to be the rate that I can get. At the dealership where I bought it they

offered me a certain rate, like a recent student rate, so I sent in the diploma and transcript for that. I figured that was the rate I was going to get. I think it was a little lower than 5.5 percent, and then they sent me that from [REDACTED]...3.6, I think...so I was happy with that because it was lower.

M: Right. At the time did they say what your monthly payment was going to be?

R: Yes. They didn't at the first dealership, which I thought was interesting. At the second dealership, they did.

M: What did they tell you it was?

R: Now it's I want to say \$160...I think that's what the paper says. I think it was probably \$180, maybe.

M: This is when it was at 4.59. What are you paying now?

R: \$164, I think.

M: It says \$168. You're paying with the [REDACTED] purchase, it's lower.

R: Yes, it's lower.

M: Okay. We'll look. Very good. They are the ones who were suggesting these things. It wasn't like I don't want to pay more than this amount? Did you tell them that?

R: They were pretty much the ones suggesting about it.

M: Okay. At any point in time when you were doing your negotiations, like you said you went in with the sense that you could negotiate the price of the car, was there at any time during your conversation at the dealership the sense that you could negotiate these other things?

R: I feel like not as much. I feel like the price was negotiable, but then I guess once the price was determine I felt that was the final call, and then the rest was up to them.

M: Okay. At any time did the dealer say to you or mention to you the possibility of refinancing your vehicle or renegotiating the interest rate or monthly payments?

R: I don't think the dealer mentioned it, but I think my family was like, oh, if you don't like the rate later on you can always refinance. I don't think the dealer mentioned anything.

M: Your first awareness of the fact that your rate was being changed was when you got the letter from [REDACTED].

R: Correct.

M: Did they come at the same time or at different times...these letters?

R: It was actually funny. I think I got this one first.

M: The [REDACTED] one first?

R: Yes.

M: That's interesting. What was your reaction to that?

R: I was (inaudible), but I was confused why. I was (inaudible) that I wasn't approved for the one at [REDACTED], but I was happy that...

M: Right.

ADDITIONAL PRODUCTS AND SERVICES

- M: Let's focus on some additional products and services. At any time when you were at the dealership did the dealer offer you any additional products or services to purchase?
- R: They offered me a tire package.
- M: What did they tell you that was for?
- R: They said it was for like if you scratched the rims of your tires or something, and something about coating on the windshield reduces the glare. I think that was...maybe there was one other thing in the package that you could add to your financing package so you would pay a little bit more a month to get these.
- M: What was your reaction to that, did you take those packages or not?
- R: I did not, no.
- M: Did you not take them because you didn't think you need them, did your father say not to take them?
- R: He said I've never taken them, so I figured I don't really need them either. I think there was something about the paint, like it would make the paint last longer and not chip or something like that.
- M: Did they say anything to you about extended service contracts at all?
- R: No, because the way [REDACTED] works is they do a ten-year powertrain warranty. It's from the make date of the car. [REDACTED]. It's not ten years that you buy it, it's ten years...
- M: That it was made.
- R: Yes, the car is made.
- M: Let me ask you a question. Did they say anything to you about GAP coverage?
- R: No, because I am not sure what that is.
- M: We'll go through your contract and see what's there. Any comments about...was it the sales rep or the finance rep who was talking to you about these extended services?
- R: The finance rep.

M: What was your reaction to this whole part of the process...this whole conversation part...when they were talking to you about adding this package or adding that package? What was your reaction?

R: I felt like it was all forced, I guess.

M: What do you mean?

R: Like he says it to everyone, so I didn't really feel like I needed the extra package. At the first dealership a different woman came over and tried to sell the tire, window...the extra package. I thought she was a little pushy to try to make the sale. I thought it was interesting. They had the woman come over and try to sell me the extended package before I even bought the car. I felt like that was a little too much. I was like, I don't even have the car yet, I don't need to be worrying about the extra package.

M: Can you tell me...when they were mentioning these different items to you did they indicate how much each of the items cost?

R: Yes, and they said you can bundle it with your financing, so it would just be paying a little bit more a month or you could pay up front, I guess.

M: Did they note to you the price of each individual contract or product or was it the bundle price that they gave you, do you remember?

R: I think it was the bundle price. They said how much this would cost and how much you pay a month, so they had...like, \$164, plus an additional \$90 a month, and then you would be paying whatever in your finance.

M: Okay.

CONTRACT AND POST-PURCHASE

M: Did you have the opportunity to review your paperwork before signing it? This retail service contract that has all the information about your interest rate and all those things, did you have a chance to review that before you signed it?

R: yes. I didn't review everyone, but you did have a chance to review it. I did feel forced to move the process along.

M: They were rushing you?

R: Yes.

M: Okay. When you were doing this were you doing it online or on a printed copy?

R: Yes, it was a printed copy.

M: You said you felt forced in looking at this.

R: Rushed.

M: Okay. Did you feel anything else when you were going through this?

R: A little nervous.

M: Can you tell me, did you have any contact with the dealer since you purchased the car?

R: I have not, no.

M: Okay. Have they contacted you at all?

R: They contacted me. He called me and left a voicemail about completing a survey or something, but I didn't.

M: The only contact you had about your car experience was when you got the [REDACTED] letter...

R: Yes.

M: ...and then the other letter from [REDACTED]?

R: Yes.

M: At any point during your conversation with the dealership did anyone mention to you placement of a tracking device on your car?

R: No.

M: All right.

OVERALL UNDERSTANDING

M: Now let's go through the paperwork. Let's do this side-by-side since you now really have two. This is the original retail installment contract that you received, and then this is the revised letter that you got from [REDACTED]. We'll put these side-by-side. I guess the first question I want to ask you about it...look at the original installment contract that you got and tell me...can you point to me and tell me what the number is on your retail installment contract for your monthly payment. What's the number?

R: \$168.47.

M: Again, did the dealer initially suggest this to you or did you negotiate this?

R: I think the dealer because of what the finance rate would be, he told us what the monthly price would be.

M: At any point during this discussion did you say it would be better for me if it was lower or higher or anything like that?

R: Yes.

M: What did he say, what was his response?

R: He was not very lenient on the finance rate because he gave us one finance rate that was higher than the 5.5 percent that the other dealer gave us. And we were like, whoa, we went to another dealer and they could offer us this. He was like, well, since you're a graduated student we can lower it to this if you send in these documents.

M: I guess you already pointed to this. Can you point to the interest rate? Okay. That's where it is.

R: 4.59.

M: Thank you. During the practice of talking about these numbers, meaning the monthly payment and the percentage rate we were just talking about, how easy or difficult was it for you to understand what all these numbers meant?

R: It was a little challenging. The monthly payment, I grasped, but the finance rate I felt was just an arbitrary number, like where are they pulling these percentage rates from.

M: Okay. Can you point where your length of payments are?

R: Number of payments, it says 60 months.

M: Was there any discussion at all about the length of your loan? Did anybody suggest any other length besides 60 months?

R: He said to give me the lower interest rate that it would be at 60 months, that 72 would be a higher interest rate.

M: He said it would be a higher interest rate if you extended the loan to 72 months.

R: Yes.

M: Interesting. What was your reaction to having to pay the loan for 60 months?

R: I felt like that was pretty standard, I guess, in looking. It's a long time, but I felt like...he said I can always pay more to lower the amount I owe. If I owed \$9000, I could pay \$200 a month and then it would be less time to pay off the loan.

M: He did tell you that?

R: Yes.

M: Did he say you could do that with our without a penalty?

R: Without a penalty.

M: All right. Did you at any point in your negotiations with the dealership...were you presented with something called a spot delivery agreement?

R: I don't believe so.

M: Okay. I don't think there is one in the packet. Let's look at your contract. Turn the page and tell me do you see anything on the second page that suggests you paid for any add-on services at all.

R: All of it says n/a, so I don't believe so.

M: Would you mind if I took a quick look...taxes, your trade...you ended up trading in your car for \$300?

R: I guess he traded in for that much and then he took (inaudible) off the actual price.

M: The original price of the car, you said the \$14,400 was lowered to \$14,000?

R: Out the door for \$14,000.

M: Okay.

R: When they started adding all the title, tags, all that stuff, it's an extra \$1500.

M: What was the total price you paid for your car?

R: Total sales price...I put \$5,000 down plus the \$300 trade-in.

(Reviewing the contract)

R: It was \$14,300 minus the trade-in, and I put \$5000 down.

M: Let's go to the [REDACTED] page. Point to me...let's start with the monthly payments.

R: \$164.58.

M: The length alone?

R: 60.

M: The interest rate?

R: 3.65.

M: Very good. What is the total amount that you're paying?

R: \$9,874.90.

M: The amount of credit provided on your behalf is \$9,000. The amount you would have paid if you have made all payments is \$9,874.80. The total cost of your purchase on credit including your down payment of \$5300, is \$15,174.80. Okay.

R: Except the interest rate and the monthly payment.

M: I may have a couple of other questions for you.

OVERALL EXPERIENCE

M: I'll see if my colleagues have anything in addition to ask you, but overall what would you tell me is your general feeling about your overall experience of purchasing and financing a car?

R: Looking back it was good, but during the process I was very stressed out because there was...I kept looking online and then you would find a price online and go into the dealership and that price wouldn't be the price that you found online, so it was hard to actually get a good feel of what the actual car costs. That was deceiving that they would put this low price online and then go in and say where is the car for this price, and they would say, oh, that's if you would have every deduction. Obviously, no one would have every deduction so no one would actually ever hit that price, so it was a little deceiving.

M: What does that mean every deduction?

R: It would be like military and all those deductions that you could have, but I wouldn't have.

M: People have mentioned that to me before. The promotion price they're giving you includes all of these...

R: All those deductions. I was looking and I was like a new car is almost the same as a used car, but then I went it and it wasn't the same price because I [REDACTED] and I didn't have whatever all the deductions would be.

M: Okay.

CONCLUSIONS/FINAL COMMENTS

M: You've been very generous with me. Thank you so much. I've enjoyed talking with you. Thank you for being here today.

R: Thank you.

M: We have your paperwork here, so that's what we need. I am going to show you where you go now to get your gift. Have a really good rest of your day.

(Colleague has another question)

M: Where did you go to school?

R: [REDACTED]

M: What are you doing now?

R: [REDACTED]

M: Are you enjoying it?

R: Yes.

M: [REDACTED] is a very good school. A lot of my children's friends went there. All right. Was it the dealership you bought the car that advertised the price of the car with all the discounts?

R: I think it was both.

M: Both of them did the same thing?

R: Yes.

M: Okay. All right. Thank you very much.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

457481 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So can you tell me what the most recent car is that you purchased and when and where you purchased it?

R: I purchased a... It was a [REDACTED] and it was the limited option. The reason I did that because it had the leather seats and I have a dog and so that way just with cloth seats, the odors from him get stained in there and if there's a spill and so I also do Uber and Lyft and so it's just easier to.... And I bought it from the [REDACTED] dealership in [REDACTED] or (inaudible) [REDACTED].

M: Okay. And when was the purchase made?

R: The purchase was finalized [REDACTED] and it was the best timing because it was the end of the month and the end of the year and it was a used car and so that gave me an opportunity to research a lot and walk in and be able to get it \$1300 lower than their asking price.

M: Okay. Excellent. So the time of year, the time of the month, all influenced when you decided to purchase the car.

R: Yes.

M: Okay. What else influenced what kind of car to buy and who you bought it from? So what dealer you went to.

R: [REDACTED] and so that gave me flexibility. I also knew that while I wanted to do Uber and my previous car was too old, I knew specifically...

M: You wanted to be an Uber driver, you're saying?

R: Yeah. Yeah, because now I'm doing it and the pay is very good.

M: I didn't know that. So you have to... Like the car has to be a certain year?

R: Exactly.

M: I didn't know that. Okay.

R: So that was one of the factors. And the leather seats and then an SUV. And the reason why an SUV is because I travel a lot. I go to [REDACTED] several times a year. I've driven back and forth from [REDACTED] from [REDACTED] and I want something comfortable [REDACTED] it's just they tend to be bigger, the gas mileage isn't as good. Gas is very cheap right now, but my previous one was an [REDACTED] and I just liked the SUV. It's just more comfortable, especially for being in the car sometimes for a 12 hour driving day.

M: Okay. And what about how did you select the particular dealer you bought it from?

R: So, originally I wanted a newer version of the [REDACTED], just because the car before that was a [REDACTED] and kept breaking down and I just became accustomed to spending that much. When I got the [REDACTED], I had one big maintenance bill and it had twice the amount of mileage on it and then so I was like, well I just want to stick with [REDACTED] because it's a [REDACTED] essentially and it's more reliable. And then I was looking at the [REDACTED] the 2010, 2011 was the year I was looking around because that's when the automobile market really switched over where they had the Bluetooth in all the vehicles, just a lot of tech upgrades, which is kind of what I wanted. It's like if I'm going to get another car, I want this for a long time and be content with it. And I looked at a [REDACTED] here and there. I was more interested in the [REDACTED], which is the police style car. And the [REDACTED] is a little bit different body style, but the [REDACTED] because it had the best gas mileage of all SUVs and it also had a really good towing weight. And so one thing I do want to do is do a cross country road show and pull an RV or a travel trailer and so the highest tow weight was ideal, just because it gave me room for whatever RV I was going to pull. And then I had done some research and I wanted to do it after Christmas, but before the New Year, because I knew that was like the hot spot to do it because I read a lot of blogs, I did a lot of research going into this and so I knew that was the best time because a sale is a sale a lot of times for them. By meeting their quota, a certain number of cars and so what I did going into it, was I had already narrowed down the car. When I walked in, a whole negotiation process from the moment you walk in the door, is what I realized and so I watched videos of like other people that have gone this route.

M: Wow. You were really prepared.

R: It was all strategizing and just because you know, a car costs a certain amount based on Kelly Blue Book. There's always room for negotiation. And so I printed out the Kelly Blue Book, the Edmonds and then 3 other examples of the similar year, same model and similar gas mileage and that's where it really helped me because when you're there for like 3 or 4 hours and they're milking it, which is intentionally what I did, was they're getting tired and they just... By that point, they just wasted 3 or 4 hours with you, it's like they're starting to get desperate, where it's like you can just have it. But I'm asking 101 questions about the

vehicle and really what it is, is I'm kind of draining them down to the point where they just get fatigued and then they're kind of like all right, I'll settle for that. And I did the walk away. They had a certain price and they were really set on it and I said, and this was 4 hours, and I said well thank you for your time, guys, I built up my momentum, I was ready for it and then I was about to walk away and they were like woah wait. I'm going to go ahead and get the manager. So the manager comes out and you know, he's giving me his spiel about we don't make money on all used cars and I said, well the New Year is in 3 days and it's going to drop this percentage, I think it was like 3% depreciation at the turn of the clock midnight and yada yada and then I said 89, it was valued at \$14,000, they were selling it for \$10,500. Because I was tracking it every week and they kept dropping it a few hundred bucks because it wasn't selling. And so I also used that in the negotiation. Well it's been on the lot for this many weeks. You know, blah, blah, blah. We agreed on \$9000. So yes. If I answered the question.

M: Excellent. Yes. No, thank you for all that. And what was it about... Anything about the dealership in particular that you chose that particular dealership over others?

R: I personally don't like dealerships. Because I think they're usually way overpriced. I usually like going to my first one was through a Craigslist ad, which was a mistake because they don't do the 100 point check. The second car I got, the [REDACTED], was at a used car dealership and then this one was at like a [REDACTED] dealership, but I think what drew me in was I knew I was going to be using it for Uber and I probably had more flexibility with financing at a dealership, financing through them and I just knew this is how much I had and I knew I wouldn't be able to pay in full. But they offered free car washes and free oil changes and I knew that being an Uber driver, there's going to be more oil changes and then of course, having the free car wash was nice too. So those are a few little perks.

M: Okay.

R: The downside was the \$300 dealer processing fee. That was the hesitation.

M: Okay. All right. So summarize for me, what if anything you particularly liked and then didn't like about the overall experience of shopping for your car?

R: I would say that they didn't really care about the customer. They were more interested in the sale and just kind of getting you in and getting you out the door and moving on to the next one, almost as if it's like ticket number concept. That is one thing I didn't like because you know. I walked in there with quite a bit of passion, but intentionally. I strategized my whole persona that I was going to play off going into this and then was able to get it a lot cheaper and it ended up working. My parents couldn't believe it. But I realized it worked and so that's one thing that bothered me was, it was just kind of like they just wanted to make a sale. They didn't really care about the customer and then for them, they might

have had a time as to how long it would take them and I was there for 7 hours by the time everything was finalized.

M: From start to finish?

R: Yeah. Because I was prepared this was going to be an all day thing. Because I was going to be stubborn and if I would have walked away, I would walk away. But at least I learned something from that, so when I go to the next dealership, which is what I did. I said, well I can go to the [REDACTED] and they're selling it for this much cheaper and he's like yeah but it's got higher miles but I said, yeah but if I wanted that car today for this price, I could go over there right now and get it. And that was one of my big argument powers was same year, same model, just higher gas mileage. Reference points, I guess.

M: Okay. So the whole process took 7 hours. So you did it in one day?

R: Yeah.

M: Okay. Anything else that influenced your decision on what car to buy, who to buy it from?

R: Really what I did was I went to, I think it was cars.com and you can do a nationwide search and so I started out with the [REDACTED], the 2010 model, there was 2 in [REDACTED], one in [REDACTED], two in [REDACTED] and so like I was ready to drive all the way up to [REDACTED] if need be and then I was like maybe I should look at a different brand and a different model and then this popped up and it was like okay, I didn't love the car when I saw it, but I've been in it for now 3-1/2 months and I like it. It's very roomy and it's different than the [REDACTED]. It's a different brand.

M: Okay. So you sort of went into this but summarize for me again how you went about getting the price for your car. So you walked in having done the research and you had a figure in mind that you wanted to pay.

R: Yes.

M: So talk to me about how you got to that figure.

R: So I got to that figure because that's how much I knew I could pay in full. Outside of the dealership processing fee, the title and the taxes and the tag. And because I really wanted to pay in full because I didn't want to deal with interest rates and I didn't even want to have to finance.

M: And this was because you had the payoff from your other car.

R: I had the payoff and then I had a certain savings set aside that I could dig into for this, so that way I could avoid an interest rate and all that.

M: Okay.

R: But what made me set on the price was I researched those kinds of (inaudible) and so something that I did was I would write down the number and I would write down exactly how I would get to that number and basically like a whole itinerary of how I was going to get to that number and it was \$9000. And so what I did was what I learned is a lot of dealerships, they want to feel like they have the final say because that way they feel like they one-upped on the customer and so what I did was \$8900, so that way they go \$100 higher. Because I kept saying \$8900 and he said I'll do it for \$9000 and I was like deal. You know, because I knew that. So I went \$100 below what I wanted so that way they would have it in their head that they had the final say.

M: Okay. And so what was the original price for the car? You said was...

R: Kelly Blue Book based on the year, model and mileage was about anywhere from \$13000 to \$14500. Would be a fair purchase price and that depreciation, 3% of that.

M: And what were they listing it for?

R: They originally listed it for about anywhere between \$11000 and \$12000 and then every week it was dropped a couple of hundred dollars and I called 3 weeks before I even showed up there because the day I showed up had to be the day I was going to do it. I didn't want to show up and be like uhhhh and then come back. It had to be all in that sitting. And so I called them so that way I knew who I was, so that I was in their database, they had this [REDACTED] who is interested in this specific car and then they would call me weekly and say hey, when can you come in, and I'd say oh I'm really busy right now. I was intentionally. It was so wrong, but I was like intentionally prolonging it, so that way it's like they have it in their head that they're going to get a sale on this. And I watched it as it dropped like \$300 every week and then they had it at \$10500 was what it was when I walked in.

M: And then you got it for \$9000?

R: Yeah.

M: Okay. All right. Anything else specific to share about what you liked or didn't like about the process of negotiating and obtaining the final price on the car?

R: That I got the price I wanted.

M: Okay.

R: That was more or less the real goal, this was a personal challenge for me, is from negotiating stuff I've done in the past, can I come out on top in this and that it worked. And then the financing bothered me because they gave me...

OBTAINING FINANCING

M: So let's talk about the financing now.

R: Sure.

M: So okay, so remind me again. So how did you pay for the car?

R: They wouldn't let me pay anything. They... I don't know if this is true or not, I talked to my mother about it, she said I've never heard that before. But that in order to finance through them, it had to be a minimum of \$10000 and it was \$9000, \$300 for the processing and then like \$800 between taxes, titles and tags because it was 2 years as opposed to one year for the state of [REDACTED] and so it came out to \$10200 and they said minimum of \$10000. This is where I got very angry. Because I thought everything was said and done and settled and then when I sat with the financing guy, because I had never taken out a car loan before. I didn't completely understand that process because I was hoping I would be able to shortcut that.

M: So you walked in thinking you were going to pay cash for it?

R: Exactly. Because that was also my negotiating point that I can pay this much, pay it in full, here today in your hands. He gave me 3 options and like one was just with nothing extra, what my monthly payment would be over the course of 67 months was the low term and then it was for like \$40 more you get Gap insurance and then for a little bit more, you get an extended warranty and I was like, in my head, I'm thinking okay, this is \$180, this is \$220 and this is \$250, I'm like well heck I'll just pay \$70 more a month and I'll pay it off quicker is how I viewed it. But really I should have done the math is \$250 times 67 months and so I went in there and I'm like oh that doesn't... And I sign everything. And then when I walked out, I had a gut feeling and I kind of sat down and did some research and I was like, so I hadn't even left the property yet and then I walked back in and said cancel it all because in a sense, you know, my mother said that's how they're trying to get you, to make up for whatever they lost on the vehicle because essentially I would have been paying \$13000, \$14000 if I was paying \$250 or something a month. For that \$70 extra dollars plus interest in top of that. And I'm thinking why would I get gap insurance if I'm already getting it \$5000 cheaper than if I just pay off a chunk of it really quick, my interest rate was also really bad, but it was my first car loan. That was another thing I didn't like. Is that you know I would just pay it off quicker and then I wouldn't need gap insurance because I wasn't in a financial situation where I, it's like well I can barely shell out \$170 a month or \$180 a month. It's like that didn't seem necessary.

M: Okay. So you're getting ready to sign the papers and they introduce some of these additional concepts to you?

R: Exactly.

M: Okay. So again what... The gap insurance, what else?

R: The standard, then there was with gap insurance and then there was gap insurance and extended warranty.

M: So they presented you with like 3 different options.

R: Yes.

M: For your monthly payment.

R: Exactly.

M: Based on whether or not you had those additional...

R: But not what I would pay in total. And so then when I came back in, he was mad because I was mad and he was like well you know, maybe you should learn how to do math and I was like and then that made me mad. But then I'm sitting there reading the fine print and they're like closing up, but I'm like you know, I'm about to walk away and like then it's really finalized and then I was reading it and doing the calculations and then he was like, sir we got to hurry up and I said, well you know, I just want to make sure I can do math right. Because I brought up my degree from [REDACTED] blah blah blah so that's how that played out.

M: Okay, so you ended up canceled the gap insurance?

R: I did. And the extended warranty. Because it was like air filter and like not... It wasn't full warranty. It was you know, I don't know, like if the tires wore out, that was still on me. It was a limited warranty. And I'm like, I'm already getting oil change and car wash. So that's fine and that's for free.

M: Okay. So you financed through the dealer, but they told you had to because you originally wanted to pay cash?

R: No, I could have gone through a bank. But I was already there and yeah. But it's through [REDACTED], that's their bank that they go to.

M: Okay. So you didn't call around and get rates from any other company?

R: I did. [REDACTED] has an option where you can get a certain amount of funds and it's \$30 for every \$1000 you take out. And there's no interest and no payments due for 18 months.

M: Okay, so how'd you end up then with the dealer?

- R: Because I sat down and did the math and I thought, okay, if I'm taking out \$1100, that's \$330 that I'm paying to [REDACTED], but I have no interest and no payments for 18 months and then I did the interest rate, which was 7 point something and I was like I'll just do it through the dealership.
- M: So you tried to do the math and it sort of netted out?
- R: Yeah. It didn't seem beneficial... And I was also in a financial position where you know, I couldn't pay on it for 18 months because I had that check from my car insurance and I just kind of wanted to get it off my hands. I like paying my bills in advance. And so just having that several thousand dollar check was like, that's going to be for the car.
- M: Okay. So you may have said this to me already but I'm a little unclear and we just want to clarify. So why did you decide to finance rather than paying cash as you had planned? You said something about it had to be \$10000.
- R: So I had about \$9200 set aside. And then I got the car for \$9000 and so I could have paid the actual cost of the car, but then it's all done through the dealership, the titles, tags and taxes.
- M: Oh, I see. With all the additional charges that they had to add on.
- R: Exactly.
- M: It was above what you had planned to spend.
- R: Yeah. It was \$1000 more than what I even had to my name. And I tried to put a large portion of it down and then they told me they had to finance a minimum of \$10000.
- M: Okay. I see. Gotcha.
- R: And I paid a big chunk quickly so that way the interest rate would lower drastically. Because it was like \$2 a day. In the beginning. And so now it's like 50 cents a day.
- M: Okay. And in going through the finance process, what terms were discussed with you?
- R: The length of the term. The interest rate wasn't negotiable, even though my credit score was good. It was because it was my first time doing this. That was their argument. But because of that, my credit score has gone up 35 points.

M: Okay. So I was going to ask you, were any of the terms of the finance agreement negotiable to the best of your knowledge?

R: The length was... Because I could have done a longer term, but \$177 didn't... It was like \$180 or something. It didn't seem too bad for a car loan. So and I was okay with that. And it's a used car as well.

M: Okay. All right.

R: I think 84 months was the other option.

M: Okay. Anything else to summarize about the financing process specifically?

R: Just in general, the customer service I wasn't happy with. Because it was less about the customer and more about the making the sale and that's what I didn't like and getting their money and that is the main reason why I've avoided dealerships it's because I've always felt that. I've shopped at dealerships before but I've never actually gone through purchasing. Because it's very pressuring. I've always been warned it's very pressuring circumstance and you really have to be sharp and ready and make sure you're not talked into, like I was, paying \$5000 more basically 50% more for the vehicle for and extended warranty or gap. And so just be really like sharp about it because you know it's like am I ready to sign my life away. You know. And when I signed it...

M: So at what point in the process did they offer you those products?

R: When I sat down to do the financing.

M: So at the beginning of the financing process?

R: Yes.

M: Okay. All right. And at that point, when he presented to you the different options that included some of these additional products. What was your impression of them offering you these additional products?

R: The way it was presented because it wasn't the total amount you paid, it was the monthly pay and to me, I'm thinking well I'll just pay more and so I'll be paying it off quicker and I'm like wow, that's a really good deal. That's exactly how it was presented, that's how it looked on the paper. I have it here now that I think about it. The way it looks. They didn't need it at the time. I know it's in here. So I think this is the regular... Oh they didn't put the amounts. They gave me a different one. But like I don't know. That's just how it was presented and so okay, so \$60 a month or 66 months, that was my interest rate and then it was the payments. It was the same amount of months and I just didn't put two and two

together. In that moment and again it was very pressuring because they wanted to go get to the next person and make that sale and move on.

M: Okay. Any other additional products or services besides the gap insurance and the extended warranty that they offered you?

R: They don't like me there. And they don't like me there because now that I'm what they have a customer for like, is I'm there every couple of weeks for a free car wash because it's free and you know, I just had to do my oil change a couple of weeks ago. And so this isn't, I saw them once and I never see them again. I see them on a regular basis because I get the free benefits at this dealership. They just don't like me because they know who I am.

M: So when they presented these additional products and services, it was lumped into your monthly payments and you don't know how much those additional products and services cost on their own?

R: Exactly. And that's when I walked out, out of his office in the lobby, I sat and I'm like it's like \$13000 with gap insurance, so I'm paying \$4000 more, but the car itself would have been \$13000 or \$14000. You know, normally. And then it was like \$14000 or \$15000 with the extended warranty.

M: Okay. All right.

R: Over the course of what, however long 67 months is.

M: Okay. So you ended up canceling both the extended warranty and the gap.

R: Thank goodness he let me. Because I had signed everything and I was very firm that I was like, I just... This was wrong. I'm ■ years old, I'm fresh out of college. I felt taken advantage of, that was the point I brought up and I said I don't want any of that, I just want the standard what I paid for and that's all. And they would not budge on the \$300 dealership fee. Oh well.

M: Okay.

CONTRACT AND POST-PURCHASE

M: And what about, okay, so let's talk about the contract and the paperwork. Did you have the opportunity during this process... Before you actually signed the paperwork to review it all beforehand?

R: Which ... The retail?

M: Your contract. Because you have a chance to ... All of this paperwork. Did you have a chance to review it before you signed it?

R: I did not read every single thing. I kind of looked at the name. Like this was 7.4, yeah. But I also made sure that I could pay it in advance. I thought I wouldn't be penalized. Because that was part of the idea. And so that's the amount financed, \$10200 and then if I paid on time for 67 months and didn't put down, I think it was like \$4800 I got from [REDACTED]. They said if I paid it on time, the different would have been \$2200, yeah. \$2266 would be how much interest I would pay over the course of 67 months. But because I paid down about 75% of it, it won't be that much.

M: Okay.

R: I constantly do Excel spreadsheet with the numbers, like how much the interest is. Pretty much a penny saved is a penny earned.

M: Yeah. I see that. That's great. Anything in particular about the signing process? That you liked or didn't like.

R: They got irritated if I was like taking a while reading it. Because I think we live in an age now where we have so many contracts and there's so much small print, it's like okay, fine, fine. But I knew this was a very big financial decision and so I didn't read everything but I definitely felt a sense of pressure if I was taking too long that it's like, okay we got to hurry this up.

M: Interesting.

R: And that was the more about the sale and not about the customer. And keeping the customer happy.

M: Have you had, other than going back to get your car washes and maintenance or whatever, have you had any contact with the dealer since purchasing the car?

R: Yes. Because there's all the bells and whistles with all the tech stuff, which I've never had a car with all these tech features and apparently after you buy the car, your person who sells it, is supposed to sit down and go through everything and so because I walked in and the sales rep was like busy with somebody else and

then another guy came in and he's like, what [REDACTED] didn't show you all this and I said, no I didn't know and he's like normally they're supposed to sit down for an hour or two and go through all the features.

M: So someone showed you how to do all the tech stuff?

R: Yeah, connect the phone, you know, things like that.

M: Right. Okay. And what about have you had any problems with the financing part? Since you finished the deal.

R: No because it's all through [REDACTED] now. And so I just go to [REDACTED]. I can either transfer it online or show up and pay in person. And they've been great.

M: So you haven't had to deal with the financing department again?

R: No. It's been very good because I can call them and say you know, I'll pay the interest and the principle and I'll pay extra on the principle because then it's less on the interest.

M: Okay.

R: So I'm learning a lot as I go along.

M: Right. It sounds like you learned a lot. So did they scrap your original paperwork when you went back and canceled those and then gave you a new set?

R: Yes.

M: Okay. Was placement of a tracking device ever required or discussed?

R: I don't know. I wouldn't have been surprised, however I don't know if [REDACTED] does this, but [REDACTED] and [REDACTED] do that. But it's more an app on your phone where you like log in and it's like really to get rewards and benefits and you get a policy discount. But the person ... I switched to [REDACTED] during this process and with [REDACTED], they said well Uber does it anyways where they track where you're located and so they said you have to do it in order to be with a ride-sharing company and so yeah. So essentially on my phone, [REDACTED] is tracking where I'm at. So if I'm on vacation somewhere, they're going to know. If I moved out of state, they're going to know, whereas [REDACTED], I don't know if they've done this, but [REDACTED] and [REDACTED] does it know. And so I learned that, even though if you're staying, living in another state elsewhere because it shows your location.

M: Okay. But nothing at the time of purchase of the car was discussed about, a tracking device?

R: No.

M: You never heard of anything like that before?

R: No. There was a lot of information said though, so it might have gone by me.

M: Right. Fair enough.

R: There's a lot, 7 hours.

M: Yeah. I hear you.

OVERALL UNDERSTANDING

M: Okay. Let's look at the paperwork for a little bit.

R: Sure.

M: Okay. Let's look at the retail installment, sale contract.

R: Okay.

M: And overall, do you find the sales contract to be relatively easy or difficult to understand.

R: I think it's pretty straightforward, just because the numbers are bolded and it just tells me all of the fees like what the final price is, processing fee and yeah. I think it's very straightforward.

M: Okay. And where on this contract is the monthly payment? Can you show me where that is?

R: It's going to be oh right here. So your amount scheduled will be for 66 payments, \$188 starting [REDACTED].

M: Okay. And then did the dealer suggest all of these numbers here or did you negotiate any of them, your monthly payment, the number of payments?

R: I think there was an option to do an 84 month payment, but I was okay with 66 because or 67 because \$188 seemed reasonable, but when I got home and got a good night's rest, then the next morning, I really sat down and looked at it myself when I'm not in a pressuring situation, where I can really like comprehend everything I'm reading because there's just a lot.

M: Okay. And what about the APR, where is that located?

R: It's going to be right there, 7.34%, which is ridiculous.

M: And how'd you get to that rate?

R: There was no negotiation on that. They said because... Because I said my credit score is really good and they're like yes, but you never financed a vehicle before and so we are taking a risk by financing you this much money. You put our business at risk, blah, blah.

M: Okay.

R: So they would not negotiate that.

M: Okay. All right.

R: And I just knew if I paid in advance that the accumulated interest would be less.

M: Okay. What about the down payment? Where is your down payment?

R: There was none. They wouldn't let me pay anything.

M: Right. Okay.

R: Because I said I can put... And they said you can't pay anything today. You're going to have to wait until you get your first bill, which will be 2 weeks from now.

M: I see. Okay. So is there anything on the retail installment contract, once you had time to look at it, you said you looked at it kind of the next day, we're looking at it now. Is there anything on here that jumps out to you as sort of different than what you expected or different than how you interpreted it that day when you made the purchase?

R: Yeah. That all of my interest is tax deductible. On my car loan. So I keep track of all of that, so that way I know how much interest I'm paying and how much of the principle.

M: Is there anything else on here that's different than what you initially expected the day that you were working on the deal?

R: Yes. There was one where I was charged a ... Because I had a [REDACTED] driver's license and that was part of the problem with them, was I had [REDACTED] driver's license and I had no vehicle. At that point, I was in a rental and I was like running out of time on my rental, so I also kind of was pressured into making a quick decision. That when I was there, I was trying to finance through them, that caused some issues to finance a [REDACTED] vehicle with an out of state license and I said, yes but I cannot get a [REDACTED] license until I have insurance set up because that was a requirement to get a license and then a vehicle that whatever I would be driving and so I had to get this before I could get the license. And so they charged me like a \$20 fee, but then the lady at that center, she apologized and she was like no, we can (inaudible), so I got the \$20 back. I was (inaudible).

M: Are there any discounts that they offered you? That you know of?

R: On what? Besides the sale?

M: On the... Yeah. That were... Like do you know if they offer specific discounts ever? You mentioned you were a [REDACTED], do you know if they offer discounts for [REDACTED] or anything like that?

R: Well. I know that Uber, if you're signed up, that certain dealerships you can get a percentage off of a car, like getting a car for \$5000 less than what it should go for, I thought that was big enough of a discount and I... A week later as I'm driving this car, how did that even work?

M: So have you ... Do you know if you received a spot delivery agreement? Do you know what that is?

R: I don't know.

M: You're not sure what that is, okay. I don't see anything here that looks like it. Okay. And did you have to fill out a credit application?

R: No I just had to give them my social and they were able to pull it real quick. I mean, I knew what it was off the top of my head, but all I did was give them my social and they were able to get it.

M: Okay. Did they give you any paperwork for the gap coverage? You mentioned...

R: That...

M: Or maybe you don't have that anymore because you canceled it. Did they give you paperwork on that?

R: Well they had explained to me what it was because my two previous vehicles I paid in full. They were much older vehicles, but that's how I was able to pay in full. With the gap insurance, they explained to me how it works. If I got in an accident and your insurance company will only pay this much. So that way I'm not in a situation where I owe the finance company \$3000 on a vehicle that is totaled and doesn't work anymore.

M: Right. So they explained to you what it was, but they didn't give you any paperwork on it?

R: They may have, they may not have, but I didn't keep it because I never got it.

M: Okay. And what about, do you recall that they gave you any sort of like menu of some of the additional products and serves that would show you specifically what they cost? Do you have anything like that?

R: Oh right here. And so like, yeah okay. So with this it was like unlimited ding and dent and I'm like, well I can buy one of those, what's the guy's name who does the

- OxyClean? He did the where you can put something in and pull out a dent. And I'm like well that doesn't cost that much. Okay tire and wheel coverage, 24 hour roadside assistance, my insurance... And it just didn't seem worth the extra money.
- M: Okay.
- R: Based on the benefits I guess of the warranty. If it was full coverage, like timing belt and brakes.
- M: There's no pricing on here, that's interesting.
- R: On the original one I signed.
- M: Oh on the one you signed.
- R: And then he re-did it and just crossed them all out and I signed that and waiving the benefits.
- M: Gotcha. Okay. All right. Any other comments about this, your paperwork here. Anything that was particularly confusing or difficult to understand?
- R: Oh it was overwhelming.
- M: The paperwork was overwhelming.
- R: I mean just because it was so much, but you know now 3 months later, I have a better handle of things and so if I were ever in a situation where I had to do this again, I think I'll have this car for a while, I know the process better. So I feel more educated, more prepared.
- M: So what would you do differently? If you could do it again and if there's any additional questions on the paperwork, they might bring something in, in the next couple of minutes while we discuss this, but what would you do differently, now that you know what you know if you had to buy a car again?
- R: I would do the research like I did last time. Extra prepared. Doing all of the math. And more research in terms of going to a ... Like an example where you can go to a loan calculator, a car loan calculator and see what all these banks can do, so that way I know exactly like okay, when I bought the [REDACTED] for 7.34. If I got the next one, how much can I put down, how much researching the finance department of that dealership to see what the normal interest rate is. That way if I do have to finance the next one, but most of the time I prefer to pay in full because then I avoid any interest.
- M: Okay. Anything else?

R: And I spent 7 hours at a dealership.

M: Okay. So overall, how would you summarize your feelings about the entire experience?

R: Good and bad. It was good because they agreed to the number I had written down several times, what law of attraction or whatnot. And also... But what I didn't like is the certain energy that they gave off at the [REDACTED], where they just don't really care about the customer and because I've been to other places, other establishments where you make big purchases besides like an auto where it's like they're generally interested in helping you, what can we find, you're taking up my time, you haven't agreed to a sale yet, I got to move on to the... Not that they would verbally say that, but kind of giving off a vibe that they're checking their phone or they're.... They're kind of losing their interest.

M: It sounds like to me the sort of most confusing part of the process was when they presented these different options like the basic let me see what they (inaudible) preferred, standard, basic, alternate.

R: Because I had never known what gap insurance was, I didn't know about...

M: It's weird too because to me looking at this and then I don't have a copy of this. Is there a reason... Can we get...

R: Yeah. You can get a copy of that, that's fine.

M: Okay. We'll block out your name and your personal identifying information, but it doesn't even seem like they're listed in the order from like lowest cost to highest cost.

R: Exactly. It was tricky.

M: Like this basic option is kind of stuck in the middle and it has the fewest services, it looks like.

R: And that's...

M: And so this was the sheet where you originally agreed to. Which option did you agree to, do you know? Originally.

R: The one where I paid \$9000, nothing more, nothing less.

M: Right, but before that. Do you remember which option it was?

R: The best one. Because I was like, oh well I'll pay \$70 a month, but that's \$70 more a month that you know, comes off of the car. But it's really...

M: It was with the gap, so that's this.

R: Yeah and that's...

M: And it was with the maintenance agreement? Initially before you...

R: Both. Both benefits, gap and maintenance and that was, that's why I've avoided dealerships is because they do that and I've learned a number of people that have fallen into it and so that's because it's just very pressuring and it's kind of like on.... It's intense. And they're just very pressuring and this I was not forewarned about in the process and I fell for it. I fell for the... Not really a scam but more of like a getting more money out of the customer.

M: Okay. So if you don't mind, I would like to...

R: Do you want a copy of that?

M: Yeah, I'd like to just get a copy of that and then black out your information and then just see if there are any, since we don't have a copy of this and any additional questions that they have about this paper, is that okay? Can you give me just one second?

R: Yeah, that's fine.

M: Okay, [REDACTED], thank you so much for your patience. You've been so helpful. I actually don't have any additional questions for you. So thank you much for your help. And I'll show you the way out and you can collect your gift and be on your way.

R: Okay. I like this. This was cool. I've never done anything like this, but just going in depth about the whole process.

M: Right, it really makes you think about it right?

R: Well that and because I super prepared for it and like I just felt like people want to hear about my car buying experience.

M: Well that's exactly what I wanted to hear about it. So did you go back in preparation for this and learn anything additional that you didn't?

R: Because it was 3-1/2 months ago, so I think just going more in depth about my experience. And I think because I knew by talking about it, that I probably made some I guess connections in my head of like, okay what should I do... What to

do next time. I think was helpful, so it's like okay, yeah. If I'm ever in this situation of financing another vehicle....

M: Okay.

// end of recording //



AUTO BUYER STUDY

164158

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What was the most recent car you purchased and when and where did you purchase it?

R: I have a little story to tell. I had a car prior to the one I have now. I had a little accident with it and I did enough damage that they totaled the car. So, I found myself immediately without wheels and had to go out shopping. It was an abbreviated shopping period. I had to make a decision fairly soon on, and I was getting help from a family member...financial help, so I had to coordinate with them. I had a lot to do in a hurry and what I did was, I just basically kind of went with them, what they were comfortable with, you know, trying to make sure that I didn't sour the deal by insisting that I had certain features or whatever on the car. I just needed a replacement so I had transportation.

M: You chose the car and the location based on the family member, what they were recommending to you?

R: To some extent, yes. They were doing some of the research, seeing what they thought was reasonable, and I just had to concur with them and then go forward with what was going to be the appropriate purchase.

M: What kind of car was that?

R: Initially, I don't think we had a specific thing other than price. Trying to keep it within budgetary constraints. We ended up looking at a lot of [REDACTED]. I went to at least one or two dealers looking at specific cars that they had on their lot, and stuff like that, because it was going to be an immediate purchase. I wasn't going to order special features or anything like that. They were trying to sell their new cars and the price was a little bit higher than what we were budgeting. I found a dealer who had [REDACTED] and it was a [REDACTED] so it was really budget priced, and that's what we went with. We negotiated a little bit on getting the specifics of the financing worked out and things like that. Through talking to them we found out that the dealer was offering financing that felt(?) reasonable so we ended up just doing the whole package right there.

M: We're going to dive into the nitty gritty of those things in just a minute. You got a [REDACTED] at which dealer?

R: This would [REDACTED].

M: How long ago was that?

- R: That was about the [REDACTED].
- M: Did anything else influence your decision besides the family member who was with you? What other factors influenced the decision of where you went and what car you bought?
- R: Basically, the major factor was to have a reliable car. Not something that's going to break down or whatever. So, I wasn't going to go to a car lot where they had beat up cars or whatever, just to get the low price and end up having to worry about maintenance and scheduling repairs and things like that. So, this particular car we decided on actually had time left on the warranty even though it's considered a used car. That was a major factor that kind of pointed us in that direction.
- M: What were some of the things you liked most about your experience shopping and choosing a car?
- R: I like to pay attention to technology and new features that are coming out in cars. We haven't quite gotten to autonomous driving cars and things like that, but...
- M: Coming, though.
- R: But, there are safety features that are built in now, you know, sensors and things that are being installed in cars. So, as much as I can get...you know, if you do an inadvertent lane change or something like that, the car will beep at you. Those types of features I consider fairly nice to have to add to the safety of the car, having just wrecked a car. I ran it up on a curb and the wheel damage was substantial enough that, if I had something that said, "Hey, don't run up on the curb" I wouldn't have put myself...
- M: You enjoyed looking at the different technology.
- R: Yes. And, I happen to be somewhat of a technologist, or interested in technology, so seeing those features...some of them I find a little bit questionable...things like backup cameras and things like that...but, the sensing devices and having multiple airbags to protect the cabin, to protect you in the cabin of the car and things like that. Those are the things I'm trying to pay attention to.
- M: On the flip side, what in particular did you not like about your experience shopping and choosing a car?
- R: Well, there are a lot of options. Like I said, initially we were going out and all the people working at the dealerships wanted to give us the latest, greatest car and it happened to be a new model and, of course, incrementally more expensive. I was looking basically just to provide me immediate replacement transportation. At that point I wasn't looking for a lot of features. Although, if I could get a car with some of these newer features built in, I knew I was updating because my previous car was a [REDACTED] model, so I knew there were some new features that might be available that would be...

M: You felt a little pressured to sort of upgrade.

R: In a sense, yes. One dealer I went to said, “We have this...the [REDACTED] models are out, but we have a [REDACTED] on the lot.” He was trying to be frank with me that the [REDACTED] model was very nice, possible better than the [REDACTED] model. This was right at the dealership. Well OK, that’s a kind of a pressure tactic to get me to focus on that particular car that he’s trying to get rid of. In reality, like I said, I just needed basic transportation. So, I had to try to ignore all those statements to push me into a product in the marketplace that I wasn’t really going to need.

M: Once you reached the dealership, how long did the entire process take, from the time you arrived to the time you left with the car?

R: Actually, it took some number of hours and a couple of visits because we had...

M: How many visits?

R: We had researched this particular car that I own now, on the internet, and seen this availability at that dealership. We called and inquired about it so we had a couple of phone calls to see if the car was still available and make sure we could come and look at it and start negotiating a deal. Then, we went and...I think at that particular dealership there were very nice in that they didn’t try to pressure us into buying one of their new models or whatever. They knew we were looking specifically at that one model. It was really just talking to them, finding out the price, and then my brother who was with me likes to negotiate a lot.

M: Let’s talk about that. The whole process took a couple of days between the back and forth.

R: Right.

AGREEING TO A PRICE FOR THE CAR

- M: Let's talk about the negotiating aspect for a little bit. How did you guys go about getting to a price for your car? Tell me about that process.
- R: Basically, we came in and I have...I think I brought it with me...they have some workup sheets and things like that, so they sort of presented that to us and said, "Here's what we're working with." So, we reviewed it and started looking at the details. It took an hour or two of trying to talk and then going to somebody who is a manager or something and seeing if these prices that we would come up with...
- M: Did you come into it with a price in mind that you wanted to pay and what they presented to you was different than that?
- R: Like I said, it was listed on the internet, through their internet site or something, so we had a ballpark estimate. An idea, I guess. I still haven't quite figured out how my brother operates but I sit and watch him start working on the details, do a breakdown of what makes this total cost and then see if there's some way we can rearrange things so the package looks a little bit different and there's room for negotiation.
- M: You weren't necessarily starting with the whole price of the car and saying, "I don't want to pay \$35,000.00, I want to pay whatever." You were saying, "OK, there's this added on to the car, and this is added on to the car, let's see if we can get rid of some of those other things."
- R: Take a look at what I'm purchasing and then say, "Do I need these things, and can I negotiate the cost down on things that don't seem to be as important."
- M: What was the starting price of the car and then what did you ultimately pay for it?
- R: That part I'm a little bit vague on because I wasn't involved. I think right here they have...basically we came in at a ballpark number of \$16,000.00...\$16,200.00.
- M: That's what they gave you?
- R: That's what they gave us. This is their workup sheet. Then, like I said, after sitting and thinking about it for a minute and looking at all the options that are on here, it is a used car so it's basically as-is except it did have some warranty still left on it because it had like 10,000 miles on it or something. So, the idea was to say, "OK, we can get a car that's like a new car, it's not got a full warranty on it but it's got other options that the dealer is trying to add in." So, basically it was more a combination review and a serious look, a bit of analysis, to say, "Is there room for adjustment in the price?"
- M: What did you ultimately pay for the car?

R: Like I said, there was a down payment and then I financed some so we'd have to look at the sheet and see if we can break it down that way.

M: What was the part of the process of obtaining the final price for the car that you like most, versus liked least? The negotiating of the price.

R: The fact that they were willing to sit and talk to us. Instead of saying, "OK, here's the list. We can't really change anything" they were willing to consider all the questions about can we go here, can we go there and look at the prices. They were willing to work with us and that's why, like I say, it took a little bit of time because my brother, as a negotiator, he likes to mull these things over in his mind and then if something pops into his head then he'll raise a question. So, there were a lot of questions asked about what exactly is involved with this, or is there room for adjustment. He also has some background because he's an accountant. He used to do auditing at car dealerships so he has some fairly good background knowledge of what actually is charged and how much is overhead. So, he starts working away.

M: Good thing he was with you.

R: Well, I've come to rely on him. I don't generally look forward to buying new cars because if you present too many options what it does is, it forces me to stop and think, and then I get bound up in the detail of trying to figure out is this a good deal or not, because I have to break down...I have to go through the same process, but it's more difficult for me to say, "OK, is this something we want in the package or not?" So, it's useful to have him with me.

M: Was there anything about the price negotiation that you didn't like in particular?

R: In this case, no. It was taking some time. It's kind of a double edged sword. You can get upset that you're spending so much time trying to close the deal, but then, if you're working at getting a better deal and the people are willing to sit down and negotiate with you, then to me that's a plus. So, it was a new wash. It could have been really uncomfortable and I have to go through this process that I really don't want to do, but I could see the benefit of taking the time to walk through the negotiation, ask the important questions, and then they gave reasonable responses. So, it just took a little bit of time.

OBTAINING FINANCING

- M: Great. Thank you so much for sharing. I'd like to talk specifically now about the financing.
- R: OK.
- M: How did you pay for the car?
- R: There was a down payment. That was basically a check. I had done a trade in, actually what the insurance company did was they totaled the car, so they wrote me a check.
- M: You didn't trade in the car but you got a check.
- R: Right. Right. So, at any rate, there was a couple of checks. We just kind of combined everything into a single check and we paid that amount. What was remaining had to be financed.
- M: Through whom did you do the financing?
- R: Since it was a [REDACTED] car, it was [REDACTED].
- M: Through the dealer.
- R: Through the dealer.
- M: How did you go about deciding to finance through the dealer versus a bank or some other company?
- R: That got kind of interesting. One of the people there said, "OK, we have this really good deal." There were having some sort of sale on financing packages. It turns out, since this is a used car, it didn't qualify. So, we had started going through the process of getting a loan...
- M: So, the deal is what sucked you in but then you didn't qualify for the deal.
- R: Right. Right.
- M: At that point, what made you choose to stay with the dealer financing?
- R: Basically, they came up with something that was still fairly reasonable. They were making some concessions, as well, so it was kind of in our interest or our benefit to stay with them and see exactly what we could work out, not only with the purchase price of the car, but with the financing costs as well.

M: The financing team, did you continue to discuss the price of the car? Is that what you just told me?

R: Not really. We sort of worked that out. Then we were working on, basically, OK we have X amount down payment and this is toward the cost of the car and then, you know, basically it was just negotiating at that point to see the length of the loan and all that kind of stuff, which was going to be advantageous for us.

M: Let's talk about those terms. What terms were you discussing with the finance representative? The length of the loan. What else?

R: Low payment.

M: Low monthly payment.

R: It was an unexpected purchase. Basically, I hadn't budgeted anything in so, OK I suddenly have to make a car payment which I hadn't planned on, I wanted to stretch that out. But, it turns out I came up with some money. I got the loan, I got everything set up online and make sure they were accepting my payments, and then I went ahead and paid it off(?). So, it all came to a quick end.

M: You were considering the length of the loan and the monthly payment, were important.

R: Right.

M: What other terms were discussed in your conversations? Can you recall?

R: Additional fees. Still looking to see if there were additional fees or whatever that were added in that we didn't need, and try to get those eliminated.

M: What about the APR? Did you discuss the APR?

R: That was one of the things...the APR was the thing that got us initially into the dealer financing because it was really low like .9% or something like that. What we ended up with was 1.9% because the particular car that we were purchasing didn't qualify.

M: Why didn't it qualify, do you know?

R: They had stipulated somewhere that it was...I don't remember if it was the model or the year.

M: So, it was the car that didn't qualify, not necessarily that...some other reason.

R: It wasn't my ability to pay or the amount of money financed or anything like that. It was basically...they had pointed out...the guy was a little bit embarrassed to have to read the

thing where it said, "These are the cars that qualify for the particular interest rate that they were offering."

M: Did you negotiate any of these financing terms that we talked about? The APR, length of the loan, monthly payment? Or, did the dealer just present them to you?

R: We didn't really negotiate. I think we left it as an option that if the APR got too high we could shop elsewhere because there's other money available. In fact, in other car purchases I've done the same way. Basically, we just pay up front to avoid having to pay a car loan with a fairly high APR and stuff like that.

M: You didn't actually negotiate any of those terms with the finance person.

R: Not really.

M: Are you aware of whether or not you can negotiate the financing terms?

R: Well, I think our limitation there with what was being presented to us, was a special deal. It had a time limit and things like that. You know, what was available for financing with that package. So, we just happened to be there at the right time. It just turned out to be the wrong car that we were purchasing. So, that kind of ended the negotiations. To be honest with you, the way I found out about it was, my brother had taken over some of this negotiation with the financing and the guy who we were dealing with ended up calling him to announce that they had a different package and stuff like that. They never called me so I didn't have to really consider that. I just had to take my brother's advice.

M: He said it was fine. Accept the deal that they presented.

R: Right.

M: Were you involved? Did you meet with the finance person at all yourself?

R: I sat there the whole time to fill out paperwork and stuff like that. It's my signature on the form as well.

M: What in particular did you like about the financing aspect of the car and what did you dislike about it?

R: What did I like or dislike? Well, I'm not sure I went through it at the time with a like or dislike concept. Basically, we're seeing...like I said, it was an unexpected purchase so I hadn't really budgeted it or planned for it. I guess I'd have to say one of the good things was that financing was available and they were offering something at the dealership, so it added one more option in terms of getting the car financed.

M: Did you consider other companies to get financing at that point? Or, just the dealer?

- R: We hadn't gotten that far. What was presented to us seemed reasonable so it didn't seem worth our effort to try to go to a bank or whatever and say, "OK, I'm trying to work with this deal. Here's what the dealership is offering us. Can you provide something better?"
- M: You felt the dealer offered you something that was fair.
- R: Right.
- M: Was there anything about the financing experience that was upsetting or you didn't like?
- R: Not really. There was some difficulty, but it was sort of, in a sense, normal because we're dealing with a human being and he wasn't always readily available. If you call you expect an answer or you expect a response in some fashion and sometimes...
- M: Some of the negotiating happened not at the office? Via phone?
- R: Absolutely. And, for example, we don't live near the dealership, so if we're going to visit the dealership, since it took numerous visits, we would call ahead and make sure somebody was going to be there to receive us and work with us, because people weren't always available.
- M: The ultimate financing, was that decided via the telephone or in person?
- R: It was basically in person. But, some of the details...since it was somewhat of a negotiation process, you know, we had to wait for paperwork to be completed and that type of thing. So, we didn't take immediate delivery on the car. It's not like we went shopping one day and said, "OK, I need this car today." We kind of left that open and worked with the people there to just take their time. In fact, while we were considering other options, you know, since we hadn't committed to the purchase, we knew we had other options.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products or services to purchase?

R: I don't remember if it was stated to us specifically, again, it was a used car so it was basically as-is.

M: So, not necessarily features for the car itself, but things like an extended service contract, rust proofing, GAP coverage?

R: I don't think any of those were really mentioned to us. If they were, we just kind of, in a blanket fashion, just said, "No, we just want the car as it is." Now, what I did receive, as soon as I arranged the financing and started getting statements from [REDACTED], [REDACTED], was more details about things I could purchase additionally and things like that. So, it happened sort of in an off line fashion.

M: After the deal was finalized.

R: After the deal was finalized.

M: What types of things were they asking you about afterwards?

R: I got an alert that my warranty may be ending or something like that. I think it was a plea for me to call them up and they could say, "OK, we can extend your warranty if you need to" and stuff like that.

M: How did you react to that?

R: Well, it's still sitting in my inbox.

M: You didn't respond.

R: I didn't really respond to it.

M: What else were they trying to offer you after the fact?

R: I looked briefly over the little package, the introduction package that they sent me, and they had this whole list of services that they offer, but again, I've been kind of busy so I haven't really taken time to really get into it in detail. I kind of set it as a low priority because I'm not really certain, since, like I say, this was an unplanned purchase I hadn't really planned on buying any extra services or anything like that.

M: Any impression you have about the fact that they were trying to sell you additional features or services after the deal was done? How do you feel about that?

R: Well, I take it as kind of par for the course. It's, in a way, expected. It's nice to know that they alerted me that they offer a lot of services, but I generally will research a little bit ahead of time to see if the scope or the nature of the service is appropriate for me. So, just try to make sure it fits well and try to do a little research before I enter into any service agreement. Right now I'm not driving the car much so I haven't perceived any need for extended warranty or anything like that.

M: Did they present the price for that extended warranty to you in that communication?

R: I'm not sure I've looked deeply enough into what they offered. So far, I'd have to say, "No" because it's not come to my attention.

CONTRACT AND POST-PURCHASE

- M: Let's talking about signing the paperwork which is sort of the end of the process of purchasing the car. Did you have an opportunity to review your paperwork before signing it?
- R: Oh, yes.
- M: Did you review it?
- R: Because, actually we went through it two times. We filled out the paperwork and then we had to go in and they had to redo it because the rates had changed.
- M: What do you mean the rates had changed? Is that what you told me before where the...so you actually filled out the paperwork the first time thinking you were getting that APR deal and then you had to fill out the paperwork again.
- R: Right. The low APR was introduced. We basically were set to go and we had scheduled a pick up date for the car. On the process of going in...this is when my brother started getting the calls. The finance guy called him up and said, "Hey, I got the wrong information to you." So, when we went in we had to...
- M: I didn't realize the process had gotten that far along. How did you feel about that at that point? Did you feel like they were being fair when that happened?
- R: Like I said, they were able to compensate in some fashion, negotiate still a reasonable deal with us, rather than take the time to go to the bank and say, "OK, can you do better than this?" It was a pretty good deal initially. It was still a reasonable deal. We said, "OK, if we don't invest any more effort into trying to find a low APR loan, then we'll do OK."
- M: It didn't bug you too much. You're not communicating to me that you felt like it was any sort of bait and switch kind of thing.
- R: No. There was some creep(?) but it wasn't a disaster. So, we were able to deal with what was going on. We weren't financing a huge amount of money so you get to a point that's kind of a gray area where you have to say, "Well, is it really worth the effort to go shopping for different loans?"
- M: Got it. I understand now. Thank you. How did you feel overall about the paperwork signing process? Was it relatively painless? Was it more difficult?
- R: There were a number of papers and it was explained to us what the document was that we were signing.
- M: So, they did explain it to you.

R: Odometer readings and all these other things. Just kind of run of the mill things that were presented to us at the purchase time.

M: You felt comfortable with what you were signing, relatively.

R: Yes.

M: Anything that made you uncomfortable?

R: No. It wasn't unexplained. The person who was there took the time to explain the purpose of the document and things like that.

M: Thanks you. Have you had any contact with the dealer since the deal was finalized?

R: To be honest with you, I don't think so. Oh, there was one thing. Because it was a used car, it was missing an owner's manual. I drove the car and I said, "I'm looking at the instrument panel. I don't know how it works. Where is the owner's manual?" I couldn't find it. So, we did have to go back and retrieve an owner's manual. That was our initial contact within about a week or so.

M: You said they followed up with a couple of additional offers, right? For some products like an extended warranty?

R: That was more the [REDACTED]. This is after...

M: What about the financing department? Have you had any contact with them since the deal was closed?

R: Have not really spoken with those people. So, basically I think we both just kind of moved on.

M: You haven't had any problems with the financing, right? You told me you paid it off?

R: I made sure that...when I started receiving mail I was concerned at first that I wasn't going to be getting a statement in time to make the first payment because the finance people had told us when to expect to make the payment, the first payment. The time was getting close. It was like in the beginning of [REDACTED] or something like that. I said, "OK, it's getting close to that date but I'm not seeing any paperwork." Well, it was the next day that statement showed up. What I did was I created an online account, made sure that they accepted the payment and everything was flowing smoothly, and then I said, "OK, I've got enough money for the remaining balance. I'll just go ahead and pay it off." So now I'm waiting for the title and all that stuff to come my way. But, so far I've not had any difficulty.

M: Was placement of a tracking device ever discussed?

R: Vehicle tracking device?

M: Yes.

R: I don't think so. That would be, again, one of those technology things that I'd be interested in. You know, if you add sensors in the car I would be keenly interested to find out what they're trying to do with it.

M: But, nothing was discussed? You didn't see anything about it in the paperwork or anything like that?

R: No.

OVERALL UNDERSTANDING

M: Let's take a few minutes if you don't mind, and take a look at your paperwork. Can you pull out the contract? We sort of discussed this but I'm going to go ahead and ask you again. Is there anything about this sales contract that you find particularly confusing or difficult to understand?

R: I have not really spent a lot of time looking at it. I felt fairly confident that I had a good idea what was going on initially, so I did not spend a lot of time looking over the actual details.

M: Glancing at it now, is there anything that jumps out to you as being confusing or difficult?

R: The only thing I would raise a question about, I think, is all the NA's. Looking at it and saying, "OK, I'm buying a used car as opposed to a new car. Is this why all these things say NA on them? Because, it's a limitation or something that's only offered with a new car purchase?"

M: OK. You're not really sure what the NA's are about.

R: Right.

M: Can you show me where the monthly payment is on this document?

R: It would be, "Your payment schedule will be 36 payments at \$174.95."

M: What APR did you say that you agreed to?

R: That part I don't remember, but I'm looking here and I'm seeing 3.09%.

M: I thought you told me it went from .9% with that deal to 1.9%.

R: Something like that, yes. That's what I thought.

M: But here's it's saying...

R: It's 3.09%.

M: Does it surprise you at all? Or, maybe you just misremembered?

R: I don't recall exactly. I would have to go back and see if I could find something where they had promised. I don't know if they just took back the old paperwork and tore it up. It would be interesting to compare what they had offered initially.

M: You don't have that.

R: I don't think I have that with me. I think they kept it and just started this whole new process here.

M: What about the down payment? Where does it say what your down payment...

R: Let's see, "Your down payment of \$10,000.00."

M: OK. Was that a number that was suggested by you guys or did the dealer suggest it?

R: That was ours. We took the money that we had and we just kind of put it all together and said, "OK, this is what we can come up with. What do we have to finance?"

M: What about the rest of these things? The 36 payments of \$174.95. Are these things that the dealer provided to you or the financing person or any of these were suggested?

R: Do what now?

M: The length of the loan and the monthly payments? Were you involved at all in suggesting any of those figures or did the finances person pretty much lay that out for you? Do you recall?

R: I think we were looking basically at the number of payment to try to get into a ball park on the monthly payment. I think they had to do some calculations to come up with something, you know...

M: Did you suggest 36?

R: I think it was our suggestion.

M: Are you familiar at all, do you know if they discussed a spot delivery agreement with you? Do you know what that is?

R: I think I would have remembered that because I'm not familiar with that term right now and I would have remembered it if it had been suggested and I would have been questioning what is a spot delivery.

M: You don't recall it?

R: I don't recall that. No.

M: Other piece of paper is description of your credit scores. The second piece of paper you provided?

R: Right.

- M: Did you fill out a credit application at the dealer? Do you recall?
- R: No. That I don't recall. I don't know if they took a driver license and just went by the name or what. I don't recall specifically filling out something that would say it was a credit application. I may have.
- M: Do you recall if they ever provided you with a menu of additional products or services that you could select from? I think you told me you couldn't remember if they did that at the time of the deal or not. Is that right?
- R: Yes. I'm thinking that what I was doing was basically focusing on, you know, this is what they were offering in terms of price. We weren't really considering a lot of additional options or add ons.
- M: OK. So, it was irrelevant to you.
- R: It was sort of irrelevant and I'm having difficulty remembering what they may have offered in terms of additional services.

OVERALL EXPERIENCE

- M: OK. That's fair. No worries. I'm going to give them a few minutes to see if they need to send in any notes about any additional questions regarding your paperwork, because that's sort of their forte, not mine. In the mean time, can you sort of summarize for me your overall impressions of the entire car buying experience and if you had to do it over again do you think there is anything you would do differently the next time.
- R: Well, it was a team effort. It was me and my brother. He kind of...it's his sweet spot in terms of...(interruption-question from outside is delivered)
- M: Go ahead and summarize for me and then I'll follow up with this question.
- R: For me it's almost like entertaining to watch him performing, to go through the steps. I sure don't know what the steps are. We have an afterwards discussion, you know, this is what his objectives are, this is what he shoots for, and I've known him for some time so I know pretty much what he's about. It's just watching him get into a showroom, an auto showroom and start looking for the details that he's looking for. You know, the best car, the best deal, special financing options.
- M: Did you learn from what he did? Do you think you could do that yourself the next time?
- R: I can do it to some extent. I have purchased cars on my own and I've tried to replicate that behavior. It's somewhat effective for me, but since I don't have the same drive that he has, I'm not sure I could always be as effective. But, it's fun to go into a showroom at least knowledgeable about what services are available. So, if you don't know, to have somebody sit and explain some of it to you. It's helpful. So, that's the part that I look for. If I have an objective in mind, which is to own a particular vehicle or whatever, am I getting there through the discussion with this particular person?
- M: I want to revisit something we talked about briefly at the very beginning, but I can't remember if you told me the reason or not. Why did you end up selecting that particular dealership which, as you mentioned a couple of times, is so far from where you live?
- R: The fact that we had done some research online and they had that car available.
- M: They had the car specifically that you were interested in.
- R: Yes. And so, we actually had some of the details..had a [REDACTED] or something that showed the car. We weren't looking for a new car, new models or anything like that so we didn't really make any inquiries about other vehicles that they had there for sale.
- M: What online sources did you use to find that listing that was at that dealer?
- R: Now, that would be a toughie because I was handed a sheet of paper. Somebody found a deal.

M: Was it an advertisement?

R: That I don't know. I know it's probably part of a lengthy search because I have a niece who happened to buy a [REDACTED] car just about the same time. So, maybe one of the residuals of, OK, we're doing the research, you know, my brother was doing the research for his daughter and he said, "Oh, here's a car that would work for me based on our criteria, you know, low cost, reasonable, and readily available and not too far away."

M: You were really just about that one specific vehicle. You weren't really considering any other options by the time you walked into the facility.

R: I had narrowed everything down. Like I said, I hadn't spent a lot of time planning to purchase a new car so I hadn't considered any options. I didn't have to go through that step of saying, "Oh, do I want to buy a [REDACTED] or do I want to buy a [REDACTED]?" You know, the options just didn't materialize. What was kind of thrown in front of me was, OK, somebody else has been shopping for a car. Here's one we found that's available. Is it reasonable? That was the scope of our research. To say, is this car going to work for us? Or, for me?

M: Excellent. I think that's all the questions I have for you. You've been really helpful and you've been very pleasant to talk to. Thank you so much for your time today.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

171438

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What was the most recent car you purchased?

R: A [REDACTED].

M: What brand of car is that?

R: [REDACTED].

M: When did that occur?

R: [REDACTED]. I got the phone call, I think, the day we were picking it up.

M: When you say you got a phone call, what do you mean?

R: The phone call for participating in the study.

M: That's so funny. Talk about fortuitous.

R: Right. Right. It was within 24 hours.

M: Tell me a little bit about what you liked, if anything, about your experience shopping and choosing a car and what, if anything, you didn't like about shopping and choosing a car.

R: Shopping for the car?

M: Yes, shopping.

R: Well, it is interesting to look at new cars. To go to the lots and see the shiny new vehicles. We were replacing a [REDACTED] that my husband had that had [REDACTED] miles on it. He just got over an illness and this was kind of like, we need to kind of move towards replacing that car and kind of give him a little bit of a boost at the same time because of his illness. It was nice to go to the lots and look at the cars. I was looking at other cars for when it comes time for me to replace my car. It was nice to see what was on the lot and see what their prices are so I can start thinking towards the future.

M: Can you tell me what, if anything, you didn't like about the experience of shopping for a car?

R: Nothing really negative. It is a challenge to compare prices because things are just not easily comparable because they are so many additional factors to...

M: Like what, for example?

R: There's a price on a car but then there's also discounts, and the dealer this, and that particular site, and versus what's available through [REDACTED] in general. I have a [REDACTED] credit card so I knew I had some points I could use. I also could possibly have taken advantage of a frequent purchaser program. So, being able to price compare was difficult.

M: Can you tell me what influenced your decision on what car to buy and who to buy it from?

R: The decision to buy the type of car is just because we're a family of [REDACTED]. We've used them and had them in the past, like them, they're good vehicles, they're big. We have property in [REDACTED]. My husband is [REDACTED]. We're lugging stuff all the time. So, it's kind of the brand. We weren't looking for an alternative brand.

M: It fits your needs. Is that correct?

R: Correct.

M: Where did you buy it from?

R: We ended up buying it from [REDACTED]. We had purchased our previous [REDACTED] there. But, we did look at 3 different places. So, the ultimate decision was based on what we found at what price.

M: You said you looked at 3 different dealerships?

R: Yes. Two locally. I mean, [REDACTED] isn't close but it's not far either. We thought it was worthwhile going to see what they had.

M: Where else did you look?

R: We also looked at [REDACTED] and we also looked at [REDACTED].

M: Can you tell me, how long did the entire process take, from the time you arrived at the dealer at which you bought your car, to the time you left, with or without the deal?

R: I'm trying to work back in time. I needed to be back in at home by 3:00 PM and we were easily 45 minutes away. So, I'm thinking...we had started some paperwork and we couldn't finish the paperwork because I needed to leave. So, I'm now trying to

remember when we got there. I think we got there around 11:30 AM or 12:00 Noon, and left around 2:30 PM.

M: Was that the first time you went to that dealer for this vehicle?

R: Yes.

M: Did you go back another time?

R: The next day.

M: The next day. Very good. And, how long did you spend the next day?

R: I'm going to guess 2 to 3 hours. I could be more. It seemed like a long time.

AGREEING TO A PRICE FOR THE CAR

M: It did? How did you go about getting to a price for your car?

R: There was the price on the vehicle. There was a sticker price. It was not just the sticker price. It was the big...because the sticker price was different from what was on the windshield of the vehicle, which was less than the vehicle we looked at at the other 2 lots. So, that was a, you know, that moved us towards that particular dealership. The car seemed comparable to what we had looked at at the other 2 lots. So, getting to the price, we also had to look at those 2 possibilities of applying my...because I never know what does or doesn't get applied. So, that's part of the confusion. Was I able to use my [REDACTED] credit card points towards this? And/or was I able to use my...I want to call it frequent flyer...points relative to also whatever the discounts were that the...

M: Could you use your rewards card?

R: Could I use them (inaudible)? Exactly. I didn't know if it was one or there other. As it turned out I couldn't use them both. So, the value of the [REDACTED] credit card points were more valuable. We also had a trade in. So, that was the other thing, was the value of the trade in, which was also...they gave us a little bit more than what the other dealer was willing to give us.

M: We're going to talk about the specifics of that in just a second.

R: So, getting to the price, there was a price on the window. Then, we had to know what to apply. We had to know whether there was an additional, I think, [REDACTED] discount that did or didn't apply relative to what type of financing we had. So, if we took [REDACTED] financing it was one price. If we got our own financing it was another price. They would take more money off. So, it was a lot of that type of dynamic to the price.

M: Why don't you tell me the end result of all this. What did you decide to do? Did you take the [REDACTED] financing?

R: [REDACTED] financing. Yes.

M: With the [REDACTED] financing, what did they tell you the price of the car will be, along with your trade in, right? Is that what you...?

R: Along with our trade-in and along with the credit.

M: Tell me how that all worked out.

R: The process was that they gave us a sheet and said, "This is how much the price is going to be and this is what your monthly payments are." The price that was on the chart did not look accurate relative to what we were being told the discounts were and the price

that was on the car. So, I had to make the dealer kind of go backwards to explain, relative to that price here, how did we get to here?

M: What did he say?

R: He (inaudible) and I said, "You need to put this on paper." There were taxes, there was delivery fee, and you know, they weren't like a lot and there was also...the (inaudible) had also made a mistake in the pricing.

M: What do you mean? What kind of mistake?

R: I was trying to get him to start with the number that was on that windshield and show me what they added or subtracted from that relative to our trade in, our points, taxes, etc... That's where I wanted to go. When he started working back, he was starting at a different number. I think that the number he was using was based on...I can't remember what his excuse was, but he was, "Oh, I got that wrong. Let me go back and let me fix that." So, yes.

M: It sounds like there was a lot of discussion back and forth about what the price of the car was going to be because of all the different things that you had to work with. You had your trade in, you had these points from your [REDACTED] credit card, you had specific financing that was affecting all these.

R: Correct. And there was also the [REDACTED]...whatever [REDACTED] overall, not just the dealer, but [REDACTED] had some additional incentives. Those incentives depended on financing also. So, I guess that fits into that financing thing. There were a lot of things up in the air to get to what the price was.

M: Did you get your financing through the dealer or some other source?

R: Through the dealer?

M: Did you look at financing at other places to see what the percentage rates were at other places?

R: No, because they were offering zero percent financing which is what I wanted.

M: Fundamentally, off the top of your head since it was late [REDACTED], can you tell me, do you remember what you paid for your car?

R: I'll look it up. The amount we financed or the amount we paid?

M: The amount you paid and then we'll talk about the amount you financed.

R: Forty-nine, two (\$49,200.00). That is without the discounts, etc... When you say, "paid for", see that's what I paid for.

M: What was the price of the car?

R: The price of the car was \$49,286.00.

M: Can you tell me what, if anything, you liked about the experience of obtaining a final price for your car, and what, if anything, you didn't like about the experience?

R: I don't know that there was anything I liked about the experience. Of finding out what the price is of the car? Is that what you mean?

M: Yes.

R: The confusing of...it would be useful just to have a consistent sheet, you know, because almost every document they gave me had the same numbers in different places applied differently. So, me trying to figure out and compare apples to apples and to know what is or isn't being charged or what is or isn't being applied was very difficult. I made...I kind of do paperwork (inaudible) joking. I think it's that way for most people. There was a lot of verbal, "You get this, you get this, you get that, and we're going to take away this, and you need to add in this." And, I'm like, "This is all meaningless to me. I need to see it written down." And then when it was written down it was in different formats in different places.

M: So, if you gave me one summary statement of what this was for you, what would you say?

R: Non-transparent.

M: Thank you very much. Now tell me...

R: He also kept saying, "I wouldn't cheat you, I wouldn't cheat you. We want our customers to come back so we're not going to cheat." It's like, that just...you know, of course you wouldn't cheat, you know, what a silly statement to make.

M: Do you remember what the sticker price was on the car? Did you tell me what that was?

R: No, I don't remember. I don't even think I saw the sticker price on the car because we were going based on the...I don't know.

M: I though you said there was a sticker price.

R: There was a sticker price on the car but that didn't include the [REDACTED] discount. So, there was a sticker price and then there was a [REDACTED] discount special sale applied, which is what they put on the window. So, my guess is the sticker price is probably that \$49,000.00 that I just quoted you.

M: And that [REDACTED] price, do you remember what that was? That special [REDACTED]

R: It was something like \$37,000.00. Thirty-nine thousand (\$39,000.00) I think.

M: Did the dealer indicate to you at any time that you'd get a better price if you agreed to certain conditions?

R: Better price than what we ended up paying?

M: A better price in general than what you had been discussing. In other words, you were discussing a certain price and did he ever say that you could get a better price if you did X, Y, or Z?

R: Yes. We could get a better price if we didn't use the zero percent financing.

M: Alright. What was your reaction when he said that?

R: I had him show me what the...compare the monthly payments based on zero percent financing and ball park outside financing.

M: You said you traded in your prior car. Can you tell me how was the trade-in price determined on your car?

R: It was, I guess they used the Blue Book value. They had a particular value and then they had to start deducting based on condition of the vehicle and mileage on the vehicle and that's how they came down to what the number was.

M: Do you remember what they gave you?

R: Sixty-five hundred (\$6,500.00).

M: Did you, before you went to the dealers, do any of your own research about what you could get for your vehicle or did you know that what they were telling you they'd give you for the vehicle was in the ball park of what you could get for it?

R: My husband did a little bit of research on what was in the newspapers, etc., or online for [REDACTED] of that year. But, because there are so many options on vehicle and then these other factors with the...I don't think he was comparing the mileage or the condition of the vehicle. So, he had a number in mind that was like, in the teens. I'm pretty sure it was in the teens he was hoping to be able to get. The fact that the other dealer had come in at \$5,000.00 and then this dealer said \$6,500.00, he was annoyed at the \$5,000.00 and happier with the \$6,500.00 that it was understandable based on what they told us with the mileage numbers.

M: So, he thought maybe he could get it in the teens somewhere.

R: He was hoping to get closer to the double digits. Yes.

M: OK.

R: He didn't put up a big fuss.

M: Did you owe any money on your prior car?

R: No.

OBTAINING FINANCING

M: Now let's talk about how you paid for your car. I heard you mention that you financed the car through the dealer. Tell me a little bit about the financing part of this. You spent your time initially with your sales rep. Is that correct?

R: Yes.

M: What happened after that? Did your sales rep handle your financing or did somebody else handle your financing?

R: They had a finance manager.

M: Was that finance manager working with you in the same area that your sales rep worked with you or somewhere else?

R: Oh, you mean the physical location?

M: Yes.

R: Yes, it was the same place.

M: The same dealership, but were their offices together?

R: No.

M: In a separate place, then.

R: Yes. Separate office.

M: Separate office. OK. Can you tell me overall what you liked about the experience you had when you were dealing with the financing department? And what, if anything, you didn't like about that?

R: It was pretty systematic. There was a lot of paper and it was all done electronically.

M: What does that mean, it was done electronically?

R: He had this tablet where all the documents were basically similar to the, you know, when you check out at a [REDACTED] or a store anymore, when you're signing with your finger on the register.

M: When you signed these documents you were signing on a tablet.

R: Correct.

M: You didn't see any of these papers' hard copy until he printed them out for you?

R: He didn't print them out. He gave us the option. He said, "We can print all these out for you and give them to you or we can give you this thumb drive." So, I took the thumb drive.

M: OK. Great. When you were going through the financing, let's talk about the process a little bit. Did the finance person, he or she, sort of stipulate or state for you the various terms of the financing? Or, did you state to that person the terms you were looking for for your financing?

R: The terms for the financing were already agreed to in the course of signing the documents to purchase the vehicle. So, by the time I got to the finance officer that paperwork was already done on zero percent financing.

M: You signed papers with your sales rep initially?

R: I believe so. Yes. We signed some documents to hold the car. I can't remember what that was, but I'm pretty sure it was the initial sales documents we signed with the sales rep, and then to complete the purchase we had to come back the next day, and we did that with the finance person.

M: Tell me a little bit...you went to the finance department the next day and you went into that office and the operative was the zero percent. Was there anything else discussed? Like, the number of payments you were going to be making or the amount of your payment?

R: No. That was all clarified the day before with the sales rep.

M: OK.

R: And, based on the terms that we agreed to in the purchase.

M: Did you stipulate the terms you wanted or did the salesman?

R: No. I just said, "Zero percent." I don't even remember them saying whether it was 5 years, 7 years, or whatever. I think it was...I don't even remember them because it really didn't matter. I guess when they showed us what the monthly payments would be, based on zero percent versus 4.5% or whatever, those were based on 60 months. I never said, "I can't do that. We need to draw them out longer or whatever." We never had that debate.

M: They basically said, "At zero percent you'll be paying this for 60 months."

R: Yes.

M: Did they tell you what you'd be paying on a monthly basis?

R: Yes.

M: Do you remember what they said?

R: They had showed me 2 options. Because, one was with financing at zero and the other was at a percentage rate. So, what we agreed to was the zero percent, \$566.00.

M: Five Hundred Sixty Six (\$566.00) a month?

R: Yes.

M: Have you paid your first monthly payment yet?

R: No.

M: Can you tell me, at any point, were you aware, or not, that you could negotiate these various aspects of the financing, like your monthly rate or the number of months you could pay off the loan?

R: Not really. I mean, maybe, I mean, it just wasn't, 60 months was kind of standard, what I was used to, it just didn't occur to me.

M: Did anybody, at any point, either yourselves or your car sales person or the finance person, mention anything about refinancing the vehicle or renegotiating any aspect of your deal?

R: No.

ADDITIONAL PRODUCTS AND SERVICES

M: No. OK. Can you tell me, at any point in time, did your sales rep or did your finance rep offer you any additional products or services to purchase?

R: Yes.

M: Tell me about that whole experience.

R: In the finance officer's place we had options to get a service plan, the extended warranty, that sort of thing.

M: How did you respond to those?

R: I said, "No" to everything just because I had buyer's exhaustion by that time.

M: Is that the reason why or is there other...

R: That's mostly the reason why. My general inclination is to say, "No" to such things.

M: Why is that?

R: Because I just...I think that I'm just programmed to be suspicious. Not to be suspicious but just to question the value of those things. It's not that I think they're terrible plans, but other than GAP coverage, I know to avoid that.

M: You do know to avoid that?

R: Yes.

M: Why do you know to avoid that? What is it about that?

R: I just think that it's a scam.

M: You do?

R: Yes. We always...I mean, if you're buying a car with no money down or whatever, maybe, but I just don't...I'm not inclined to buy all the extra stuff that people want to sell you when they're selling you stuff. I also have an innate thought of, you know, when they try to say, "You're going to need this extended, you know, this extended warranty would be great because if X, Y, and Z should happen." It makes me think, you know, if the car is that crappy...if you can't trust the car to last longer than this time, what does that say about the car?

M: OK. Can you tell me, at the time they were trying to offer you these products and services, did they tell you what the price of each product was? Do you recall?

R: Yes.

M: Do you remember?

R: No.

M: If I'm to understand you correctly, you didn't purchase any of those products.

R: Nothing.

CONTRACT AND POST-PURCHASE

M: Did you have an opportunity to review your paperwork before you signed?

R: Not much of one because it was all electronic.

M: Do you recall how you and/or your husband reviewed it when you...since it was online and you didn't have it in front of you to sort of stare at, do you recall how you reviewed it?

R: Skimming.

M: Skimming.

R: Yes.

M: Give me an example.

R: It was on the screen so...

M: Was it facing you?

R: Yes.

M: So, it was on a screen...

R: So,...

M: What, if anything, did you look at on those pages? Do you recall?

R: Definitely not the detail. And, the finance guy was saying, "This is what this form is for, this is what this form is for, this is what it means." He was interpreting everything for us. So, there was trust involved in that. Certainly, when it came down to signing...depending on what the form was for, I looked at the key points relative to those. Like, what the price was, what the monthly payments were, what we were declining, you know, that type of thing. But, not the small print.

M: Fair enough. Can you tell me what, if anything, what was your impression overall? What did you like or dislike about this part of the process? Sort of the contract signing part of the process.

R: That went on pretty well. I mean, I don't think there was anything...I don't have any negative...I don't recall any negative reaction to that. It actually went by pretty quickly and easily.

M: Can you tell me, since you purchased your car, have you had any contact with the dealer?

R: Yes. They contacted us because they had made a mistake in recording the mileage on our trade-in. So, they had to send us documents that we had to sign and then get it [REDACTED]'d back to them. So, there was that.

M: What was the mistake? Do you remember?

R: They put the wrong mileage down. That was all.

M: In your favor or not in your favor or did it matter?

R: It didn't matter to us. It was just an issue of having accurate paperwork. They have sent a thank-you card and I'm going to guess they sent a survey. But, that would have gone to my husband's email, not mine.

M: Have you had to bring your car in for any reason since you purchased it?

R: No.

M: Was there anybody at all who talked to you about having to change anything on your deal since you left the dealership?

R: No.

M: Did anybody, at any time, when you were at the dealership, mention anything about putting on a tracking device on your car?

R: No.

OVERALL UNDERSTANDING

M: Now, I'd like to spend some time going through the paperwork. Since you have your original copies there, would you mind going through it at the same time? That way I can look at what you're looking at. Let's go with this document first. I'm going to show it to you and if you would pull out that document. You've got this one, right?

R: Yes.

M: Very good. Thank you. What's the title of this document?

R: It is the Retail Installment Sale Contract Simple Finance Charge.

M: Can you tell me, overall what do you think is the purpose of this document?

R: Financing terms.

M: The financing terms. OK. So, now I'm going to ask you to do the following things. The first thing I'd like you to do is point to the monthly payment. OK. Can you read it out loud? What is it?

R: Five hundred and sixty six dollars and fifty-six cents.

M: Was this the monthly payment that you were under the impression you would be paying for this car?

R: Yes.

M: So, it wasn't any different than what was discussed in your meeting with your...

R: Correct.

M: Can you tell me, in general, looking at this form, would you say it's easy to understand or difficult to understand?

R: Easy.

M: Did you at any time negotiate that monthly payment with the person you were talking to?

R: No.

M: Now I want you to point to the APR. OK. What does it say?

R: Zero.

M: Again, was that what you expected to see on your paperwork?

R: Yes.

M: Was there anything particularly easy or difficult to interpret with regard to that number?

R: No.

M: Alright. Can you tell me, one of the things I'm curious about is, was that the rate that they were advertising to you or did you go into the dealership asking for that rate?

R: They just offered it as an option. I know they had another rate that they said...another estimated rate that they said, if we were going to finance through them, that would apply if we took a different option of the cost of the vehicle. But, even that was a potential rate because it would depend on our credit history.

M: Length of payments. Can you point to that on that document? OK. And, what is it?

R: Fifty nine plus one because the last payment is a few cents different.

M: Again, was that what you expected it to be?

R: Yes.

M: Now I want to ask you, did at any time...I'm going to quickly look through your documents here...at any time did they mention a spot delivery document or agreement?

R: Not that I know of.

M: OK.

R: I don't know what that is.

M: I'll read you a little paragraph and then you can tell me whether they discussed it with you or they didn't. A spot delivery agreement is an agreement that the dealer will show you if you're going to leave the lot with the car before your deal is finalized. So, in other words, if your financing is not quite set, or the deal is not quite finalized, they have a document that you can sign that basically says they are giving you the right to leave the lot with the car.

R: No, I don't remember that.

M: Thank you. I don't see it in your pile. I think that's it. Now, I'm going to have you turn the page on your retail sales installment contract to the last page where all the things are itemized. Do you see that?

R: Yes.

M: Let's look down that list. Is there anything on this list...tell me what these numbers stand for as you're going down the list. The \$6,500.00 for example. What is that number?

R: That's our trade-in.

M: The top number, the \$48,607.45?

R: That's the cost of the vehicle.

M: Can you tell me what the \$8,792.34 is?

R: That I don't know. It could be...OK...that is the application of my [REDACTED] points from the credit card, plus the discounts from [REDACTED].

M: So, that's a total of \$8,792?

R: Yes. Because, combined, those 2 combined were supposed to be the deduction from the cost of the car.

M: The \$48,607 they then took \$6,500 off for your trade-in and then another \$8,792 for the points on your card.

R: Plus, the [REDACTED] discounts.

M: OK. So, there was some discounts that people would get.

R: Right. The special deal. It gets to that transparency issue.

M: OK. Very good. There really are, other than your [REDACTED] tax, and the processing fee, those are the only 2 numbers that are further down on that list. Correct?

R: Yes.

M: Anything else on this form?

R: Is there anything else on the form?

M: Yes.

R: Nope.

M: OK. Then you showed your certificate of title and registration so we don't have to go through that. What's the delivery receipt? Do you see that document?

R: This.

M: So, what is it?

R: I believe that what this basically says is that they've have given us possession of this vehicle.

M: OK. Then, last but not least, I see there's a document here that shows...the title of the document...there's no title on it.

R: No liability insurance included?

M: Yes, that one. Thank you. Is the price of the vehicle the same as what was on your contract? This one says, "Total delivered price, \$49,286.10."

R: No, it's not the same.

M: Do you know what the difference is?

R: Well, the cash price up here, so it's \$49,607. Total delivery price is \$49,286 and I'm assuming that, OK, so \$49,977...so, I don't know why there's...yes, I don't know. They're not the same numbers and I don't know why. I think that it's a reflection of, as I said before, different numbers on different documents included in different places. But, the balance due on delivery number is the same.

M: What does that mean for you?

R: In terms of the amount that we're actually paying.

M: Paying. OK. And then I see the [REDACTED] customer incentive and [REDACTED] acknowledgement page. Take a look at that. What is that?

R: This is the combination of the items that [REDACTED] is giving us, either [REDACTED] or me, I guess it's [REDACTED], giving us as a discount relative to my [REDACTED] points, the overall special dealer discount, etc.. That is that number I had pointed to before up here. So, it's the combination of those factors.

M: It's the total number of what? What's the number?

R: Discounts that [REDACTED] is applying to the cost of the vehicle.

M: What is the number?

R: Eight thousand, seven hundred ninety two dollars and thirty-four cents (\$8,792.34).

M: OK. So, that number appears both on your contract and on this separate page that they gave you, (inaudible) that's what goes into this.

R: Yes.

OVERALL EXPERIENCE

M: Very good. We'll see if they have some additional questions. So, the only thing I have left to ask you is if you were to summarize for me your overall experience of purchasing and financing a car, how would you describe that experience?

R: It was a pleasant experience in terms of dealing with the people that were at the dealership. Again, my only criticism or things I would have liked to have gone smoother was a clearer description of costs, discounts, bottom lines, etc..

M: That's all I have for you and I guess they don't have anything additional. So, we're good to go. Thank you so much for coming in today. I really appreciated it and I appreciate you bringing your paperwork. That was very helpful.

// end of recording //



AUTO BUYER STUDY

146748

INTRODUCTION / SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Could you state your first name only.

R: [REDACTED], but I usually go by [REDACTED].

M: Okay, that's easy for me. What is the most recent car that you purchased?

R: We bought a [REDACTED] in [REDACTED] of this year. So, it was my wife and I and our [REDACTED] kids.

M: How old are your kids?

R: [REDACTED]. So, a little extra money always helps.

M: Yes, it definitely does. Tell me what you like, if anything, about your experience shopping for and choosing a car.

R: I mean to be honest with you, I'm not a super car guy, but kind of like a point A to point B, don't need a fancy nice car. We really had to shop for this car, because our current family car was breaking down. It was an older car, an [REDACTED]. Anyway, we had an [REDACTED], it was a great car, but it was getting old with [REDACTED] miles on it, and every other month we were sinking money into it. For shopping, my wife was dead set on going out of a van going into SUV, so I didn't have a choice. I like the [REDACTED], the minivans, because they're just so practical, and you can do so much with them and fit so much in them, people and stuff. But, she wanted the SUV. So, we started shopping. We went to... The biggest concern I had was credit; I didn't know if my credit was good enough to get a car or even a decent deal for a car. So, we went to a [REDACTED] dealership. Well actually, we started shopping around, went to a couple of different dealerships, went online, did a combination of both. The first dealership really didn't want our business, he didn't call me back, he was not killing himself to earn the business contact, and I'm a sales guy, so I can appreciate that. The second dealership really, really wanted to do business with us and kept calling me back, so that's why we used them.

M: And which one was that?

R: The first one was [REDACTED].

M: And where was the first one?

R: It was right across the street, but I can't remember the name.

M: That's fine.

R: So basically, we looked at the [REDACTED] and the [REDACTED]. The [REDACTED] were super expensive. I mean I'm not paying \$50,000 for a car, it's not going to happen, I don't want to do that, I don't feel we had to do that. So, we started looking at [REDACTED] and those can be really expensive too. So, instead of going for the big extended version, which is an extra foot and a half, which is more trunk space and [REDACTED] more. So, we just opted with the smaller, still huge car, but the smaller huge. We actually saw a car from [REDACTED] online, you know, online with one of the other stores. We had it shipped over, driven over to his store. We drove it, we liked it, I think we bought it within the same day. It was very fast.

M: One of the things I was going to ask is from the time you got to the [REDACTED] dealer, to the time that you left the [REDACTED] dealer, how much time did you spend?

R: On that day, two hours, once we were there. Not that long, not nearly as long as I have in the past.

M: Why do you think that is?

R: Well, they had already did the whole credit thing, gone through our bank, everything was done. Then we started to negotiate. Well, can we put down \$2,000? And we eventually settled on \$5,000 down payment. So, it was that just a little bit. There were these sets of paperwork we had to fill out. They got the car ready. So, it was standard, but not sterling, so it wasn't too bad. They were really flexible because I said I couldn't do my down payment until Friday, we were there on Wednesday, and they said we could take the car, no problem. They said to bring the money in on Friday. So, that was pretty cool. [REDACTED] was pretty easy to work with. And they have the warranty [REDACTED]; that was something we really liked [REDACTED], as long as we serviced the car with them, they warranty the car, and it's for everything.

M: You didn't have to pay extra for the warranty? It was part of the deal?

R: Well yes, I think it's part of the deal. They have a warranty [REDACTED] deal.

M: We'll look at your paperwork in a little bit and we'll see what's on there. Was there anything you didn't like about your experience at [REDACTED] when you were buying this car?

R: No, because we've been through this deal before. They're pretty aggressive and all that good stuff. I'm a sales guy already, and we were ready to buy a car. We weren't shopping at this point, we wanted to buy a car. We had the money to buy a car. What we were most concerned about was the credit-financing piece. We had gotten throughout the years, just for whatever reason, it happens to everyone, our credit got bad. My wife told

the credit manager, oh, it's not too bad, you should pull it. It was better than I thought. Maybe it was because I had so much stuff under and I'm still making payments, always making payments on some stuff. But somehow it works itself out. It ain't the greatest. I think it's 9%, 9.9%, it ain't the greatest, but it was 12%, maybe not, but it was not the worst.

AGREEING TO A PRICE FOR THE CAR

- M: And we're going to get into the nitty-gritty about that. How did you go about getting to the price of the car that you purchased?
- R: I told him my payments are at X, and I think it was \$650, that I'm not going a nickel over \$650. And at first it was like, \$700, \$800, just high at first, and I'm like no, if you want to do it, \$650. And then, at first the interest was high, were just kind of going back and forth, and a lot of that, we weren't sitting at the dealership, those were phone calls.
- M: Oh really. So, you weren't even at the dealership.
- R: Yes, with cellphones now and the technology, it's gotten easier. Five, ten years ago, you were at the dealership. You sit down for the BS, then they walk out. And then they come back and forth. The guys were pretty straightforward, the sales rep was calling me.
- M: So, the deal was cut over the phone, is what you're saying?
- R: Most of it was done over the phone, yes.
- M: So, you told them that I'm not going to spend a nickel over \$650.
- R: In payments. And we stretched it out to 72 months and I had no problem with that.
- M: Did you tell them that or did they say that?
- R: No, I knew that it would probably go that way, because I knew the price of the car. We started to do the math. With a calculator, you can do all of that now. You can do your homework, but you have to have the interest rate.
- M: But in terms of the price of the car itself...
- R: It was 34, I think. That's it, man, we're not going anymore, just give me the payment, and we kind of went back and forth.
- M: Did they just tell you what the price of the car was?
- R: Of course, I tried to haggle it a little bit, and they're like, that's it. That is what it is, no room to haggle anymore. I think [REDACTED] is sort of a non-haggling kind of dealership, especially with used cars. I think with new cars, and you're bringing in a lot of money, you might have a little bit of room, but in this day and age, the haggling of car dealing is sort of gone. I don't think it happens as much anymore. I think they go as low as they can go, because there is so much homework you can do online, that if they're trying to mark it up 20%, you'll figure it out, you know, just by going online and looking stuff up. So, I mean that game has sort of lost its momentum just because of technology alone.

M: That's interesting.

R: Yes, and it makes sense.

OBTAINING FINANCING

M: Was there anything in particular that you liked or didn't like about the pricing aspect?

R: No, I mean I was concerned that they would not come in, but they actually came in at 25-bucks less. I got it down \$1,000 because he wasn't able to get me the 5% or 4% because I don't have perfect credit, but the finance guy worked with me to get it done. The only thing I didn't like about it was he pulled my credit like 20-times, looking for multiple creditors, which I thought it was only going to be once, but it was like ten or fifteen times. It was a lot. It was anywhere from two to four to six weeks later, you know, (inaudible) applied for a car loan, we can't work with you, that was him doing that at the dealership.

M: And your reaction that he applied multiple times to get your credit score...

R: He applied at multiple finance places to find one, and I had bad credit, so I feel kind of into a different bucket. At the dealership, there is like a main dealership, where all the brand new shiny cars are, and I got a nice car, but all the brand new cars. Then there is the place next door for people who are not with perfect credit, like you roll in there and they help you out. It's in a separate office for that. But, my credit was not as bad as I thought it was to begin with, so I mean I can get it, but it's not good of shape right now.

M: Did the dealer indicate to you at any time when you were talking about the pricing of the car that you can get a better price if you agreed to certain conditions?

R: No, I mean because going in there, I knew my credit was okay, and I didn't have \$20,000 for a car. \$5,000 was as much as I was going to put down, and I didn't even want to put that down, but we wanted the car.

M: Did you trade in your prior car when you bought this car?

R: I kept my old van that I'm driving, and my wife drives the good car. I had a very old [REDACTED], and it was so crushed, we sold it for like 300-bucks.

M: Was that with the dealership?

R: No, they were like we'd pretty much give you nothing for this. So, I had a tow truck come and pick it up and I think it gave me like 200-bucks. It's more practical for us, because when I drive, I can drive the kids around in the van. You know, [REDACTED], we're all over the place.

M: Yes, I remember those days. How did you pay for your car?

R: I put a \$5,000 down payment and then it was financed through [REDACTED]. The dealership did it for me, but it's was through [REDACTED].

M: Very good. Any issues regarding the financing in terms of how that went?

R: I just had to show them a paystub and that was pretty much it. It was proof that I make what I make. That was it.

M: You went through the dealer for financing, did you try going elsewhere for financing on this car?

R: No, I figured at the dealer, if I was going to get a car, it would have been the easiest way to get it.

M: What does that mean the easiest way?

R: Well, if you go through a private, and this could be just my perception, I'm not an expert at it. But, if I were to go through, let's my car insurance company, or online, they probably would have given better credit, and I have okay credit, and the car dealership was working hard to get it for me, because they're the ones who sell the car. I don't think the [REDACTED] or someone like that is going to make much money off me.

M: Okay, so you have started to tell me what terms you had discussed when talking to the dealer about your financing. And the number one things sounds like: here is what my monthly payment is going to be.

R: Yes, for it was payment. I couldn't go over \$650 a month, and still, that's kind of a hefty payment. I was crunching numbers and that was about as much as I wanted to go.

M: So, that was the main term you wanted.

R: I don't have a car payment on my other car, so I could give a little bit bigger payment that I could do. \$650 is the most I've ever had on a car payment. I didn't want to break the record.

M: And the other terms, APR, and the number of months.

R: Yes, I knew I had to stretch it out on the payments.

M: Did they recommend it, or did you tell them?

R: No, I said to get it to \$650, that to get it to my perimeters, it might have to be 72 months or a little bit lower. I think the original interest rate they gave me was 14.9% and the payment was like \$850, and it was just typically way off the charts. And they get money off the financing, their percentage, guaranteed. That's how they make their margins. It's not off the \$1,500 off the actual car, it's probably off the interest rate. So, they started high, this is how negotiations go, but I wasn't going to cave in. I wasn't that desperate to buy a car that week.

M: How do you know all of that? How they make their money off the finance loan?

R: Well, a couple of people I know in my neighborhood, and it just makes logical sense. Right. I mean I'm not 100% sure, but I'm 99.99% sure that if they're charging me 14.9% versus 9.9%, and that is a \$200 per month difference, well, whose pocket does that fill? Probably a small percentage to the finance guy, the people who actually finance it, the rest goes back to the dealers, so it's kind of...

M: Okay. At any time, either you or the person you were working with, the dealer, mention the possibility of refinancing the vehicle?

R: Yes.

M: Oh yes. Tell me about that.

R: Well, my wife's has the bigger trunk space in it, I think do like it too, but it's got to be more expensive, so they basically said, keep your car under 80,000, get your credit up a little bit, come back in and we'll refinance it in a year, which we probably might not even do, but we have that.

M: If you refinance, they're give you a different car?

R: Nicer car.

M: So, they'll exchange your car, not just refinance.

R: (Inaudible) the car is \$8,000 more, they'd have to roll that into the interest rate too, so it would all come together. But we'll see.

M: And they told you that.

R: Yes.

M: And what was your response when they told you that?

R: It was like great, honey, now...

M: Happy wife, happy life.

R: Exactly. Money is funny only when you have it. And I don't want to be house or car poor, you know.

M: Very good. And who told you that information? Was it the sales rep or the finance person?

R: I think it was both of them. It was a pretty casual conversation.

M: Okay. And if you were to refinance the car or renegotiate the contract that you have, where do you think you'd be doing it?

R: I'd go right back to them, probably. The difference between 9.9% and 5% is probably not that much. So, I don't know how much sense it would make. But they kept saying these cars hold their value, it's something we could do. You know, I think at that point they're going to tell me whatever they need to tell me to make me comfortable to sign the paper. I think that's possible.

M: And you said you'd probably be trading in this one...

R: I would just trade this one to get a bigger one, the [REDACTED], just the extended trunk, everything else inside if pretty much the same. I don't know, maybe it's a [REDACTED] instead of [REDACTED], and the inside, the screen looks a little different. All the bells and whistles in the car we have now already, rather than the sunroof.

M: Can you tell me at any time you were at the dealer either with the sales rep or with the financing person, was the finance person you were dealing with, did you talk to the finance person in a different place?

R: No, the sales guy's desk was like here, and the finance guy was probably one room past the people who listened to us, but it was all in open space; you could see them both. So, yes, some of these space, right, there is the sales room, then you go around the corner or up the stairs with the closed door with the finance guy, but no, this was a pretty open environment.

ADDITIONAL PRODUCTS AND SERVICES

M: Can you tell me, if someone at the dealer, be it your sales rep or the finance person offered you any additional products or services to purchase?

R: I'm sure they did, but I said no to everything, because they do warranty [REDACTED], so that's a big one. Hey, for \$4,000 we'll give you [REDACTED] warranty, but theirs is a warranty [REDACTED]. It's just part of the deal. I didn't care myself to look, because I had my payment, and they actually brought my payments down. I knew the price of the car was okay. I mean I was comfortable.

M: Did they try to sell you anything else?

R: Well, I'm servicing the car there to get the warranty, so every, whatever, 50,000 miles when you get that service, that's what I have to do to keep the warranty. So, that's probably one way to keep their customers to keep coming back and servicing their cars.

M: When you go in and service your car, do you have to pay anything for the service?

R: I think the typical dealership service is at least 50,000 miles, I don't know what, that maybe they rotate your tires, do the oil, maybe change the sparkplugs, I mean it's probably going to be \$400, \$500 bucks, but every 50,000 miles to do it, you know, it's the family car.

M: So, the point is that you don't have any kind of contract that covers the cost of those things.

R: No.

M: Okay. What about GAP coverage? Did they ever mention GAP coverage?

R: I think they did, but I said I didn't even know what GAP coverage is. Yes, I don't even know.

M: Okay.

R: Do you know?

M: Yes, it's a coverage where you buy your car, you leave the (inaudible) at the car, and you get into a major crash, but you haven't even paid off most of your car, so you don't really have enough insurance through our insurance, they will pay a certain amount of money, but there is all the money that is still left on your loan.

R: Okay, so it covers the GAP?

M: Yes, it still covers the GAP.

R: I've never done that, ever.

M: Do you know if you have that through your insurance so or no?

R: No. Hope I don't get in a wreck the minute I leave the garage.

M: Did they tell you how much it would cost?

R: No. I sure they did, but I didn't pay attention to it.

M: Is there anything you like or don't like about the discussion that you had with either the sales rep or the finance person, for these addition products and services?

R: The sales guy.

M: Was there anything you liked or didn't like in particular about the discussion of these additional products and services.

R: No. I'm neutral, I mean there was a lot of discussion about it. A lot of the service their cars, everything is included, right.

CONTRACT AND POST-PURCHASE

- M: All right, let me ask you this. Did you have the opportunity to review your paperwork before signing?
- R: Yes.
- M: Tell me how you did that. How did you go about reviewing the paperwork? First of all, was it hardcopy paperwork, or did you do it on a computer?
- R: I signed this, they made three copies.
- M: That's what you had?
- R: Yes.
- M: Did you do it on a computer screen?
- R: No, it was hard paper copy.
- M: Good. Did me how you did it.
- R: That was the main contract with other little things you had to sign-off on.
- M: Do you remember what those other little things were?
- R: No. It was just a few sheets.
- M: Show me the main idea of how you did it.
- R: The agreement after they explained it out, then I signed it here. You know, your car is 45...no payments, I'm sorry, the amount to finance, the car are \$33,656, there was the finance charge, there is the...they went one by one.
- M: Tell me how you felt about the say they did that. Did they do a good job, not good job?
- R: It was fine.
- M: When you looked at this paperwork, were there any blanks?
- R: There was one thing I wasn't sure about.
- M: And what was that? Do you remember?
- R: Yes, I'm trying to find it. It was like a finance. Optional debt contract. Maybe I did get the GAP insurance. Here you go. Processing fee, they said I needed that because my

credit wasn't perfect, so we had to add that in, which you know, I was fine with. That was the big one right there. It wasn't a huge amount. I guess I do have GAP insurance. Okay.

M: Do they didn't really explain what that was?

R: Maybe that's a good point that they put that in there, though I didn't really get an explanation. So, maybe they're just throwing that in there without telling you.

M: I was going to ask, did you even notice it when you were reviewing your paperwork?

R: No, we were pretty excited about the car. So, let me talk about it now that I notice. So, if I do get into a wreck, I have it, it looks like. So, if I get into a wreck \$850 divided by 72 months, that's not a lot of bucks a month. I mean it's not bad. I can't argue with that.

M: All right. Do you think you're paying any interest on that?

R: It's everything on this, so yes.

M: Okay. So, will it end up costing you a little bit more than...

R: \$11.50. So, it's not a crazy amount.

M: And you're okay with that?

R: Yes. Especially if you told me right now that if I got in a wreck right now I wouldn't be covered unless I had that insurance, so it's not bad.

M: Okay. Let's me ask you this. Have you had any contact with the dealer since then?

R: Yes.

M: Tell me about that contact.

R: Well, we took care of the tags and all that stuff, and in the past I've had to do that myself – the license plate and tags. They did all of that; all I had to do was pick them up. It's included in this. I pay for all of it, and I'd had have to go to DMV and pay for all of it out of my pocket, which I have done in the past.

M: And how did you feel about that?

R: It was great. It really stinks to ever have to step into one of those places. It's a pain in the butt.

M: Any other reasons you've had contact with the dealer?

R: I mean there is a ton of buttons in there and we didn't go through the car and look at each button and figure out what it was. So, my wife and I, we open up the book and some of it we figured it out and some of it we didn't. So, I came back probably twice to ask a couple just standard questions about the buttons on the car. And it's all under our warranty, so it's all good.

M: Overall, would you say your interaction with the dealer since you purchased the car has been good or not good?

R: It's been great.

M: During your course of your conversation with the dealer, was there any mention at any time about them placing a tracking device on your vehicle?

R: No. Why would they do that?

M: I don't know, but I hear that sometimes they do that.

R: I have not experienced that. And I would want to know why someone is stocking me, and I would not want that.

M: Okay. So, they didn't tell you they could do that.

R: Well, we can connect our phone to the car with the nicer technology now. My wife does it, but I don't do it.

M: Do you mean GPS?

R: Well, you know, listen to (inaudible). You know, the GPS in the car used to be awesome ten years ago, but now there is GPS in every single person's phone, so you don't need it anymore. It makes no sense. You know, in our van, we have a TV where the kids can watch TV. That used to be cool, but now that they have to download it to phones, they don't need it, you can just download stuff on the phone. You can download [REDACTED] on the phone for a movie, and it has just totally changed the game.

M: Okay. I would like to know if you got a document, and I don't think you brought it in, and it's one of the reasons I want to ask you about it. So, a document called a spot delivery document.

R: It does not ring a bell.

M: So, the spot delivery document is a short document that you need to sign however. It is a document that allows you to take the car off the lot, so when you purchase the car, you can ride the car off the lot before the deal is done. So in other words, before they have verified that...

R: Speaking of that, I had financial information, I had to show them paystub and I had to show them how I had been previously behind on my mortgage by a payment or two, because I was commissioned and I was waiting for a big check to come in, oh this is going to be taken care of like in a week, and they said to show the proof and I had to bring that in too. I don't know if that helps or hurts our conversation. It was technical because I took the car off the lot on Wednesday and didn't make the payment until Friday.

M: Which payment?

R: The down payment.

M: So basically, they allowed you to take the car from the lot, but you hadn't given them the down payment on the car. And to the best of your knowledge they did not give you a document...

R: They may have, but it doesn't ring a bell. They were very flexible about the whole thing. It's was not very pushy.

M: Great.

OVERALL UNDERSTANDING

M: Let's go through your document now.

R: I looked at it make sure there wasn't anything egregious, let's put it that way.

M: Okay. So, let me ask you this. When you're looking at this document in general, what do you think the purpose of this document is?

R: For the dealership or for me?

M: For you.

R: To have proof that all of your personal information is correct, that the financing is...the math makes sense, that you have your rate, your payments. It spells out what you're buying.

M: Okay. Would you say in general it's an easy document to understand or difficult document to understand?

R: Oh, I think it's pretty easy.

M: Let's go through the specific aspects of the document. Point to me the monthly payment, and what is it?

R: That's easy. It's \$625.25.

M: And is that the amount you expected to see on this document?

R: Yes.

M: Initially you thought you were going to pay \$650, isn't that what you told me?

R: I told them that was my ceiling.

M: And did they call you and say they had great news?

R: Gotcha down to \$625.

M: And your reaction was?

R: Wahoo. Honey, we got a car now. Well, at first my wife was reluctant because she wanted a bigger car, and we had only looked at a couple, but she realized, you know, I said to her that if she wanted a bigger car for \$10,000 or \$15,000 more, we'd have to get a better interest rate and a parent to co-sign and all that stuff. We're doing this ourselves. Let's get it. We've done that in the past, let's move on with our lives. I think that was it.

M: Can you now point out the APR to me.

R: That's right here, for 9.95%

M: And is that a number you expected to see on there?

R: Yes.

M: They told you about this number?

R: Yes. It was at 14%, which is much higher, then we got it down to 9.95%. I mean it's not awesome, but it could have been worse.

M: What do you think they did to get it down from 14% to 9.95%?

R: They called a couple of more places to finance. They probably tried to make more money off me, then realized they weren't, because there are only so many people who come in and they have to buy a car. I mean some people come in and don't have a lot of leverage, where I had a little bit more leverage. I was not in the position of desperation.

M: And that is because...?

R: I had some money and I can drive my car now. We made our payment before [REDACTED], and it's been perfect since. We got it to where it's comfortable without a lot of wheeling and dealing in whatever they say, you know. I mean if I'm buying a car, I prefer to be in a position of where I'm at in not having to do anything.

M: Okay. What is the length of payments?

R: For six years.

M: 72?

R: Yes.

M: And you expected that or not?

R: Yes, I expected that. I knew it would drag it down that far to get to that payment for the amount I'm financing.

M: Okay. Point to your down payment.

R: Right here.

M: And what is the number?

R: \$5,000.

M: And that is one of the charms you negotiated.

R: I probably would have done \$2,000 to \$3,000, but had to do \$5,000 to get down to the number. So, I caved a little bit.

M: Did you want you to pay more than the \$5,000 initially? Did they ever talk about more?

R: No, they said blah, blah, blah, and I said \$5,000 and that's it, and that's what they agreed to. It makes sense, I mean we're getting a \$34,000 car, it wasn't a cheap automobile.

M: Right. So, what I'm going to do is ask my colleagues if they have any... And this is where you discovered you have the GAP insurance?

R: That's funny, yes. Honestly, if the GAP insurance is \$11 a month, say you walk out and get into a wreck in two, you're losing money, having to pay something, I probably would have done it.

M: But, they didn't explain it to you.

R: They might have said something about something, and I said how much, and they said 10-bucks a month, okay done. It probably was something like that, where it was that insignificant.

M: Okay.

R: This is what I was having heartburn about.

M: The \$689? Why?

R: Because they closed that with some baked in way for them to make money. They explained that they needed to do that to get the better financing. Is that true? I have no idea, but okay.

M: Are there any other items on this list that surprised you?

R: No. So, 9.95% to finance the \$33,656, and that includes tax. That's it. That was easy.

M: It was easy.

R: Well, \$33,656 and now that you're asking me to question this. So, \$33,656 plus \$1,500, \$35,156, plus \$1,677, yes, that's right. A little math, so you take \$33,656 and you add the sales tax, and all this other stuff down here, and it's off by 100-bucks. I lost \$100 somewhere. So, I've got to pay tax. They got insurance. They got me on the processing

fee. So, maybe they made 1,500-bucks off me. So, it looks like they baked in \$1,500, and I don't know how much profit in GAP insurance is in the processing fee. It's definitely a shady amount, but he gave me an answer that I was fine with. The GAP insurance, honestly, he probably went over it with me, and I probably said okay, but it's not like fresh that sticks out in my mind.

M: Did they provide you with any information at all on this warranty, this lifetime warranty thing?

R: Yes, they said as long as, you know...

M: I mean, did they give you any paperwork on it or anything like that, or they just told you about it?

R: Yes, I do have paperwork for it. It's at home somewhere.

M: And it was not anything that you paid for? You didn't pay extra for it?

R: No, I mean if I paid extra for it, I think it would be on this.

M: So, you didn't pay extra with a credit card or anything like that?

R: They guaranteed I wouldn't be paying when they service that car. That is something I might be dealing with down the road, but the warranty [REDACTED] makes me feel pretty good. So if the engine blows up, guess what, I'm not paying for it. Brakes and tires, obviously, that's not on the warranty, but I knew that already. But everything else is pretty much in there, all the electronics stuff, I mean it's all there. You know, one thing I like about [REDACTED] it's supported in this country and it's pretty well known, I mean they have been known for trucks and SUVs, so I'm really comfortable with that car.

M: Fair enough. I'm going to ask my colleagues if they have any last minute questions to ask, and while I'm doing that, I'd love for you to make just a final comment for me that would share your feelings, views, and thoughts about the overall experience of purchasing and financing a car.

R: I only had concerns about my own personal credit, because we knew the type of car that we wanted, and I was concerned about what my wife wanted to buy, and those are the two big ones. But as we started looking and shopping, and she realized it was \$40,000 plus, you know, I just tried to explain to her that we're not getting huge payment, you know, we just want to pull it together. That was a big thing, the price level that we wanted to be at, while what she wanted, and so we met in the middle, and the financing worked itself out. The dealership was very easy to work with.

M: Okay. When you think about it from start to finish, when you first started talking about, like we should really think about buying a car, how long of process was that?

R: It was in [REDACTED] that we knew we probably had to buy, so we probably started talking about it in the fall. We went and test drove a car maybe somewhere in the beginning of [REDACTED], and then the guy across the street, you know, we weren't there yet. And that's how it all started, then we got more serious about it, then obviously went and bought a car.

M: Sounds good.

R: And you know, I'm glad because I didn't want to go and look at fifteen cars. I just wanted to have one or two cars that we really liked. And you know, we didn't want to run around with our heads chopped off seven days a week between school, work, and kids in sports, you know, we didn't have enough time, and right now time is not a luxury.

M: Right. You've been a joy to work with. I cannot thank you enough. You answered everything, and you were just fun. I wish you a great deal of luck with your car. Hope you enjoy it.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

196163

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Could you please just share your first name only?

R: My first name is [REDACTED], spelled [REDACTED].

M: My first question to you is, what was the most recent car you purchased?

R: I purchased a [REDACTED] at the [REDACTED] in [REDACTED] on [REDACTED].

M: This year?

R: This year. Just a couple of weeks ago.

M: Very good. Congratulations.

R: Thank you.

M: What, if anything, did you like about the experience of shopping for and choosing a car. So, just the shopping part right now.

R: What I did was, I just went a little different than my previous experiences. I went through the website, I found a car I liked, and I actually applied for financing before I even stepped foot in the dealership this time. I went to the website, there was a link, filled out the application, they called and I said, "Listen, I have an offer from [REDACTED] [REDACTED] for financing. If we can work something out I'll come in there. I just want to get all the bells and whistles sorted out before I go waste my time. I wanted the purchase to be quick. I didn't want to spend all day at the dealership. I was able to get in and out of there in 2 or 3 hours when I got there.

M: You said you got it at [REDACTED] in [REDACTED]. Did you know what kind of car you wanted to buy?

R: I knew what make and model I wanted. I just looked around for the closest dealership to where I was at the time.

M: How did you decide on the make and model of your car?

R: I wanted a big car. A full size, 6 cylinder, didn't want to feel the road too much. Among full size cars the best prices you're going to find is among domestics and that was among the 2 or 3 that were available between that and the [REDACTED] and all that, that was the best deal. It was a 1 year old model car but it was brand new and I was able to get less for a [REDACTED] which is a mid-size model of [REDACTED]. I was very happy with it but I had to find a dealer I was comfortable with. I didn't want to run my credit too many times or shop around too much, so I got an offer from [REDACTED] for financing and that's where the credit score I provided came from. They provided the credit score and they'll just send...it's from a bank.

M: You said you didn't want to shop around too much or have them check your credit too often. Tell me why you say that. What was it about that?

R: There were a couple of unique circumstances for me. I wasn't totally sure if I would be approved or anything because I started a business early last and, thanks to the economy and the way things are now, it's very hard to get business loans now days. So, I started the business on credit cards, essentially, and I just turned it profitable this year. So, I'm going to be able to turn...unfortunately though, my credit took a hit. It's under [REDACTED] now and I wasn't 100% confident I could walk into any dealership and just get financing. I applied to [REDACTED], was rejected. I applied to [REDACTED], was accepted. The interest rate was 6.something% which is rather high. My last purchase I was able to get a little over 3%.

M: You mean your last car purchase:

R: My last car purchase. So, in this situation I wanted to just find one dealer and just be aggressive. I let them know I had a competitive offer from [REDACTED], "I have no idea if you're going to approve me or not, but I'm going to send this finance application in advance. Let's not waste each other's time. If I'm approved just let me know what the rate is. Here's what I want on the car. I'm not going to haggle with you on the price as long as you give me X, Y, Z accessory. Let's just make the financing work and I'll come in there and we'll get this done." I wasn't so sure I would get approved because, again, I started the business on credit cards. I can get into my whole grievance spiel as to why I think it's so difficult to get business loans and do well as a millennial and all that, but I won't do that. I'm happy with the car I got and I was able to make it work.

M: That sounds great. Congratulations.

R: I appreciate it.

M: Was there anything in particular that you didn't like about the shopping experience?

R: Just, you know, when I went to the dealership, even though I was very clear that I was trying to do everything in advance, they did the whole car salesman thing on me. Walk in with a big smile, as me if I have a trade-in, and you know.

M: Did you have a trade-in?

R: I had a trade-in, but I knew the game. They were going to try to do the whole square thing on me and get me to just think in terms of a monthly payment instead of total cost, which is just a gimmick, a game.

M: Is it a gimmick or game?

R: It's a game. It's just BS. If you look...if you Google or You Tube car salesman training, they train them to manipulate people into thinking in terms of monthly payments and then set up the square where you have your trade-in and the financing and the down payment and this and that so you don't think about the total cost. You think only in terms of payments and they can tack on a bunch of extra junk that you don't need.

M: What kind of extra junk do they tack on?

R: Like windshield protection or whatever. A lot of that is in the financing office actually, but as long as they get you thinking in terms of monthly payment, they can move things around, (inaudible) the tone(?) without really disclosing it and it's just, you know. The temper(?) is pretty good. I mean, I purchased before from...I had a not so good experience at [REDACTED]. But at [REDACTED] they were pretty nice. But, because I was so aggressive in my emails about how I wanted to go about things, once I said, "Yes, I have a trade in" I told them the truth but after that I put my foot down. I said, "Look, this is how I want things to go" and they were pretty accommodating.

M: Thank you very much. Can you tell me, when you were trying to decide between the brands of cars that you would consider for this purchase, did you see any ads that influenced you in any way? Whether they be radio or TV or online or anywhere? Did you see any ads that made an impression on you? And, what were they about, the ads, if you saw any?

R: I saw one ad for [REDACTED] that was advertised [REDACTED] [REDACTED] or something like that, which is a lifetime plan for people who purchase new cars and, I think certified pre-owned, too, where they provide a number of services. I don't remember them off the top of my head but I thought they were pretty valuable. I think one of them was a free oil change after a certain number, and as long as you get your service at the dealership and they repair tires for you if they're damaged, and just little things that...

M: What did you think when you saw that ad?

R: It was appealing. Other dealers focus on manufacturer incentives like, they're offering zero percent this and that. Smart buyers, people who are only a little bit educated, I would like to think of myself as at least a little bit educated. You know that's kind of just a game. At the end of the day you're going to have to choose between that zero percent and some of the cash back incentives that tend to be much more attractive. So, you rarely are ever going to...I did qualify for zero percent but I would have to give up a lot of cash

back. So, I know that whole game. At [REDACTED] they had a lot of dealer incentives for working with them that they advertised that I thought was appealing. Actually the closest dealership to me was [REDACTED]. I didn't want to go to them because their reputation in my neighborhood is kind of low rent. I mean, don't want to be politically incorrect, a little bit of a redneck dealership. They don't really take care of you all too well. Go a little further out [REDACTED], go to [REDACTED] and they're a little more corporate, a little more professional, and they take care of you a little better. So, they were the first dealership I checked out.

M: Sounds good. Now tell me, how long did the entire process take, from the time you arrived until the time you left, with or without the deal?

R: I left with the deal. I was in and out of there maybe 2.5 to 3 hours. I told them I didn't want to be there all night. I got there at 5:00 PM and was out of there at 8:00 PM. So, that would have been 3 hours.

M: You drove the car off the lot?

R: Yes, I did.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting to the price for your car?

R: Because it was a [REDACTED] model and we're in [REDACTED], already they had marked down the price quite a bit. I said, "Listen, I already sent my finance application in. I don't normally do this, so I'll take your price as long as throw in these 5 accessories that I want" from [accessories.ford.com](https://www.accessories.ford.com) [REDACTED] or something where they had the stuff for this make and model that I wanted. We went back and forth. They said, "Well, we can give you these 3 and the other 2 you can pay for." I said, "No, I want that other one." Ultimately, they gave me 4 out of the 5 and I paid for the fifth one. They rolled that into the financing. In exchange for that I didn't haggle with them over the price. So, I was able to get...when I got there I said I didn't want to test drive either, because that would have been a waste of time. So, once I got there, within about 20 minutes I was in the financing office and we took it from there.

M: You didn't want to test drive because...

R: I knew I wanted the car.

M: You just point blank did.

R: Yes.

M: Had you driven that car before?

R: I had.

M: Was it a new car?

R: Brand new. It was a used car. It had been out there for a while. But, it had maybe 8 miles on the odometer so I wasn't too worried about it.

M: Was there any part of setting the price for your vehicle that you didn't like? Any part of that whole process, when you think through what you discussed and what you went through in order to arrive at a price.

R: I always hate that they advertise the lowest possible price on the websites after, you know, rebates and military discounts and student and this and that and all that. Inevitably, when you get there, the price is higher. Or, if you want lower financing you have to give up rebates which will jack up the price \$5,000.00 or \$6,000.00. I kind of knew that going in, so in my head I was thinking the car was going to be closer to \$21,000.00 or \$22,000.00 even though it was advertised at \$18,000.00. That's where it was. It was at \$21,000 to \$22,000.00 and that's kind of what I expected.

M: Just a question for you. You sound pretty knowledgeable. Is it because you have purchased cars before or you just did a lot of research on how this all works.

R: I'm [REDACTED], I like cars, but I've been burned a lot by dealers, by mechanics, by auto body people. Just the biggest crooks. You can't even imagine. Them and home contractors are just, I'm sorry, the scum of the earth. I've been burned so many times, I did a lot of research and, you know, my approach for this purchase was I just wanted to cut out as much of the BS as possible. I knew the price was going to be a little bit higher than the advertised price. But, it was either going to be that car or an [REDACTED] or a [REDACTED]. I'm not a drug dealer so I don't want to drive a [REDACTED], and I knew [REDACTED] was going to be a lot more expensive. So, I went with the [REDACTED]. It was the best deal. I knew it would be a little bit higher than advertised. I wasn't so sure about the financing. I didn't want to haggle, so I just said, "OK, let's skip all that. Give me some accessories but don't charge me for them and let's make this easy." And, based on my research, you know, some forums and things like that, that's a tactic some people use. People who like accessories and bells and whistles like I do, they just say, "Well, just walk in there and ask for this and that gadget and don't haggle on the price and you're life will be a lot easier if that's important to you." And, that's what I did.

M: Did the dealer at any time indicate to you that you could get a better price if you agreed to certain conditions?

R: Technically, I guess not. We didn't really negotiate price at all.

M: You said you had a prior car?

R: I did.

M: Did you use your prior car to trade in?

R: I did, yes.

M: Tell me about that process. How did that go? How did the discussions about that car and how did you value that car? How did you do all that?

R: There were 2 side(?) studies as a reference. An ADA Guide which is what most dealers use, but it tends to quote you a little high as to what your trade-in is worth. And then, KBB, Kelley Blue Book, which quotes you a little bit under. So, (inaudible) ADA Guide's value of the car I had which was a junker. It was a car that I essentially rebuilt. And the KBB value, I said, "Just (inaudible) someone. Don't waste my time. And, take it for a spin. The check engine light is on. It's been on always. Don't give me a hard time. Give me a number and cut me a check for it. I don't want it rolled into the financing." And, they said, "OK." It really wasn't worth a whole lot, the car, you have to understand.

M: Why did you say you didn't want it rolled into the financing?

R: Cash on hand has more value to me than, you know, because even with my credit situation, having started the business and only recently having achieving profitability, I'm still able to get an interest rate around 6%, which is still pretty good. Credit cards are up over 20% and personal loans, you know, they're not much different than credit cards these days. Again, like my parents and their generation, you know, the boomers, they had it real easy. They just walked into prosperity and they expect it to be real easy for us. My generation, you can't even get a business loan these days. Everything is really hard. And then we're called entitled. Whatever. But, for me, 6% financing, that's not that bad. So, having cash in my pocket...if you watch rich people, what they do they leverage this kind of thing, financing and all that. They'll finance before they pay cash for anything, because they have more leverage that way. So, I wanted to keep the cash and just finance.

OBTAINING FINANCING

M: How did you end up paying for your car?

R: It was 100% dealer financing. I went in there with the [REDACTED] offer. It was essential a Trojan horse. I was just trying to haggle them on the interest rate, see what they could do for me.

M: What was the [REDACTED]...

R: The APR for a new car was like 6.24%. For a used car it was 6.84%. I remember because I was just looking at it because I was printing out this [REDACTED] credit score. That's why I remember.

M: The dealer showed APR that you got?

R: At the beginning of this whole spiel (inaudible) tier one which is one of the worst. You would think tier one was one of the best but they said it's actually one of the worst. Tier zero is the worst. I said, "Yes, I know because I started my own business and we're only supposed to do...they wouldn't give me a business loan so I put it on credit cards." They said, "We'll give you tier one but we'll give you a good deal on some of the other stuff I wanted." I wanted an extended warranty, I wanted a service plan.

M: Why did you want those things?

R: Because they were backed by [REDACTED]. Previously I bought from [REDACTED] and they tried to sell me this stuff, but it was backed by the dealership. So, you walk in there and you try to get service that's on this extended plan, but the dealership they've got skin in the game. They don't want to pay for it. But, if the extended plan is backed by the manufacturer and not the dealership, they're less likely to give you a hard time if you go in there and say, "Hey, this broke. It's on the extended plan. Go fix it. I don't want to pay for it. It's on this plan here." The dealership will try to weasel out of it because it's their plan. If they're just billing [REDACTED] and not the boss or whoever the owner of the dealership is, they're less likely to give the customer a hard time. [REDACTED] does that. [REDACTED], which is one of the big box dealerships in this area, they sell you their [REDACTED] extended...which is garbage. [REDACTED], they see you the manufacturer plan which is backed by [REDACTED] over in [REDACTED] and they just bill them for anything. I walk in there and it's a lot easier if I'm going to claim a warranty repair. So, I wanted that. I wanted that extended warranty. I wanted the extended service plan. But, I didn't want them to throw in GAP insurance and windshield this and that, and wheel this and that, because that is complete garbage and it's impossible to make a claim on any of those things.

M: You know this from past experience?

R: Yes. (Inaudible) you know? But the tire (inaudible) you purchase tire protection or, I'm sorry, wheel protection but if it's anything cosmetic they won't repair it. So, what is it, I

mean, you know? The purpose of it is, you drive it somewhere and you scuff the chrome and you want...but they call that cosmetic. You know, unless the wheel is falling off, which is not going to happen on a new car, it's worthless. But, I bought the extended service plan and the warranty. I did not think the windshield and the wheel protection and the GAP insurance were worth it. If I wanted GAP insurance I would just call [REDACTED], my insurer, and they would give me a lot better deal, frankly. I said, "I'll take your APR but you've got to give me a good deal on the 2 add ons I wanted and don't try..." because they were trying to give me the whole, "It's a bundle. You have to purchase the windshield..." I was like, "No. I mean, if you say that I'm going to go with [REDACTED]. I don't care if you take away my rebates." Which, of course, they do take them away if you don't finance through the manufacturer. So, I just played hardball in the finance office, but not so much before I got to the finance office. I didn't play hardball on the price too much.

M: Thank you. That's very informative. I appreciate it. I'm learning a lot from you. That's one of the benefits of my job. I have to tell you. I'll be a lot smarter when I have to buy my next car. One of the questions I wanted to ask you is, what terms did you discuss with the dealer representative about financing? In other words, you sort of started saying at the very beginning, "Everybody focuses on the monthly payment." I want to know what you focused on.

R: I said, "Hey, listen. I want to keep this car (inaudible) so it's not going to go anywhere. So, I'm going to go with the maximum term, 72 months. Hopefully I can pay it off sooner and my business will do well and I can avoid some of these finance charges. But, I'm going to give myself...people are, for psychological reasons, going with the 48 month and the 60 month. But, honestly, there's no penalty for prepaying. So, for me, I wanted to take the maximum term, which is 72 months, then try to avoid the finance charges by paying off early if I'm doing well. But then not be trapped in a high monthly payment. But, when I got in there they were like, "Oh, what we can do to kind of..." because the finance lady wasn't the same as the sales guy. So, she was trying to do the whole monthly payment thing on me again. She said, "We can move the due date from [REDACTED] 1, the first due date, to [REDACTED] 13 and, look it reduces the payment a little bit." I said, "I don't care. Just give me the 72 months, give me a deal on the warranty and service plan, don't try to bundle them with the other stuff, and I'll take your financing offer and we don't have to haggle over the APR."

M: Did they tell you what the cost of those 2 packages were that you wanted, the extended...

R: I did. She kept trying to go back to the monthly payment and I said, "No, I want to see what the total cost of the car is." And, she had to show me all that on her computer and it was something I was comfortable with.

M: Do you remember what she told you the extended warranty cost and what the extended maintenance plan cost was? Did she quote a price for you?

R: She did. I knocked them down a little bit.

M: You did?

R: I did. And, again, I just dangled the whole [REDACTED] thing over her head. She said,...first she tried to bundle it with all the other stuff. I said, "No." She finally, after initially saying that she would take away everything and wouldn't give me a warranty and service plan, which I called her bluff. I said, "Fine, I'll just purchase the car." I knew I could call [REDACTED] corporate and buy my stuff from them.

M: You can?

R: You can. If you want the extended, you just call them up and say, "I want this" and pay them cash, whatever. If you're going to give me a hard...then she said, "OK. What if I just do this and I throw in these 2 instead of the GAP insurance and all the other stuff?" I can do that, but we've got to reduce the numbers a little bit. She did that for me. It was (inaudible) less than if my engine were to go out at 60,000 and I had to get an engine replacement or transmission. And, I've been there and done that, so it's worth it to me. I just had the experience. I was able to get out of there with all that financed.

M: Very good. Thank you. I think I'll take you along with me next time.

R: You should.

M: At what point in time did anyone, either someone at the dealer or yourself, mention the possibility of refinancing the vehicle or renegotiating the APR or your monthly payments? How did that come up and what was your response to that?

R: That was during the sales pitch for the windshield and the wheel and the GAP insurance. I already said, "That's OK. I'm going to try to pay this thing off faster than what's on these finance charges." She said, "Well, you know, you would get great value by purchasing the windshield protection and the wheel and all that and just refinancing down the road. If you're (inaudible) the financing charges anyway, so if you're worried about the total cost ballooning due to these things being added on up front and you're being charged interest on them up front, if that's a concern of yours. I don't know, but if it's a concern of yours you can always refinance down the road. So, maybe these things would be a good value for you." She was trying to sell me on the value of these, which is a common tactic, right? If you've ever been through any kind of sales training. But, I graduated college when the economy crashed, thanks again to the boomers, and so I had to take a sales job out of college. So, I've been through all that. I said, "No." But, it was brought up. Yes.

M: It was the finance person or the sales person who...

R: It was the finance office. That's where the heavy negotiating happened.

M: Where would you refinance the car or renegotiate the contract terms?

R: I have no idea. If I were doing that well, in a year or 2 I would probably call a credit union or a bank. I don't think there's any way to go back retroactively to the manufacturer and refinance. I haven't looked into that. That's one thing I haven't looked into because I've never refinanced a car. I've always got rid of them so quickly.

M: What about, if you did refinance, do you think you would keep the same car or trade it in for a different one?

R: It depends on how far under water I was. If I were to be 2 or 3 years in (inaudible) loan on the car, rolling all that money into a new car purchase is a terrible idea. It's just kind of, you know, downward spiral of debt and I'll end up with some [REDACTED] that worth only \$25,000.00 but financed \$60,000.00. Nobody wants to do that when you're too far under water. So, it's best to just bite the bullet, keep the car, if it dies pay off the loan and get yourself a junker to drive around until you're cleaned out. And then go finance something. That's the best way to do it.

ADDITIONAL PRODUCTS AND SERVICES

M: We talked about the additional products or services you purchased and there was just 2 of them, right? The extended service contract and the extended warranty.

R: That's right.

M: Did they mention rustproofing to you?

R: Not this dealership. The previous one I worked with, [REDACTED], this was about a couple of years ago, they did try to sell me on that. If I wanted to do rustproofing I would just go to one of the [REDACTED] locations. Frankly, unless you have a trained eye, there's no way to tell if they've done the rustproofing or not. In many cases they don't, even when you buy it. They want to charge you \$1,000.00 or 2,000.00 for it. To go to [REDACTED], the top end rustproofing with 3 layers of undercoating which is pitch black, you can tell when they do it, only costs you about \$600.00. That's for top of the line stuff. At the dealership they just put one layer of this yellowish(?) stuff and you have no way to know if they did it or not. And, the charge you \$2,000.00 for it. Get out of here.

M: You said something sort of in passing before, but I picked it up. Let me clarify it. Did you say you work on cars also?

R: Yes. I had a...my last car was a...I can do very little, though. I mean, I have a knowledge but, you know, you asked me to go over there and fix something I would have to get a You Tube video or something like that. I know all the parts and what they do and what does what and everything. So, I can speak intelligently about it only because I've been burned so many times I was compelled to do research.

M: You don't fix your own cars or do any of that stuff.

R: No, but I pay attention and I educate myself about warning signs and that kind of thing and also to protect myself from getting burned by mechanics and that kind of thing. I educate myself.

CONTRACT AND POST-PURCHASE

M: Did you have an opportunity to review your paperwork before signing it?

R: Yes, but it's always rushed at the dealerships.

M: Tell me about that.

R: I thought that the maximum term for the extended service and the warranty was 100,000 miles and 72 months. It turns out it was actually, I found out later, 84 months and 150,000 miles. I put a lot of miles on cars. I was very upset that this wasn't disclosed to me, otherwise I would have gone for the max. There's no way to go back retroactively and redo your financing to add that stuff. There was also a term on one of the contracts where you had the option of taking the rebate as a cash payment rather than have it be applied to your financing and deducted from the cost of the purchase. I had forgotten that. I kind of knew it but it wasn't top of mind because I was so focused on everything else I was negotiating. I mean, that's like a boiler room. There's a lot going on. It's easy to forget things. So, I missed that. I forgot that. I would have liked that cash for the rebate in my pocket and then just have the financing, rather than...and that was just kind of glossed over.

M: They actually do that? If they have a rebate program they can give it to you in cash?

R: Yes. If there is like a \$3,000.00 or \$4,000.00 rebate on the car, which is where that number on the website came from, you can get that as a check from the manufacturer instead of having it applied. Again, just watch any rich person. They'll have cash in pocket and finance everything. It's like a strategy. It makes sense if you think about it, because their interest rates are so low they're just distributing their risk. It's smart. I would have liked to have that cash. I would have liked that. But, I didn't have that explained to me.

M: In the end you got the rebate but it was as a part of...

R: It was applied to the...rolled into the financing and also I didn't get the max term of the warranty and all that that I wanted. If I wanted to call for it and say, "Hey, I want to extend it" I would have to pay out of pocket. So, at the end of the day...see, with everything I've done, with all my research, still there's something I learned for next time. These people make it impossible to come out of there and feel good about it.

M: What's the value of having extended warranty that goes out as far as...like, you hold onto your car for 150,000 miles? Is that typically...

R: I take really good care of my cars. I clean them up and I make sure they don't rust, I take care of the paint. Again, just because I like to take care of cars. Maybe because of this business, I drive [REDACTED] plus miles a year so the miles rack up pretty quickly. If you don't hold onto the car, that's a recipe for getting under water like I was talking about. You

have to give up on the car but you owe a ton on it still. I didn't want to be in that situation. The problem with these new models, and I have a 6 cylinder car which is a bigger risk, if the engine goes out or the transmission goes out it's much more expensive than it used to be. I think a new engine for the [REDACTED] I bought is going to be upwards of \$70,000.00. That's much more than the contract and all that I purchased. And, the extended service plan included all the wear and tear items that the warranty didn't include, like brake pads and hoses, and that kind of thing. So, I was never going to be paying more than \$100.00, which is the deductible, for any service period, for the first 72 months or 100,000 miles, whichever happens first.

M: So, you go into the dealership and that's all you pay is [REDACTED]

R: No matter what goes wrong. If things go wrong, no matter how much you (inaudible) stuff, they can get you. I mean, everything has happened to me. They tell you you need a new serpentine belt or whatever and there's no way for you to check it. That costs \$1,000.00 and (inaudible). So, all that adds up to be less than the extended stuff that I bought.

M: Let me ask you this. At any time anybody mention anything to you about a tracking device being put on your car?

R: No. The one time I got it, I tried to get an insurance quote from [REDACTED] and they wanted to...they tried to set me up with this tracking thing to get me a lower quote and I laughed them off the phone. But no, the dealership never...I've only heard that from insurance companies.

M: What did they say it was for?

R: To track your driving habits and like if you're a good driver they, you know...it was a little too Big Brother for me. I told them to get the Hell out of here. I stuck with [REDACTED]. I (inaudible) with them anyways.

OVERALL UNDERSTANDING

- M: You've been doing great. So, now what I'd like you to do...and, you have your paperwork, right?
- R: Yes, I do.
- M: We'll go through it together. The very first thing I would love for you to look at is this right here. The document that looks like this. Can you pull it out of your pile?
- R: Yes. Sure.
- M: Got it?
- R: Yes.
- M: Terrific. Now, I just want to ask you broadly, looking at this document, what purpose does it serve do you believe? What's the point of this document?
- R: This covers my rear end. It explains everything that I've gotten myself into. The total charges after all the financing is...if I pay the monthly payments for the full 72 months, instead of trying to pay it off faster, the total amount I'm going to pay, the start date of the payments, whether it's due monthly, this and that, all the terms and conditions, there's insurance over here, there's the VIN number over here, an itemized list of everything that I bought so I can see what the total cost of the service plan and the warranty and the purchase price and all their fees, their processing fees, which is all BS. (Inaudible) about that. And, you sign on the back and that's it. It's just protection for me.
- M: Tell me, when you were at the point in your sale that you were getting ready to look at these materials or review them, as we talked about before, how did you go about reviewing this? Just sort of tell me how you went through these documents, if you did.
- R: I did. I had to tell the finance lady to slow down and give me some time to go through them.
- M: You did?
- R: Yes.
- M: Was she explaining the different things to you as you were going through?
- R: Yes. "This is what this is, this is what that is, that's all that says." I said, forget about it. I'm going to read it. I'll read it quickly, but I want to read it." I watched her to make sure that everything she made, or the document she was making a copy of, that I had a copy of everything. I had to ask her, "I need copy of that, I need a copy of that, I signed that, I need a copy of that, and can I read it before I sign it?" Of course she's going to

say, "Yes." But, you have to slow them down. Make it clear that you want to read it and they can't just explain what's in it and then have you sign and try to get you out of there.

M: There is a lot to read on these things. Did you read all the stuff, too?

R: I sped through it. I wasn't reading the Bible. You know, it wasn't one of those things.

M: What did you focus on in this document?

R: I just wanted to make sure there wasn't anything funny in there. Everything, for the most part, looked standard. As long as nothing looked out of place...I did catch something out of place.

M: You did? What did you catch?

R: She "mistakenly" put the term on the extended service plan and the warranty at 60 months instead of 72. I said, "No, I wanted 72" and she had to go back and redo it. But, I wouldn't have caught that unless I were reading and paid attention.

M: Did you notice anything else change when she amended the document when you caught the fact that she put...

R: I forced her to go back to the numbers and show me that nothing had changed. The price hadn't increased. And, she did that for me. Although, she wouldn't have unless I said something.

M: Thank you. Now what I'd like you to do is look at the document for me and I'd like you to find the monthly payment and point to it for me and tell me what the monthly payment is.

R: OK. It's over here on the first page in this gray box. The payment is \$447.45.

M: Looking at that, did you have a different understanding when you bought the car, with regard to what that amount was going to be? Or, did you expect that?

R: No. I knew what it was going to be and honestly, I didn't care about that too much. I'm not a monthly payment buyer. Those are dumb buyers. I was a total cost buyer. I just wanted to know what I was going to be paying, because the monthly payment factors into the APR which you can avoid if you prepay the car faster. Which, me with this business thing, thank goodness taking off, I can maybe pay this off faster.

M: Can you tell me, at any time did the dealer suggest that you change the amount of the payment?

R: Yes. He said, "I'll move the first due date to the 15th." And the monthly payment was going to be a couple of bucks less. I just laughed. I said, "It doesn't make a difference to me. Just have it be on the first and get it over with."

M: Now, find and point to the APR.

R: It's in the same place. It's just a little bit above that gray box over on the left. You'll see the APR which is over 7%.

M: Again, when you look at that number right there, was that the number that you expected in that box? Was it filled in when you reviewed your paperwork?

R: I was accurate. I was all we had discussed.

M: Now point to the length of payments and tell me about that number.

R: Length of payments is in that gray box I referenced in the second to last question, to the left of the monthly payment. It says, "number of payments" rather than "months". It says 72 months or 6 years.

M: Again, my response is, did the dealer initially suggest that or did you negotiate that number or how was that?

R: I said I wanted 72 months. I wanted the max. There wasn't any wiggle room for me.

M: Now point to the down payment. Did you have a down payment on the car?

R: That would go on the next page here where they itemize everything, I think. Yes, the fourth line in where it says, "itemization of amount financed" which is a gray bar. The fourth item down is cash down payment. It says NA because I didn't make a down payment and I didn't accept any...it says \$1.00 on trade-in because they had to put something there, but they cut me a check separately. I just didn't want to put anything down. I didn't want to give them any cash. I just wanted to finance everything.

M: What's this total down payment? What's that?

R: Total down payment, that's including all the rebates. That's the dealer incentives. Again, I got kind of...I had the wool pulled over my eyes a little, because I would have liked to have that cash. So, I would have liked that number to say, \$1.00 instead of \$5,751.00 and had the cash. But, oh well. Next time. That's what that is.

M: You're saying that the \$5,751.00 is what you talked about before, which is, you could have taken that in cash, but instead, they applied it to the cost of your vehicle and took it off.

- R: Exactly. Look at the third line. It says, "Third party (inaudible) assigned to creditor." That's \$5,750.00. That's what that is and they factored that in as the total down payment. There was a separate form that I signed that said you waive your right to get the rebate as cash and you're rolling it in. At that point it was too late, so I just signed it and there was nothing I could do. When I saw it I knew I missed that.
- M: In the end, your car would have been more expensive financed over 72 months.
- R: Technically. Again, the plan was to pay it faster, have the cash on hand, reinvest in my business, protect myself, and then get out of that faster. Bet on myself rather than be afraid.
- M: Then, if you go further down this page, go down further on this page and tell me what these other costs are that you see there.
- R: Taxes and tags is just standard. They always overcharge you a little bit and then send you a check back because dealers are sloppy. But, in this case I made them check that to make sure it's right. It was over a little bit but they corrected it for me on the spot rather than me having to wait for a check. The extended service coverage I asked for. The [REDACTED] tax is just another extra tax. Can't do anything about that. It's small. Extended service plan, I wanted that. Then, the [REDACTED] sales processing fee or delivery charge or whatever dealers call it, you know, they give it a different name because it's just BS. If the car is there, why is there a delivery charge? Is it on a truck somewhere? No. You can't negotiate that. Usually they tell you, "We can't waive that." Usually that's what they say so I didn't bother. I just tried to get them to throw on accessories.
- M: Can you tell me, the \$2,500.00 [REDACTED] extended service plan, what was the original cost of it? You said you had negotiated...
- R: Maybe \$2,800.00 or something like that.
- M: So they took a few hundred dollars off?
- R: Only because I smiled and asked nicely.
- M: What about the \$1,700.00 for the extended service coverage?
- R: I think that was like...I got that reduced by less. That was like \$1,800.00 or \$1,900.00 or something like that. That was the best I could do.
- M: Any other sort of input you can give me on kind of how you negotiated this deal or the various pricing elements of this deal?
- R: There are things I wish I could have changed.

M: Like what?

R: I wish, I mean, I felt like going in there I was really knowledgeable, but I still missed things. I wish I could have gotten that rebate cash and I wish I could have gotten the max on the terms of the warranty and the plan, but again, I just, they're so bad in explaining everything and taking the time and making sure that you're fully educated, you know, when you're forced (inaudible) you're going to miss something and that's frustrating for me. But, outside of that I feel like I did the best I could.

M: Did I ask you, I don't think I did, but forgive me if I asked this question. Did you, at any time, sign a spot delivery statement?

R: Something like that.

M: Do you know what that is?

R: Spot delivery like, you know, you're certifying that they're delivering the car to you today and that this is the amount of miles on it and you're driving the car home today and that kind of thing. And, they're transferring the insurance and all that to make sure you're allowed to drive it for 30 days before you switch the insurance, and all that. Something like that. I don't think that's what it was called, but there was some type of authorization I signed to drive it off the lot.

M: They didn't tell you what the spot deliver thing was?

R: It wasn't explained that way, but all the paperwork I was given it was explained to me. I knew I was authorized to take the car. To take delivery and drive it off the lot. I was comfortable with that.

M: My understanding is that spot delivery is that they allow you to take the car off the lot despite the fact that the deal might not be fine. So, the approval of the financing or whatever those additional things are...

R: OK. You're talking about like if I were to go to some dealership and I was financing through [REDACTED], and they had to call to finalize everything or send them a fax, then there's a chance that it will fall through?

M: Yes.

R: I think I signed one of those things.

M: It doesn't happen with dealer financing, too?

R: It may. I have never hear of that. I have never seen that. I has never happened to me. Whenever I bought a new car and I financed through the dealer, it's always been final because they do everything through the manufacturer. It's all done there.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: This is all the paperwork you have on your deal? Or, did you have other paperwork, too?

R: I had the odometer disclosure for the trade-in and the new car. I had the separate contract for the extended service and the extended warranty. I had a copy of the purchase order which is just the details of the car. It's the same thing that's on here. It's a long yellow, it's hard to read, it's just a copy of the things they make you sign over there. All the same information that's in this contract. And, the [REDACTED] thing I signed to become a member of [REDACTED] to participate in that program. That was it, but this is the only thing related to financing that I signed.

M: Do you have copies of those other documents with you?

R: Not on me. I was instructed to just bring the retail sales contract and my credit score.

M: Really? They didn't tell you other documents as well?

R: I wasn't told that. I didn't have the emails.

OVERALL EXPERIENCE

- M: I think I have asked you every question I need to ask you. I've got to wait to see if they bring in anything else. This is your credit score so we don't need to go over that. Let me just check if there's anything else here. While we wait to see if they bring in another question, can you just, in summary, suggest to me what your final views are on the overall experience of purchasing and financing a car?
- R: The purchasing the car was easy. The finance office is always difficult because that's where a lot of money is made. I save my haggling for the finance office. Especially if there's something I want. I don't want to go back to [REDACTED], there will be nothing I want from them. So, my goal would be to get out of the finance office without demanding anything. But, in this case, [REDACTED] was offering some manufacturer backed products, add ons that I wanted, so I was ready to go in there and fight. That's what I had to do. But, purchasing the car, to save myself some grief I didn't haggle on the price. But, in exchange for that...
- M: What were the options you go in exchange for...
- R: I had mud flaps installed, I had wheel locks and a gas tank lock, I had a couple of other things. Not cheap stuff. It was all done for free.

CONCLUSION/FINAL COMMENTS

M: Great. I think we're done because they haven't knocked on the door with anything addition. You did a very good job.

R: I appreciate that.

M: I appreciate you coming in and bringing all your paperwork. Thank you very much.

R: Sorry I didn't have more. I didn't know you wanted more.

M: Yes. It would have been good to actually see your extended warranty document and your service maintenance document.

R: Apologies.

M: Anyway, the most important thing is we had the retail sales contract. Thank you very much. Have a really great holiday weekend.

R: You, too. Enjoy.

// end of recording //



AUTO BUYER STUDY

433884

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Tell me your first name, just for the record.

R: [REDACTED].

M: [REDACTED], what is the most recent car that you purchased and when did you make that purchase?

R: We have a [REDACTED] and we purchased it in [REDACTED] of this year.

M: What did you like, if anything, about shopping for and choosing the car?

R: What did I like, if anything? Well, we drove home with the car we wanted. That's the ultimate. We had done a lot of research beforehand and picked out this one. Not only a [REDACTED], but this particular limited edition [REDACTED]. It's kind of rare. They don't have many of the [REDACTED]. It costs a little bit more than the [REDACTED] and dealers, when I started calling up saying, "Do you have one" most dealers were going, "Oh, we just sold the one we had last month." They only get one every now and then. Although they come in...you can know what colors they come in, you're not going to get...you're just supposed to be happy. It's sort of a cult, I think. I ended up going, "Well, I just want one because it has these safety features, my husband and I are not getting any younger and our eyes are not getting any better and we wanted these certain safety features and that was a small car that had them. So, this was a dealer that said, yes, they had one in black. I kind of thought, "I don't care anymore. I just want the car." So, they did have the car we wanted. A couple of nice young men were the dealers or the salesmen and they said they would hold it for us because the dealer in [REDACTED] already wanted this car. I don't know if that's true or not. It might be. What did I like about it? You know, people were civilized and the dealer was near where we live and that was convenient. We ended up with the car. That was the good news.

M: What, if anything, did you not like about the experience of shopping for the car?

R: A game was played, I think.

M: What do you mean by game?

R: One of the young salesmen took us out on a drive and my husband, he was very dubious about [REDACTED] because we had owned one before and it was nothing but a headache.

Nothing but really costly repairs. He just kept saying, "We cannot dive into that hole again of, you go in there for an oil change and it's 'Oh, by the way, that will be \$700.00.'" He has a bad feeling about [REDACTED]. The call it fine [REDACTED] engineering, which is costly. But, we went in to look at this one and I knew I loved it. I hadn't even driven it. My husband is a fussy budget so I said, "Why don't you lead off on the test drive?" He did and he came back smiling. He loved driving it. So, that was that. The young man sat us down, and there were signs all over, [REDACTED] Holiday \$4,000.00 off, this that and the other. The car, whatever the invoice was like, the MSRP was something like \$23,000.00. He said, "I'm prepared to offer you this car at, and he scribbled down some numbers and it was \$19,900.00 and we went, "That's great." Like, that's astonishingly great for this special edition. So, we said, "Yes, yes." And, we didn't quite shake on it and I didn't get the paper in my hand and my husband didn't, but the young man showed it and we all went, "Yes. That's cool. We'll do it." Then, we got in the clutches of the manager. Store manager. Whoever she was. She was a [REDACTED] and so my husband is a linguist and he knows a few languages a lot and a lot of languages a little. So, he spoke to her in [REDACTED] and she was like falling over on the floor. She started quoting prices and this and that and this and that, and she showed us the computer and what do I see but all the numbers based on \$23,000.00. So, I said, "Hey, hey, hey, there must be a mistake here. This young man offered us \$19,900.00. And she said, "Who?" That way, you know. And she said, "He can't. This is [REDACTED]. We don't negotiate that one." I said, "Well, you need to tell your sales force that because that's the price we agreed on." She called him over. I said, "In fact, he wrote it down." "Where's the paper?" "Well, I don't have it. He has it." He produced it and said, "That's what I offered them." She said things like, "There must be a terrible mistake. We don't do that with this car." And, I feel my husband like, we'll be leaving now, you know, because I could just feel him. All I was thinking was, "I want that damn car. That's the one with the signals and things that I wanted." So, what I didn't like was...and, she said to me, "Oh, I'm so sorry. He's new on the force. If this were an ordinary [REDACTED] he'd be doing the right thing. You probably think we're manipulating you." And we said, "It did cross our minds, yes it possibly did." She said, "I tell you what. We'll meet in the middle." What's the word I'm trying to say? We'll compromise? We'll meet in the middle? Can't think of the word. "We can't come down in the price because her boss would never approve it." But, they will increase what they were going to offer us on a trade-in. And so, they did. They did adjust the price of the trade-in and that...I just ended up going, "You know, fine. I know it's a song and dance. I know this is ridiculous." But, we just agreed to it. I think she gave us an extra \$1,000.00 on a trade-in. We just went with it because we wanted that car. Long answer to your question.

M: No. That's OK because we were going to talk about that anyway. It's absolutely no problem. I'm going to backup just a second and ask about...then I'm going to come back and ask you a few more questions about that negotiation on the price. What influenced your decision on what car to buy? I know you told me a little bit about the safety features.

R: Safety issues. My husband and I sort of take turns...we're so wildly different that when we do things like go on a vacation or buy a car, we sort of take turns taking the lead, you know? He bought the last car and he mostly drives it. So, this was one I would be driving more. I said I kind of want a...I certainly wanted the safety, these extra, you know, the turn signals that...the blind spot indicators that you see on the rear view mirrors. Things like that. We really wanted that. I did some research and this one seems to me to get some pretty good crash ratings and all. I said, "I just want sort of a, I don't know, a stylish car. Cute car." He was dubious, like I said, about a [REDACTED]. Just leaping into that miserable trap again of overpaying for repairs. And we said this time we'll pay the exorbitant prices for the service contracts and that should protect us a bit.

M: What influenced deciding which dealer or where to purchase the car?

R: Well, which dealer was convenient to drive to. This was the closest one. And, they had one car in stock.

M: That had that education you were looking for. That [REDACTED].

R: Yes. Yes. So, the location. There was one in [REDACTED]. We just hate driving to [REDACTED]. We live in [REDACTED] and, you know. So, it was location and they had the car. The rest of them all said they could get the car. But, this one had it and it was right in [REDACTED].

M: Once you reached that dealership and reached out to them and found out they carried or had the car you were looking for, from that time you reached out to them until the time you left the lot with that car, about how long did that whole process take?

R: I would guess 2 or 3 days.

M: Two or three days?

R: Yes.

AGREEING TO A PRICE FOR THE CAR

M: OK. Something we were going to discuss which we were talking about the next topic was how did you go about agreeing to the price for the car? You gave me some background on that. As far as the negotiation, can you remind me again? You said they quoted you one price for the car and then...

R: The young man. The first level guy...

M: The first level guy gave you on price.

R: A very decent price.

M: Then the manager came out and said...

R: In horror. "Oh, no. Why did you do a thing like that?"

M: "Oh, no." And then you talked about that you began talking about the difference in the offer. Remind me again, how did you come to a resolution of how you got the final price on the car?

R: She said, "Oh, we just can't do that. They'd never do that. This is [REDACTED]. My higher-ups would never approve this. But, I will increase..." We had already agreed on the trade-in price of our other car which was the same that [REDACTED] had offered. That's the name of that place? [REDACTED]? Where you get an estimate?

M: There is a company called [REDACTED]. Yes.

R: So, we had a [REDACTED] offer and they agreed to meet it. Then, when we could see that we had this \$4,000.00 gap, \$3,000.00 gap really, she said, "I tell you what I can do and nobody will notice it and the dealer won't, you know, the higher-ups won't care." I think she added maybe \$1,000.00 to the trade-in of the car, which saved us, which I didn't understand but made sense. It saved us on some sales tax in addition to the extra \$1,000.00. I mean, it was just one of those...by this time you were just...the math is flying in the air and on the computer screen that I couldn't quite read. But, we did a halfway decent compromise on that.

M: The original price you said again was like...

R: Twenty-three something. Twenty-three thousand.

M: OK. And, the price you finally agreed upon really was that price but they increased your trade-in. Is that correct?

R: Something like that. MSRP, \$22 whatever that says.

M: Twenty-two, six ninety five (\$22,695.00)?

R: Yes. Oh, with all the delivery charges, \$23, something and we paid \$22, something.

M: Got it. So, the invoice amount is the \$22, something.

R: Must have been that. Yes.

M: OK. We'll look at that further. OK. Did the dealer indicate that you could get a better price if you agreed to certain conditions at all, or did they talk about getting you a better price at all?

R: No. Not on this edition.

M: Tell me again the trade-in price. I think you said you had gotten an estimate from one company...

R: From [REDACTED]. It was a [REDACTED]. I think they offered us \$5,200.00 or something. [REDACTED] did. And then this place upped it to \$5,900.00 or something. I can't remember.

M: Did they give you an estimate before you showed them the [REDACTED]?

R: No. I think our plan was to take the car back to [REDACTED], unless they could match it. And, they said they'll match it. It was a really low mileage car and in very good shape. Perhaps they thought they could do well with it.

M: Did you own any money on your prior car? The Trade-in?

R: Did we own any? No.

M: It was fully paid off?

R: Yes.

OBTAINING FINANCING

M: How did you pay for the new car?

R: We took their financing. The [REDACTED] financing. Yes.

M: What did you like about the financing experience?

R: You mean when they put you in the hands of the business guy?

M: Once you started talking about financing, what part of that process did you like, if anything?

R: What did I like about it? Well, the guy was OK. One thing I liked about him, he started going in on how we're going to want this contract. Oh, we're not talking about the contract. We're talking about the financing.

M: We're talking about the financing of the car.

R: OK. There was one thing I liked. The payment that he was coming up with, I didn't like it, the monthly payment. I mean, we're fixed income people and so don't bother to tell me what I can pay because I'm the business person in our family and I know what I want to pay and I don't want to pay what he was coming... I think he came up with \$400-something a month and I said, "No, we're not going to make a payment like that." He said, "What do you want to pay?" I said, "I want to pay in the very low \$300's. This is what we're comfortable with. And he, rather quickly, and something I hadn't thought of, just added a year to the payments and it worked out. It made it instead of a 5-year loan he made it a 6-year loan and we got a payment of, I think, \$320.00. I was pretty impressed with that. I don't care if it takes me 5 years or 6 years. That's fine with me. So, I was happy that he quickly saw how to get me the payment that we can comfortably make.

M: What, if anything, did you not like about the financing experience?

R: I tell you, we had already lined up financing at our credit union. So, we had a blank check ready to use if we wanted to. The credit union people said, "If they pressure you or if there's an incentive or \$1,000.00 in cash, or whatever you want, if you have reason to go with their financing, just do it. Agree to anything, bring it all back to us, and we'll refinance it. And they, the credit union, was offering 2.49%. So, what did I not like? When the manager was writing up the sale on her computer, all of a sudden... and I said, "Oh, you don't have to worry about financing. We already have a 2.49% loan lined up." She said, "Oh, it's the same thing with us. We can make this so much easier. You don't want to go in there tomorrow. You want to enjoy your new car." So, I said, "What are you offering?" She said, "It's the same thing. It's 2.89%." I said, "Well that's not exactly the thing." And, she said, "Oh, you won't notice the difference. It's the same thing." I was bearing in mind, again, my husband is preparing to leave and I said, "OK.

Whatever. Just do it.” Thinking, “I do want to get out of here and we will just go back to the credit union and mull it over.” So, by the time we got to the business guy, I’m looking on his computer screen and it’s now 3% and I don’t know what happened between 2.89% and 3%. And, I said, “Does that say 3%? How did this happen?” I can’t remember his answer, but it was very smooth, very glib. “Well, you know, we’re talking business now.” Or, something stupid like that. So, they were in some game about interest rates. Two point 89 (2.89%) becomes 3.8%, but let’s not worry about that now.

M: How did you resolve that?

R: I left it at 3% knowing I was going to roll it back to 2.49 at the credit union. There’s no point in fighting with these people. They were just cutting(?) us all over the place. There were not a lot of customers in there, I have to say.

M: You financed through the dealer, correct?

R: Yes. Yes.

M: Then, did you go back and refinance through the credit union?

R: We’re just in the process of doing that.

M: So, you’ve started to do that. OK.

R: It’s been a couple of months. Time just went by, you know.

M: Got it. You said you bought it in [REDACTED] I believe.

R: Yes.

M: You already had a plan in place that you had already arranged pre-financing through your credit union, but you were looking at the dealer, just telling(?) what you were going to do, and you decided to go through the dealer there onsite.

R: Yes.

M: What influenced you or made your decision to go ahead and do it there onsite at the dealer?

R: I guess, this woman said, “Oh, it will just be so much easier.” And, I probably just resonated to it’s quick and easy. Let’s just do it. At this point, you know, it was 2 hours after supper time and we’re just sitting there and you go for the word “easy and quick.” “Oh, let me just take care of it. You can do that later. Just sign here.” So, we probably fell for that. It was easier.

M: What was the process for establishing the financing there at the dealer?

R: What did they check?

M: Yes. What did they check? Where did you discuss the financing? Was it a different location within the dealership? So, you finished with the salesperson, you worked with the manager, what was the process?

R: Then we went with the manager and she ran the credit check and was like genuflecting in front of us after she got the credit check she was so happy. "Oh, people like you with a credit score like that." She was euphoric about that. "Just our kind of customer." She said, "You may be old..." Her every word for us was how awesome we are. We're an awesome couple. We've got an awesome credit score. Yes. I said, "All we need is an awesome car." So, awesome was her every word. That was still in the main desk in the main room and I guess we agreed to the financing and I said, "We do want to talk about a service contract." "Oh, you'll take to [REDACTED] about that." So, we didn't really come up with a car payment there because we knew we were finished with the process. She said, "You can make adjustments when you get to there." Then we went to a smaller cubicle place.

M: What terms did you discuss when you were talking with the dealer rep about financing? When you got to the financing rep, what terms were you talking about specifically? You may have mentioned some of those but remind me again.

R: Terms. Well, we thought...we had certainly planned on a 5-year loan. But, what was more important to me is how much a month am I going to be paying on this. And, when he rang it up and said, "Oh, with this and that and the other and the contract, the service contract it's going to be \$400.something." And I was the one just going, "No, it isn't. No. No. No." So, he quickly recalculated it with a 6-year loan and that was fine.

M: Got it. So, you negotiated that part of the financing.

R: Yes.

M: Were there any other parts of the financing that you negotiated with them on?

R: Well, I think we negotiated, said what we wanted and didn't want on the service contract, but that's not what you're asking me.

M: No, on the actual financing.

R: No. I don't think so. I don't know what that would be. We were just negotiating the monthly payment.

M: You said you're in process but you really haven't gone to do it yet, but you know that your plan is to go ahead and refinance your car with your credit union.

R: Yes. Where 2.49% actually means 2.49%.

M: Got it. You had already scoped that possibility out before the actual car purchase.

R: Yes. Yes.

M: What credit union would you be...

R: [REDACTED].

M: [REDACTED]?

R: Yes.

M: It would be the same vehicle, everything, just new financing.

R: Yes.

ADDITIONAL PRODUCTS AND SERVICES

M: OK. Did the dealer offer you any additional products or services to purchase? Any other products or services related to the car?

R: Well, the service contract. They offered us also the GAP insurance which we did not take. We knew we could get that at the credit union also.

M: What did you like, if anything, about the dealer offering these additional products or services to you?

R: What did I like about it? I guess I expected that they would. I didn't think anything else about it.

M: Anything you didn't like about it?

R: No. I thought he took no for an answer when we said no to the tire thing and the undercoating and that other stuff they offer. We just went with the basic service contract.

M: When did these additional products and services like the ones you just mentioned, when did that come about in the financing process?

R: Probably after, I'm quite sure after...I was the one keeping my eye on the bottom line, what's the monthly payment. The monthly payment wouldn't have made a lot of sense without the service contract. So, I'm trying to think if he just assumed we were getting it. I think...the service contract probably came up as we just sat down and said, "OK, here's the car, here's the cost of it, and yes we're interested in the service contract." So, probably the bottom line number came out pretty early on in the conversation, if not in the second sentence or so, you know.

M: What information did the dealer give you about those additional items like the service contract? Well, that's what you took. But, when they were discussing these, what information were they giving you about them?

R: He started in on this one phrase, "Zero deductible. Zero deductible. Zero deductible. And, it covers everything. Of course, not your routine maintenance." So, finally I said, "Could you just tell us what it doesn't cover?" And he's, "Oh, that's wonderful. What a wonderful question." He was thrilled at my brilliant awesomeness. I don't think it was that profoundly brilliant. He was good at saying the routine maintenance...I'm not sure I could quite reconstruct that, but thinks it does not...a flat tire it doesn't cover and this and that and the other. He did go over what it doesn't cover. Here's the original contract. I got to laughing looking at it recently because he kept saying, "Zero deductible" and we're thinking, "Well, that's good" but now I see there were other options that we were probably so tired and glazed that I didn't think to say, "What would it cost with \$100.00 deductible?" It probably would have been a heck of a lot cheaper. But, we didn't get to that. Although you're signing everything, you'll want the platinum coverage. I didn't

have any idea that it would be wise to ask what are the other coverages? I didn't think of that.

M: Did the dealer go through the price of each of these items?

R: No. No. We just want the zero deductible platinum coverage because, "Just look at people like you, you're going to want platinum coverage." So no, I have no idea what the other ones were or what they would have cost.

M: What about things that you chose not to, like GAP insurance? Did they go through the pricing?

R: I think they told us about the GAP, but we said confidently that, "No, we're not going to get the GAP."

M: Just no.

R: Yes.

M: The only additional product that you bought was the service agreement, correct?

R: Yes.

M: What was the process for you in deciding to get the service agreement, the add on, and what was the process for you deciding not to get the other? So, what was the process in deciding which services to purchase or not to purchase?

R: The reason not to purchase the GAP insurance would be that I knew whatever number he named, I knew that the credit union was going to charge \$449.00 for that. Whatever he said was more than that. So we just went "No." And, he accepted that. Now, this...I think the process was we had been stuck before with huge repair bills. I mean, from the [REDACTED] and the dealer's ever explanation on that one was, "Oh, it's a sensitive car." Yes, that's pricey repairing a sensitive car. I don't want one that sensitive. So, we were pretty sure that this was really good coverage, based on our experience, I guess. The tire stuff, the tire protection, I don't know how they would ever determine what's covered. I just thought we'd go to [REDACTED] and get a new tire. It's easier than this other stuff.

CONTRACT AND POST-PURCHASE

- M: Did you have an opportunity to review all the paperwork before signing it?
- R: I'm sure we did. Look at it. When you're tired and hungry and looking at it, note to purchaser, you know? Yes, I'm sure.
- M: They did give you an opportunity to review it all before you signed it?
- R: Oh, yes. Take your time. Look it over. I'm sure they did and we just went, Oh, you know? Just sign it.
- M: You'll love this. What did you like, if anything, about the paperwork or the signing process?
- R: (Laughter) They gave us a pen? I don't know. What did I like about, if anything, the signing? You know, it's so funny. It looks so obvious now, when you see deductible...what I could have liked is, "Gee, open your eyes and ask these questions." But, I didn't.
- M: What, if anything, did you not like about at the process? You know, reviewing and signing.
- R: I think it would have been interesting...I didn't like the fact that I would have had to really dig to get alternative costs here, and I didn't. I didn't do it. It was not obvious to me that there were other plans. I mean, I can't believe I'm saying this, but I look at this and he said, "Oh, we're going to get you zero deductible." Like, that's doing us a favor, you know? "Look, zero deductible. You'll never pay anything to get the power train, to get the this, the that." And, gee that sounds good. But, my critical thinking didn't pick up on, what would it cost if you pay a small deductible? So, I didn't like the fact that it's right there in front of me but I didn't see it. It wasn't pointed out.
- M: Any of the other financing documents, anything about those that you specifically liked in the process or disliked in the process of reviewing those?
- R: I think this stuff, the retail...
- M: Did you review all this at one time? Was it a one step process? All of it at one time?
- R: Oh, yes.
- M: It wasn't segmented into different sections.
- R: And they're saying, "Sign here the odometer reading, sign here on this and that and the other." It was all at once. This thing...I certainly looked at it. This one, it looks pretty straight forward, truth in lending, there is 3% that somehow just became normal, the cash

price, I mean, you know, I just kind of glanced at the numbers. Gross trade-in allowance \$5,804.00.

M: Have you had any contact with the dealer since you purchased the car?

R: Yes we have. They told us, and I don't know if this is one of your other topics, they told us, "Don't worry about Motor Vehicles. We take care of that. We'll mail you..." Oh, we all decided we could keep out license plates and there began a huge headache. "You can keep your plates." And, there's a sticker on it paid through March of this year. "Don't worry about updating the stickers. When you get bills at home ignore them because we will take care of that. We will mail you the stickers." At this point it's, OK, OK. And, I think I even asked, "Did you say you're going to do the stickers? Did I hear that right?" "Yes, yes, yes, we handle all that." Well, we kept getting bills and the end of March kept getting closer and closer and we get down to 2 weeks before the end of March when our stickers will expire, and I started calling the dealership. "Oh, I remember you. How is that car?" The car is fine, and I said, "I'm very concerned. We don't have our stickers." She said, "Oh, that's outrageous. Let me check." She talked to somebody, came back, and said, "You'll get it today or tomorrow. They just mailed it on Friday." Well, I don't believe that. But, of course, it didn't come. So, I called her a week later and said, "You do know that the deadline is coming up and we haven't received the stickers." "Oh, they must have gotten lost in the mail. When can you come by and pick them up?" I said, "I really think you people should overnight express them to us." And, she said, "We don't do that but I can have them on my desk. It will give us a nice chance to chat. You just drop in any time." And, I was thinking, "Chat? Yes." At this point a friend said, "Why don't you call them and tell them you'll come in and pick up a loaner car because your car will be illegal to drive on the street?" They were just lying. They had not done it. So, finally, like 2 nights before the end of March I said, "I'm coming in. It's obvious that you people are not going to provide the stickers." She said, "Well, they must have gotten lost. At least one set of them got lost." I said, "Yes, you know." (Inaudible) on somebody's desk. So, I went in and picked them up and that was that. So, yes, we've had contact with them.

M: But, no contact about the financing or the contract?

R: No. Made a couple of payment and everything.

M: Was placement of a tracking device required or discussed with you at all about the car?

R: What do you mean?

M: Just, any conversation about a tracking device? Did they mention anything about that at all?

R: Well, it has the window with all that stuff that we barely know how to use. You know, the radio and the rear view camera. But, no.

M: Didn't mention anything about that. Just a question.

R: Does that mean, like if it were lost, where is the car? Is that what you mean?

M: I'm not sure exactly what that would mean per se for each person. But, I was just curious if that was brought up or talked about.

R: No. I don't think it came up. No.

OVERALL UNDERSTANDING

- M: Got it. Let's talk about your paperwork a little bit. Is it OK if I look through?
- R: Sure.
- M: I'm going to ask you some questions about it. This document, what is this document here?
- R: This seems to be a breakdown of everything we spent. This must be the bill that we agreed to.
- M: Was any of the information on this document left blank when you got it or when you first saw it?
- R: To be filled in later?
- M: Yes.
- R: No.
- M: What, if anything, about the document did you find easy to understand?
- R: I would have focused primarily on this one, the interest rate, the finance charge is, you know, the amount we are financing. I would have looked pretty carefully at that. Yes, yes, yes. Beginning in [REDACTED].
- M: You found that section easy to understand?
- R: Yes. I think my thinking on this breakdown of deliver charges and all this kind of thing is something that I always say, "You know, I always forget when you look at a price, even a sticker price on a car, you forget how much more it's going to be by the time you add up things." But, you know, I saw that. I wouldn't know what every single item...I mean, license e-filing, a lien temporary tag, which I didn't need a temporary tag. So, that part would be strange.
- M: Anything difficult for you to understand on the document?
- R: I think they would have explained it if I asked.
- M: Can you show me on the document where your monthly payment is?
- R: Yes. Right there.
- M: Got it. How about the APR?

R: Oh, yes. Here.

M: Right there. OK, 3%. OK. And, the length of the payments?

R: Yes.

M: There. OK. How about, where is your downpayment on this document?

R: It was a trade-in. That's all we did.

M: That is where on here?

R: Here.

M: Got it. OK. \$5,804.51. Got it. OK. That's what you expected that to be based on your talks with them?

R: Yes.

M: We talked about the monthly payment. They first told you a specific monthly payment and you said that's not going to work for you.

R: Under a 5-year plan.

M: Under a 5-year plan. Then you told them that wasn't going to work and then they gave you a suggestion for...

R: Adding it up to 72 months and then I saw new numbers and said, "Yes, we can do that."

M: When you first talked about the rate, the APR, you said you were a bit surprised about the APR, and it moved.

R: It moved. From the 2.89% which she said was just the same as 2.49%. Everybody knows that. And then, all of a sudden it was 3% and he just kind of chuckled, like, yes, ha, ha, now let's talk about the service contract. So, I have no idea why it changed.

M: You didn't push on that because...you didn't push back on that...

R: I just felt resigned to it and I also was pretty resigned to we got to get out of here and go refinance this. This is crazy. See, I find this form...this form is OK.

M: You were comfortable with...they suggested the length of payment going from 5 years to 6 years and you were good with that?

R: Yes. Yes.

M: On the actual...on the trade-in, did you have to negotiate on that at all?

R: They kept offering a little more on it because of their story about the guy had come in too low with an offer on the new car so they were making it up on that. They kept adding it up a little bit to get us to the payment where we could be comfortable with that.

M: The contract was fully executed, the financing, all of this was fully executed when you guys left that day? Did you leave with the vehicle that day?

R: Yes. Yes.

M: Let's talk about the add-on. The service maintenance. Were there any add-on...you said there's no add-ons beyond the service agreement?

R: Right. Well, there's this thing called...it cost \$500.00...I'm not actually sure I could tell you what the difference is. The [REDACTED] is something or other. There's 2 things.

M: There's 2 things. There's a continuous customer service contract of \$1,950.00. Then, there's a [REDACTED] maintenance contract of \$550.00.

R: Here's the \$1,950.00 and I don't know what that is. Perhaps I can find a piece of paper that says \$550.00? I don't know. [REDACTED]. What does [REDACTED]...Does that tell you anything?

M: [REDACTED], \$550.00 That seems to be a bit of a surprise to you.

R: The fact that it was [REDACTED]. Well, this was [REDACTED] dealer so I think they probably do more [REDACTED] than anything else. I don't know what that means.

M: You specifically went in knowing you wanted that service contract of \$1,950.00.

R: Yes.

M: That you've got here. Correct?

R: Yes.

M: There it is. There's the \$1,950.00. I was searching for it myself. There's your deductible.

R: As for what I signed that's \$550.00, good guess. I don't know. This is just a Xerox of that. That isn't going to tell us anything. Maintenance contract. Scheduled maintenance. I don't know what it is.

M: So, we don't know what that \$550.00 is.

- R: We don't. Five-fifty. That's quite a bit of money. I don't know.
- M: Is there anything else on there? Let's see. You've got \$1,950.00 and \$550.00 and that's it. All the rest of it is just normal fees?
- R: The rest looks like I understand it. I don't really know what that one is. If it's [REDACTED], it should be included, like that's what you get with the car. But, that may not be the way they see it.
- M: We talked about the maintenance agreement itself, that you didn't really notice the deductible options there.
- R: Right. Right.
- M: Otherwise, do you see anything about this maintenance agreement that you signed...what do you find easy to understand about it and what do you find difficult to understand about it?
- R: I don't know what's the difference between platinum, gold, and powertrain. They use platinum in the same tone as "we're awesome." Like, "You people, people of your rare discernment, you're going to want platinum and zero deductible of course." And, it sounds good, zero deductible. But, I'm just betting that if I said, "I want platinum with \$100.00 deductible" that would have sounded even better if they offered it. You know, if I had asked questions about that. Other than that, vehicle service agreement, I'm not sure I could define exactly what it covers and what it doesn't cover. I'm not sure I could tell you that. I guess we'll just find out.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: Is there anything about the documents that we haven't discussed that you'd like to talk about? Is there anything that you didn't understand or anything that I haven't asked you about that you specifically wanted to bring up?

R: No. I don't think so. Look at this. [REDACTED] local marketing. It says \$150.00. Why am I paying for that? I don't know.

M: This is on your vehicle invoice here. So, a line item for [REDACTED] local marketing.

R: I have no idea what that means. And, if you had asked they would have said, "Oh, that. That's our office building" or something. This is the same? Yes.

M: Same thing. Yes.

R: Do you need that?

M: No. No.

R: I mean, it's just sort of comical when you look at destination charge, and then local marketing assessment. It means nothing.

OVERALL EXPERIENCE

M: We're kind of coming to the end of the interview. I haven't received a note in yet for anything to be further clarified. I'll give my colleagues a chance to send me a note if there's anything else they want me to ask you. But, while I'm waiting to see if I get anything in, I'd like to ask, after our discussion and reviewing all the documents and materials, did you have any final views on your overall experience purchasing and financing your car?

R: I guess my overall view is, my husband and I are smart people, highly educated professional people, and we did pretty well. I'd give us like a B in this whole process. We did well at selecting the car. We're very happy driving it. It's a really sharp little car. I'm very happy with it and my husband is happier than he thought he would be with it. So, that part, good. The crazy things about the financing, it's really hard for me to admit I wasn't as assertive as I could be. We kind of just signed these things after a while in a fog. If we can get in a fog and just, sign here and sign here, then so can other people get put in a fog. It takes so long to do this. I mean, that buying session is excruciating, so you sort of don't want to say, "Oh, yes. Explain that again."

M: About how long was the whole session there?

R: We went in...I think we went in about 4:00 PM and we must have gotten out at 8:00 PM. I don't know.

M: So, about 4 hours.

R: I'll bet. I'll bet it was. It sure felt like that.

CONCLUSION/FINAL COMMENTS

- M: Well, [REDACTED]. You're awesome. (laughter)
- R: Thank you. I've been told that before. You just know why it comes up.
- M: You were awesome. Thank you so much.
- R: I'll sign anything. Call me awesome and I'll sign it. So, no note from your person?
- M: No note from my person.
- R: Where would the note have come from?
- M: It mysteriously arrives. No, one of our staff would just bring it in.
- R: Oh, that. In person.
- M: In person. The old fashioned way. Thank you so much for coming in. We really appreciate it. Thanks for taking the time to talk.
- R: I hope it was helpful.
- M: It was. You were awesome. I have to admit I'm bad about overusing that word myself. My brother even teases me about it.
- R: You could sell cars if you're going to be that way.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

136619

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of the interview, if you could state your first name only.

R: [REDACTED].

M: Okay, [REDACTED]. [REDACTED], can you tell me what is the most recent car that you purchased?

R: A [REDACTED].

M: Okay, and when did that occur?

R: The process started in [REDACTED] of last year.

M: Okay, so [REDACTED].

R: Yes.

M: Alright. And what did you like, if anything, about your experience shopping for and choosing a car?

R: Well, I liked the fact that for what I was looking for – I was looking for something with a stick. I wanted a manual transmission, so I liked the fact that they had quite a few options out there for me.

M: Um hmm. How were you searching for these options?

R: Well, I started on line. That was my first attempt, to go online. I went to [REDACTED] and you can punch in what you want – previous owners, no accidents – I started with that. But I found that they were a little bit pricy for what I wanted to spend.

M: Okay, so you had in mind what you wanted to spend?

R: Yeah, I had a budget.

M: Okay.

R: I have a mortgage, so I had a budget. But I liked the fact that it changed, because when I was young you would open in a car lot. You couldn't just go in and everything is right in front of you. So, I kind of liked the fact of being able to have that at my fingertips.

M: Okay. Was there anything you didn't like about the experience of shopping for a car?

R: Yeah. I would say about 75% of the dealerships, they expect you to have A1 immaculate credit. And I'm one of those that don't.

M: Um hmm, okay.

R: It doesn't mean that I'm not entitled to a car. So, I didn't like the way that they pre-screened me to qualify.

M: They pre-screened you? Can you tell me what they did? Give me an example.

R: For example, I went to a dealership in [REDACTED]. And the minute I walked on the lot, the guy had mentioned to me – he showed me where the cheaper cars were without even asking how much money I had or anything – where the lower priced cars were on the right-hand side.

M: Well, did you tell him you were looking for a car...

R: He didn't give me a chance to say anything.

M: So you didn't say anything. He just made an assumption?

R: Yeah, he just made an assumption. So, after speaking with him I learned then the different options that they have now for financing. And, I don't know, like I say, due to my credit, it was tough. It was tough.

M: And what were the different options for financing?

R: Well, they had, of course, outside banks and institutions. They also had where you can deal with your own bank. I guess third-party is what they called it. And then they had the inhouse financing. But a lot of their inhouse financing were banks that people like myself wouldn't have credit.

M: Okay.

R: Only to find out I didn't qualify for any of those, either, because they were looking for a certain amount of income. And I didn't quite – I was close, but I wasn't quite there.

M: Okay. So, what did you do after you went there?

R: I left.

M: What dealership was that, do you remember?

R: I don't even remember the name.

M: That's okay. Not important. Go ahead.

R: And so then I left and on the way out, I was headed back to the [REDACTED], and I saw a (unintelligible) lot, so I just pulled in just to see what they had. So generally they all offered the same thing in that area. They offered in-house financing, but it was through a third-party finance institution.

M: Okay.

R: And then, one tricky part about it they had was where they wanted a certain amount down and then they had something that I think is crazy – they had processing fees.

M: Um hmm.

R: I've generally got an idea now, but I didn't know what it was then, but I changed that idea. A processing fee is just I'm paying you to do the paperwork.

M: Um hmm.

R: Why? Why do I have to pay you to just give me a pen to write down some information, and I'll pay you \$150 (unintelligible). One was \$150, one was \$280, one was \$330 – in different places. I'm paying you to just write and fill out some paperwork. This processing fee, so I didn't quite particularly like that as well.

M: Um hmm, okay. Is this the first time you've purchased a car or you purchased a car before?

R: Well, I did purchase a car before, but I was a co-signer. It wasn't me. I just signed as added income. Actually it was in my first marriage. And I was just a co-signer, so I didn't – how do I say it – I wasn't involved in too much. I signed, but it was my wife's. So I'm like, you can work out all the details; call me when you need me type of thing.

M: And then you went in and...

R: Yeah. All the vehicles I had up until then I just bought, used cash – little oopdies as they call them.

M: That's what they call them?

R: Little oopdies, yeah. I had those mostly.

M: Okay. Let's talk about it a little bit more, and tell me, what influenced your decision on wanting to buy a [REDACTED]?

R: Well, my cousin – I have family members that have [REDACTED]. And easy, but a [REDACTED] over a [REDACTED] because of the longevity of their running. I've seen old [REDACTED] still on the road from the 1970s. So that right there, I took into account, plus I'm not a spring chicken. I was just [REDACTED] Sunday.

M: Happy birthday.

R: Thank you. So, I know pretty much what runs. So, I was interested in either a [REDACTED] or a [REDACTED], so I was kind of for both. I just happened to find a [REDACTED], because they just run and run and run. That's one thing I like.

M: Um hmm, okay. And where did you end up buying your car?

R: [REDACTED]. It's on [REDACTED]

M: Okay, and how did you pick that?

R: Actually, I heard about it from a friend. Because they do in-house financing. But it's buy here, pay here.

M: Oh, what does that mean, do you know?

R: That means you just pay them directly. You're not working with a bank or institution or a third-party financing company. You're just dealing strictly with them. The owner of the company chose to allow me to bring payments in to him biweekly – whenever I got paid – and in the amount I got paid. And he gave me nine months to pay it off.

M: Wow.

R: Which was what I thought was great. So that was one of the things that landed me there, because, okay, finally somebody is willing to give me a chance, because of my credit.

M: Uh huh.

R: So, I blame me for having bad credit – not really bad credit. I was just told that I don't have no credit. So I don't have good credit or bad credit; I have no credit. Because I pay cash for a lot of stuff.

M: Um hmm.

R: But anyway, I landed there because of that, and he happened to have several [REDACTED].

M: So you got to choose?

R: Yeah. The determining factor of what I got was that it was a stick – it was a manual transmission. So it was pretty much exactly what I was looking for. And it needed a few adjustments, a little work done on it. Like the tire was flat. The left mirror was cracked, and the inside ceiling on the inside was hanging down. So I told him, you fix those things and you've got a deal. So he did. He put a brand-new roof on the inside, replaced the mirror, and fixed the tires.

M: Okay. Can you tell me, how long did the entire process take from the time that you arrived at that dealership until you left with or without the deal?

R: The first time it took three hours.

M: Okay, so you went more than once?

R: Yes.

M: Why did you have to go twice?

R: The second time was to pick up the vehicle, because they had to do the necessary things that I asked him to do for me to take it.

M: Oh, you mean the repairs?

R: Yes. I wasn't taking it until they did that.

M: Okay.

R: But the first time, about three hours.

M: Alright. And the second time?

R: The second time I was there – as a matter of fact, when I pulled up they were washing it.

M: Okay.

R: So that took about 25, 30 minutes. It didn't take long at all.

AGREEING TO A PRICE FOR THE CAR

M: So, the paperwork that you had to do for the vehicle, did you do that the first day or was that...?

R: The first time. I had already had everything signed and finalized. Of course they financed it, and there was a different price in the cash price and the finance price.

M: What do you mean? Explain that to me.

R: They had a sticker on it that said – I think the cash price on it was \$4800, and the finance price was \$5200, I think it was. Yeah, it was \$5200.

M: So what does that mean, actually?

R: All it means is if you're willing to take payments from you, you pay us directly, then we'll charge you a little more. But if you come in with straight cash, it's \$4500. The cash price was \$4500. So if you come in with \$4500 you can take the car home right now and everything, but if you want to finance it through us, it would be \$5200. So you pay a little more as opposed to the cash price.

M: Um hmm. And why did you choose to do that?

R: Well, because I didn't have \$4500. I just didn't have that much. But I chose that option also and that the dealership because, like I said, they chose to work with me. I put \$2500 down, so I did have a little something. And then they allow you to make payments. Not only that, it was interest-free.

M: Oh, so they didn't charge you interest?

R: No.

M: Wow, that's pretty interesting. Did you know somebody at that dealership?

R: A friend of mine had bought a car there before, as I stated earlier, somebody told me about it, that they do that. They do in-house and they don't charge you interest.

M: Wow.

R: So, they're right there where I live. I think they're [REDACTED] with their own business. It's two brothers. But that was one of the reasons why.

M: Alright. So, let me ask you this, you said that they had two prices. One was if you financed it and the other is you paid cash for it.

R: That's correct.

M: How did you arrive at the price of the car? What did you have to pay for the car?

R: Well, I have one more payment left for \$500, so I'm still paying on it.

M: That's fine. What did you pay for the car, what was the price on it?

R: Including taxes, the terminal price of the car was about \$5485, something like that, and that included the tags and the taxes.

M: Okay. And that's the price you arrived at, or that was the original price?

R: The original price that was already on the car. They had this sticker hanging from the rear-view mirror on all the cars – the cash price and the finance price, which of course the finance price was higher. So they already had a sticker of \$5200 on there for the finance price and \$4500 for the cash price.

M: So the sticker on the car said \$5200 and then you ended up paying \$5485 because that included...

R: The tags, the license, and the taxes.

M: Okay. So you paid the sticker price on the car.

R: Yes.

M: Did you know whether or not you could negotiate any part of that price, or not?

R: Well, I didn't really even ask. I thought about it, but I guess I was so excited that I had an opportunity to get a vehicle without all that hassle, and they know that I'm being very transparent. Knowing my credit, I wasn't really trying to argue. Let's do it, you know? Because I just didn't want to push it too much.

M: Okay. You didn't want the dealer to...

R: Right, I didn't want it go south, so I didn't.

M: Okay. Was there anything about the process about agreeing to the price of the car that you particularly liked or didn't like? Thinking back on the experience.

R: The process?

M: Yeah, the process of pricing – talking to everyone you talked to about the price of the car.

R: Well, the process wasn't that bad. The only thing I can think of is there was another [REDACTED]. It was an automatic. It had the same features; the only difference is one

was automatic and the manual was priced a little less. And I didn't quite understand why, when I've been told that a manual transmission costs less than the automatic if you go to a big brand-name dealership. But I couldn't understand why.

M: Did you ask the question, why?

R: Yeah. They said they just priced it as is. So he kind of blew me off with that one.

M: Oh, okay.

R: But, you know, later on I discovered it's because the automatic had brand-new tires and the roof wasn't hanging down and the mirror wasn't broke. So, I later on found out. When I went there to make payments and seeing the car, finding the car was gone – so they sold it.

M: Did you pay for the improvements in the car?

R: No. I pretty much made it one of the options to get the deal.

M: Okay. Can you tell me – first of all, who did you deal with – a sales rep?

R: Actually he was a sales rep, lot guy, because I would see him always moving the cars around, washing the cars. He's the one I dealt with as far as actually looking at the car, test driving the car – they would put the tag on it so I could test drive it.

M: Okay.

R: He opened the lid and showed me everything it had. So I dealt with him. But when it came to the financing part, I deal with one of the owners. He was just sitting down.

M: Okay. And can you tell me, at any time did any one of the dealers indicate to you that you could get a better price on your car if you agreed to certain conditions?

R: No.

M: Okay. Did you have a car to trade in when you went to the buy this car?

R: Yes, but I had a [REDACTED]. It wasn't worth nothing.

M: So did you trade the car in?

R: No.

M: What did you do with it?

R: I sold my car to my cousin for \$200. Because I had tried it in [REDACTED] – I had mentioned the trade in and stuff like that at the time when I was talking to him, and the most I could get them to come up to was \$50. And they're right, but they said due to the mileage and year of the car, it wasn't worth nothing. So I sold it to my cousin for \$200.

M: How many miles was on that car?

R: Oh, wow, about [REDACTED].

M: And did you owe any money on that car?

R: No.

M: So, how did you pay for your car again? You said you financed it?

R: Yeah, I financed it.

M: Did you have to put any money down?

R: Yes. I put \$2500 down.

M: \$2500 down, and then the rest you financed.

R: The rest I financed. I've got a stack of my receipts from – I just financed it through them and I went there every two weeks and made a payment.

M: Okay. So, they lent you the money for the remaining part that you did not pay cash for, is that...?

R: That's correct.

OBTAINING FINANCING

M: And tell me about the financing process, the experience that you went through. You were talking to the owner – tell me how that went. What were the good parts about it; what were the not such good parts?

R: Before I knew that they had the inhouse (unintelligible) meaning paid up by their (unintelligible), I was kind of cautious because of my uncle. When I first sat down, I was like here we go. He started getting out paperwork, talking about it, and I'm like, okay, I'm looking for the credit app now. I'm like, I don't want to see that. But it says in-house financing, but I was told by a friend, as I mentioned earlier, that you pay them. So, I'm like, okay, maybe it will work. So finally I got to talking to him, and he was like, you just make your payments here. So after that, I kind of got excited. I'm like, okay, let's just go on, keep doing it. But the whole process was really cool, because he told me, "We're low pressure, we're not going to come and ring your phone if you're a couple of days late." He said, "But if you are going to be late on your payment, just call me and let me know and I can work with you or maybe we'll double up on the next one or something like that".

M: Uh huh.

R: But he told me the minimum I could bring in every two weeks would be \$200. But I pretty much had my options to pay it. Even though I did, I took more than that. I took all kinds of payments.

M: What do you mean you took all kinds of payments?

R: One time I took \$600.

M: Oh, I see. So, at moments where you had more money you brought it in.

R: Yeah, I brought it in.

M: Did you ever not bring in the minimum amount of money?

R: One time, but I called him.

M: Oh, you did.

R: It was due on a Friday. I didn't bring it in until that following Tuesday. So I called him on Thursday and let him know I wouldn't be there tomorrow; I'll be there Tuesday. He said okay, no problem.

M: Okay. Do you have a minimum payment that you're required to pay?

R: \$200.

M: Okay. Let's talk a little bit about the – so you're financing everything but the \$2500, correct?

R: Yes.

M: Okay, so what is your APR?

R: Well, again, it wasn't... I didn't necessarily get an APR rate on it because he said it was not going any higher. I figured that was already built in from the cash price to the finance price.

M: Oh, okay. You're not paying any interest of any kind?

R: No. No, no.

M: Okay. Alright. When you were talking to him about paying for the car, did you stipulate anything with respect to how much you wanted to pay out on a monthly basis?

R: Yeah, I pretty much had a set amount. I told him I couldn't go over \$300 a month.

M: Okay.

R: I did let it go over that. \$350. So he said, I'll tell you what, that's when he asked me when my pay weeks. I said I get paid biweekly. And he was like, well, I have a minimum of \$200 every two weeks – can you meet that? So I'm like \$350, okay, that would be like \$400 – it would be \$50 extra. Okay, fine, so I agreed to it at that time.

M: Uh huh.

R: And by now, I'm like, I'm close to getting it, so even though I need an extra \$50 –

M: Tight.

R: But I'm so close to getting the car, now I'm getting excited, so I went ahead and agreed to it. Because of my lack of credit.

M: Uh huh, okay. One of the things we wanted to know is, you said you have to pay for it for nine months?

R: It will take me nine months to pay it off.

M: Okay. And did you talk through about that at all? Could it be more? Could it be less?

R: I asked him what would happen if I didn't pay it off in nine months. He said if it was a legitimate excuse I can extend it, but if not, I'm having to tack on some penalties, some

extra fees. And I said what would that be? And he said it would be an extra \$50 per pay period for every two weeks you don't pay it off.

M: Um. Okay.

R: Okay.

M: And did you have to sign documentation to that effect?

R: No, it was pretty much verbal. I mean, I didn't sign something saying that if I don't pay it off in nine months... he didn't hand me a sheet like that. But I knew in my mind that that I was going to pay it off before nine months, anyway.

M: Um hmm, okay. Alright. When you were doing the financing part of this deal, were you in the same area as your salesperson, or was it a separate area that you were at?

R: Well, it was a separate area, inside. They had a little petition up in the corner of the desk. The salesperson was back on the lot actually helping other people who had come down.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Did either the sales person or the finance person – whoever you were talking to at any point – did any of them mention purchasing additional products and services?

R: Yeah, they wanted me... an extended warranty.

M: Tell me about that.

R: I think it was three years, 30,000 miles from the day it was selling, but it was through an after-market company that they were working with.

M: Oh.

R: It wasn't through them.

M: Did they tell you how much it was?

R: No, because I just declined. So I didn't get that far to find out how much it was. Because my only concern was how much was theirs, and I think theirs was 30 days, 1000 mile warranty on it, which wasn't a lot, but I figured –

M: Oh, I think I see something here about that. Thirty days or 1000 miles.

R: Right. That was their warranty. So, I'm like, for the first 30 days, because I, I drive every day to work – I work night shift a lot so, if something is going wrong or something is leaking, so I'll know in 30 days, because I drive it every day.

M: Okay.

R: So, I was okay with that. But I didn't want to purchase the extended because I just didn't. I mean, I don't know. I just didn't see the need to do it.

M: Okay.

R: I also didn't have the money at that time, because as I said earlier, I was on a tight budget.

M: Okay. Yeah, you did say that you sort of had a budget for the price of the car. What was your budget?

R: My budget was a little over \$6000 for a vehicle.

M: Okay.

R: Because I do know that you might need \$5000, if you spend, you can get a pretty reliable vehicle. Anything less than that, you'll be in the auto shop every two days. I don't know if you know about the app called LetGo. It's an app called [REDACTED], if you want to sell something. I went on there and they had cars for \$750, \$600. So I looked at some of those, too, but they were just somebody else's problems for the most part.

M: Okay. Alright. So you didn't buy, then, an additional warranty, you said.

R: No.

M: Did they try to sell you anything else?

R: Yeah. He tried to sell me a [REDACTED] fabric protector for the seats. He had that in the shop. It was in a little case, and it was some type of spray or something that they use. So, he did try to sell me that.

M: And what did you say to that?

R: No, I don't need it. You know what I mean?

M: Did he say what the price was?

R: Yeah, I think he said it was \$199. And he said, well, I can just tack it on to the price of the car. And I was like, what does it do? He's like, it's the fabric protector, it protects against spills. So, he did try to sell me that.

M: Anything else that he tried to sell you?

R: No. Well, actually he tried to sell me the automatic more than anything. He really wanted to get rid of that. I don't know why – I guess he had it the longest, I'm assuming. But I was stuck on the manual, so that was about it.

M: Did he say anything to you about gap insurance at all?

R: No. What's that? I'm curious now.

M: It's a type of policy that you can get if you buy a car and drive it off the lot – you haven't really made any payments on it, you crash it out, and your insurance doesn't cover the cost of replacing the car, and you owe money on the car, so you would have to pay it if you didn't have a policy.

R: Oh, wow.

M: He didn't say that?

R: No, he didn't say that. That's the first I've heard of it. It must be something new.

M: Okay.

CONTRACT AND POST-PURCHASE

- M: Did he say anything to you at all about attaching a tracking device to your car?
- R: No. Do you mean like a GPS?
- M: Not so much a GPS, but it's a type of tracker you put on the car and it can remind people who may need the reminder to pay.
- R: Oh, no, no.
- M: No? Okay.
- R: The only thing he needed – he said, I've got your address. But I told him, you don't have to worry about me. I'll pay you, which I did. I've paid it all but \$500.
- M: Alright, great. So, when is your note up?
- R: Friday is my last payment.
- M: Ah, good for you. Congratulations. And the car has been good?
- R: Yeah.
- M: Awesome.
- R: The only thing I had to do so far was I had to change the battery. I guess because it sit so long, because they jumped it and it worked, but it wasn't strong. I ended up needing a jump twice, so I just went to [REDACTED] and got a battery. That was it.
- M: Okay.

OVERALL UNDERSTANDING

- M: Let me ask you a question. We had asked you to bring in paperwork for the purchase of your car, and you brought in this piece of paperwork. Is this the only piece of paper you got?
- R: Yes, that's the only thing they gave me. Because like I said, the rest is me making payments. These are all receipt books.
- M: I saw that briefly, yeah.
- R: That's all they gave me. They gave me some more paper for the DMV – it was this along with information for the tax and license and stuff.
- M: Oh, okay.
- R: That was kept by the DMV.
- M: So they didn't give you anything that was called a Retail Installment Sales Contract?
- R: No.
- M: Okay. It breaks out what you owe on a monthly basis, and...
- R: No, I guess because I dealt strictly with them.
- M: Okay. Very good. So, let's talk about this document. It won't take long. There's not much information here. But, tell me about what information is on here – you signed this. So, did you review this before you signed it?
- R: Yes, yes.
- M: Okay. And what in particular did you review when you signed it? I notice that it's two pages. So, tell me what you...
- R: What I reviewed on here mostly was all of the small print at the bottom. That's where I always go to because I'm afraid there are hidden clauses in there.
- M: Uh huh, so what was the small print?
- R: Just right at the bottom where it says all of the – based on the condition of the car and whatever – what I found out it to be is, just because [REDACTED] laws are different from different places, like [REDACTED]. So, certain laws that are different that I noticed. But other than that, that's the only thing it was – it was just small print. It wasn't a whole lot to this purchase.

M: Right.

R: Only because of the way they do their financing. I don't know how they may do it, but I wasn't about to question the way they do it, or because, like I say, my credit I already know.

M: Um hmm. You have never purchased from them before?

R: No.

M: Where have you purchased previously? What kind of places?

R: One time I purchased from [REDACTED]. That was where I co-signed.

M: Uh huh.

R: And then [REDACTED] in [REDACTED], we purchased from there, because we co-signed another vehicle. This was in my first marriage.

M: Uh huh.

R: But the only two that I've had experiences other than buying from, like private owners, cash cars, or whatever.

M: How did this purchase experience compare to the ones that you had before?

R: Well, this one was just totally different. The other was more lengthy. Like when we was at [REDACTED], I was there like seven hours. I didn't understand why it took so long. Why am I here seven hours? What is there to do?

M: Right.

R: We sat in the finance office for two by itself. And all I had to do was sign some work, and it was like I was buying a home. He had so many documents. It's ridiculous. I never understood that. But this one was a little less complex.

M: Okay.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

- M: Can you tell me – I believe on that document it says that you paid \$5100 for that car? Right? I think you had said when we you were talking about it verbally before that you paid over \$5400.
- R: It was the taxes.
- M: Oh, it was the taxes?
- R: Um hmm. Okay, the taxes and fees were extra, because the gentleman went to the DMV himself and got my tags for me.
- M: Oh, okay.
- R: So I ended up paying close to \$5400 – it was \$5485 – and that was just the taxes and fees.
- M: Okay, did he charge you, then, the difference between the – like how are you paying him back?
- R: Oh, it's on top of the price of the car. It was extra paper that was added on to it. That's how that happened.
- M: Okay. So that when you go in every week or every two weeks, whatever your routine is for this, the payment you're making is including whatever the monies were for paying DMV...
- R: Yes. He wanted me to add the cash up front to pay that, because they gave me the option to get my tags on my own, when he said he could get them for me.
- M: Okay.
- R: So, because they have a separate guy, I can't think of his name – his name was [REDACTED] or something like that. He goes to the DMV for a lot of their customers. And I didn't have it, so basically he went ahead. They used their money and just put it on top of the price they quoted.
- M: Can you tell me – I'm just curious – how this man, the dealer person, how he makes money if he doesn't charge you interest on the car?
- R: Well, I kind... I'm not sure. Don't quote me, but I know of other people that do the same thing he does. They just don't have a lot like he has, because he has about 125 cars on his lot.
- M: Okay.

R: Easy. But a lot of people I know sell it outright, like at their home or they'll park them on the street. Or they park them in their apartment complex. I think that what he does is he goes to the auction. Because you've got to have a license to go to the auction, so you have to have a dealer's license to go to the auction. Some of them are public auctions, but public auctions, everybody knows you're going to get a piece of junk from them.

M: Uh huh.

R: But the auctions that dealers go to...

M: So, what do you think he paid for that car?

R: You know, it's funny. He said – because me and my girlfriend was talking about that. I could imagine he probably paid about \$2000 for it at most, if not less. I'm going to be honest. I mean, I know that I didn't get it for what he paid for it. I'm almost sure of that.

M: Right.

R: At an auction, shoot – maybe even \$100 – just whatever they're bidding on it.

M: Right.

R: But I'm sure he paid much less.

M: Okay, alright.

R: Plus the condition it was in, with the mirror broke and the inside hanging down, so.

M: Right. How does it drive?

R: It still drives great.

M: Great.

R: I guess I kind of saw a diamond in the rough.

M: Yeah, right.

R: So, I got a diamond in the rough, and it actually is great. As a matter of fact, because I've changed the radio, the stereo in it, put rims on it, and I put five coats of wax on it and got my windows tinted. So when I go back, it's like it doesn't even look like the same car.

M: Did you do the work yourself, or...?

R: Actually, I put the rims on it through a rim company called [REDACTED]. I financed the rims through them. [REDACTED] is the finance company.

M: Okay.

R: But as far as the waxing stuff and the windows tinted, I did those myself.

M: Do you know what the APR is on the financing thing for the...?

R: Yeah, wow. That was 12%.

M: Okay.

R: I think it was. They had a 90-day selling this cash buy-off option there, too. Because I do know that the rims and the radio and the tires came up to \$1700. And I had until [REDACTED] to pay it off. But if I didn't, they had a payment plan of \$238 a month, I think it was, for 12 months, which turned out to be \$3000. So I didn't want to do that. So I ended up paying – me and my girlfriend paid off \$1700 in three months. But the rate was high, because that 17 would have turned into 35 just like that if I wouldn't have took the 90-day option.

M: Good job.

CONCLUSION/FINAL COMMENTS

M: Just as a last question, I'll see if my colleagues have anything else that they want to ask, they'll come in with a note.

R: Sure.

M: But, could you just summarize for me overall how you would describe your experience purchasing and financing your car.

R: It started off spooky, like I said, because of my credit, but in the end, by me being able to obtain a car with my credit, it turned out to be pretty good. I really don't have any complaints.

M: Alright.

R: Not only that – I really don't know anything about this interview – but when there are too many cars, there was one that (unintelligible) on the lot, meaning a lot of them had rust on them. So, I was kind of like, that's why I said a diamond in the rough. You've really got to pay attention to what you get.

M: What you're buying. So you would examine the car really carefully?

R: Oh yeah. I take a little meter that you plug up into it to be able to see what's wrong with the car, and then ...

M: Oh, really.

R: Yeah, I've got one of those. It will tell me what's wrong with the car. And if it's something too pricy, then I don't go with that.

M: Okay. Very good. How long do you typically keep your cars that you buy?

R: Until they start costing me too much money.

M: Uh huh.

R: As long as they're running – there's a little thing here or a little thing there, or something minor here, that's fine. But when they need major or need a new transmission, I'm like, okay, it's time to let that one go now. And I just pretty much get something else.

M: Okay. Alright.

CONCLUSION/FINAL COMMENTS

M: You have been so generous and so kind. Thank you so much for coming in.

R: Sure.

M: Would you buy your next car at the same dealer?

R: Yeah, I would. Actually, my girlfriend got one, too. She got a [REDACTED] from there.

M: Oh. And was it the same kind of arrangement, where she..? Yeah?

R: Same thing. Yeah. Actually we started out with the – what was that? That was a [REDACTED], the extended one, and that was in mint condition. But it was too big for her to park.

M: Oh, okay.

R: She could drive it, but she couldn't park it. So she got frustrated, so we took that back and transferred all the paperwork over to the [REDACTED]. That was only there for two days, because it wasn't there when we first and when we went back it was there. So, we got that.

M: Do you know what she paid for her...?

R: Yes, hers was \$6100. But she had a trade-in. She had a [REDACTED], so they gave her \$600 for that. So she traded that in and then she put \$2000 down.

M: Oh, she did.

R: Um hmm. Along with the trade-in for \$600 and so they gave her \$2600, so she's making payments until she pays the rest of it.

M: Okay. Sounds like you're doing great.

R: Yeah.

M: That's wonderful. Thank you so much for coming in. I'll take that back and put it in my file.

R: Sure.

M: And I'm going to show you where you need to go to get your gift. I wish you a lovely holiday weekend.

R: Thank you.

M: Okay. We're good.

R: Thank you.

// end of recording //



AUTO BUYER STUDY

146087

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of the interview, could you state your first name only?

R: [REDACTED].

M: What is the most recent care that you purchased and when did you purchase it?

R: A [REDACTED].

M: When did that occur?

R: It was [REDACTED], I think.

M: This past [REDACTED]?

R: Yes.

M: Okay. What did you like, if anything, about your experience shopping for and choosing the car you purchased?

R: It was a brand new experience for me because I purchased it online.

M: Tell me about that.

R: It wasn't your traditional dealership where you literally walk in and talk to folks and be intimidated and all that waiting. You literally go on and they have what they call these vending machines and they have an inventory of cars or you can put in a search engine exactly what you're looking for. You need to do it by price, year, color...literally, you just put in what you want and the make the model, and then they go search for something as close as what you want, and then you do the financing part all online.

M: How did you hear about this?

R: A friend of mine recently moved here from [REDACTED] and she was telling me that they just started selling cars in the metropolitan area and that I should look into it, and I did.

M: This is her company?

R: No. She purchased a car from them when she was in [REDACTED]. She was living in [REDACTED] and she just recently moved here. She was telling me about her deal. She said you should look into it.

M: Sounds interesting. Did you shop...how did you shop for your car?

R: I pretty much had in mind the make.

M: You knew what you wanted?

R: I did.

M: How did you come to that conclusion?

R: I had done some research on safe cars. I knew the type of car. I didn't want an [REDACTED] made car.

M: Why is that?

R: It just seems like when they get a certain number of miles you start to have all kinds of issues. I've observed that from friends. I've never purchased [REDACTED] made for that reason. I know I either wanted a [REDACTED] or [REDACTED]. I did a little more research and I found out that the [REDACTED] are much safer. They're the number one safe cars.

M: How did you find that out?

R: I google. I do a lot of research. I google and I talk to people. I've read different ratings about the cars. I did all of that prior to. I looked at the maintenance, the cost that the maintenance would be for each type of car, the trade-in value, who holds their value better between those two cars. I decided I wanted a [REDACTED].

M: Did you look at [REDACTED] dealers around here when you decided you wanted a [REDACTED]?

R: I actually went to two and I test drove.

M: Which ones did you go to?

R: I went to [REDACTED] in [REDACTED] and another one in [REDACTED]. I actually test drove the cars to see which model I liked better. I did some price comparisons.

M: Did you also do some price comparisons online for the car or just at the dealership?

R: Just at the dealer. I actually walked around, look at the cars, the years, just to see...I did look at the Kelly Blue Book price. I did that to compare that to what the online price was.

M: Did you at any point in time consider buying a new car?

R: No.

M: All right. Did you have a budget in mind when you were shopping for the car?

R: I did.

M: What was your budget?

R: I didn't want to go over \$25,000.

M: Very good. What was the best part, if anything, about your experience shopping for the car, and what was the worst part?

R: The best part was that it was no hassle whatsoever. You literally go online and pick your car, and then they show you the inside of the car, they showed you all of the dings on the car. They showed you everything. It was like a 3D. They made the picture very large so you could literally see the scratches inside and out. The car rotated. You go on and read the Car Fax and read everything about the car. Then they actually on the website told you Edmonds reviews of those kinds of cars. It was the same sort of research that I had done, so I had the information. That was the fun part, sort of picking and choosing a car. There was just no hassle. I haven't had any bad things to say about the car so far. They literally bring the car to your door. They delivered the car to you.

M: Do you know if you purchased it from [REDACTED]? They drove it up from [REDACTED]?

R: It was shipped from [REDACTED]. They literally told me it will be at your door Monday morning at nine a.m.

M: They didn't even give you a window, they gave you an exact time?

R: They said they'd be there at nine a.m. At 8:30 the driver calls and says I am on the way with the big truck with the car on it. He says I am on my way, I should be there in 15 minutes...the GPS says I am 15 minutes away. He says I'll call you when I am outside. I go outside and test-drive the car. He asked if I had any questions. He showed me all the features on the car. He told me that you have seven days. If for any reason you don't want the car, you can go back online, pick out another car and we'll bring that to you and will do it for three cars.

M: They tell you they'll do it for up to three cars.

R: Up to three cars. After the third car then you have to figure out the shipping because the shipping was free. I didn't pay for any shipping. I kept the car for seven days. I actually took the car to the [REDACTED] dealer and had them check it all out and everything within that seven-day time frame and it was fine. There was one little thing on the steering wheel, the silver part was starting to peel. The car still had factory warranty so I took it back to the dealer and they fixed it. The dealer that I purchased the car from told me they didn't have the second key or there was

something going on with the second key so they just paid for the second key to be made at the dealer. I have to pick it up tomorrow.

M: They paid for it.

R: It's been a great experience so far.

M: Sounds very cool. You said you bought the [REDACTED] because of safety.

R: That was the number one reason...and the trade-in value.

M: All right. Did you see any ads for the car before you decided to buy a [REDACTED]?

R: No, not really. I just kind of knew what I wanted. I had narrowed it down to two and just did the research on those two.

M: All right. You didn't go to the dealer so I don't have to ask you how long you spent there.

R: Right, didn't go.

M: How long did it take you to actually...

R: Shop for my car? I went online shopping two days, but not two full days. I may have done three hours the first day, and then the more you stay online the more you find that you can see about the car. I mean, down to the floor mats. I picked the car on the first day, and then the second day that I went on I went back and kept looking at the car, and then I got the VIN number and did my own little research on that. I would say probably about six hours between the two days.

M: Did you talk to a live person at any point?

R: I did. Once I collected the car they called me.

M: How did they know?

R: You did it online. You select the car and when you select the car you get your term, your down payment amount, and your monthly. Once all of that is calculated then you get a phone call and they ask do you have any questions, do you understand the terms, can you afford that, is the down payment too high, do we need to adjust the monthly, what can we do to help you. You fill out an application so they run your credit, so you get back your term. And then, they tell you...there were maybe 14 cars that fit my financial criteria. I had other options, but I didn't even really look because that was the car I wanted.

M: Tell me about the criteria. They were asking for your criteria when you went online. What did you put as your criteria?

R: For my financial criteria they wanted my social and then they ran my credit, and then they came back and said this is how much car you can afford based on your credit score, and these are the terms. This is the range for the down payment, and this is the range for the number of months, and this is the range for the monthly, are you comfortable.

M: Did they give you any ability to negotiate any of those terms?

R: Absolutely.

M: Tell me how that works.

R: There is this little clock that pops up, and that's for your down payment. It goes zero to \$5,000. It stops based on your credit report, the minimum amount you can put down. You have the ability to move the clock around, the little ticker, to a larger amount, or if you decide to go back, then they start to show you other cars that are more affordable. They do the same thing with the term. If you want a shorter term then that makes your numbers, of course, go up. You adjust your term. If you want to start with what you can pay monthly, you can start there as well.

M: What did you do, what did you start with?

R: The term that they gave me, I was okay with it.

M: What is the term?

R: For 72 months and \$800 down, and the note is \$503.

M: You were okay with all of those?

R: I was. Just to give you some background, I am just coming out of a [REDACTED] so I know my APR was going to be crazy. I had talked to folks. I didn't let anybody else run my credit. I had talked to friends that were finance companies at the dealership that I just know and I explained my situation and told them my credit score and asked them what my APR would be in this area. They said it would be really high, like 22. I told them, well, they're coming back with 15 or 17, and they said for that car you won't get that, just going to a traditional dealer in the metropolitan area for a make and model like that. They advise that I go with that and then I can just maybe make two payments a month for about six months or a year and then refinance it to get a lower rate because by then my credit score will have gone up. It's my plan.

M: Isn't that interesting. You have a plan. That sounds very good. What you're saying is that you were told by friends who are sort of in the biz that the rate that you would get if you shopped at dealers in this market it would be in the 20s.

R: Yes, it would be in the 20s and I would probably be required to put \$2500 or something close to that down.

M: If you did it online here, they told you that you could...

R: They gave me my terms. They ran my credit and they looked at my job history and salary and they gave me the terms. They asked me if I was comfortable with the term.

M: Tell me again what the rate was that they gave you?

R: Seventeen, which is still high, but it's manageable because I have a plan.

M: What about the length of the payments?

R: It's 72.

M: Right, you said that. What did the price of the car come in at?

R: With warranty, because I purchased an extended warranty, it came to \$21,200.

M: That included the extended warranty. Help me understand why you purchased the extended warranty.

R: Well, because I plan to keep the car at least three years, maybe four...at least. I figured if I had a bumper-to-bumper warranty that I wouldn't have to worry about dealing with any issues that popped up where I wouldn't have as much out-of-pocket because I would be still paying on the car. The car did have some factory warranty, so I bought the cheaper of the three warranties.

M: Did they tell you what the costs of the different warranties were?

R: Yes, I got to select.

M: What was the information that you got to see about these different warranties, what did they give you?

R: They showed me what was covered. It was very detailed. They told me that I could only go to a [REDACTED] dealer or a certified [REDACTED] mechanic. They recommended a [REDACTED] dealer. They actually let me see the entire warranty and all the information prior to purchasing. It was online and I was able to download it and read through it. I had the warranty before I actually got the car so I had the ability to take the warrant to someone and have them take a look and ask are these the right things to be covered.

M: That's very interesting. You had somebody who understands these?

R: I did.

M: How did that make you feel that you had somebody?

R: That was very helpful. I was happy about that.

M: Okay. In the end what did you pay for the car?

R: I put \$800 down, and so the total of the sale price was \$21,200.

M: That included the warranty. Was there any other additional things besides the extended warranty that you purchased at the time?

R: No.

M: Did you have another car that you traded in?

R: No.

OBTAINING FINANCING

M: You put down \$800 and financed the rest.

R: Yes.

M: Who did you finance the car through?

R: It was their financial company called [REDACTED].

M: It was through the [REDACTED]....

R: Yes.

M: All right. You told me quite a bit about what the beginning process was when you were looking for cars and all of that. Tell me what the financing process was like when you were having to look at all this material online and sort through all of that.

R: It wasn't a lot to sort through. It was like three clocks. The first clock showed the down payment, and you had the ability to increase it if you wanted to add more. You also had the ability to decrease it with the understanding that you wouldn't be looking at that car or cars in that price range. All of that was explained. The second clock was the monthly payment. You had the ability to adjust the monthly payment to what you could afford. The third clock was the term. If you changed the term, a portion of the down payment may or may not have gone up, but the monthly definitely did.

M: Did you try different scenarios or did you just...

R: I did. I adjusted the monthly. I increased it a little bit, but it didn't really seem to change much so I ended up leaving it that way. The [REDACTED] people actually...the represented there that I worked with, she actually said to me I understand that you probably aren't happy with your interest rate and you probably know why it is the way it is...which I did. I asked her if I pay more down, how much would that affect it. She said it won't have that much of an effect, but what you can do is if you pay a little more each month that will help you bring the principle...it will bring everything down and you will pay for the car faster. She said I've seen people pay two payments a month or one and half a month and then refi and get a better rate. I am working on my credit. The other reason that I purchased the car, too, is I needed some revolving credit and an installment loan because I am rebuilding now.

M: When she was talking about refinancing did she say where you would refinance?

R: She didn't. She didn't offer that. I wouldn't refinance with them anyway, I would do it through my credit union.

M: Why would you do that?

R: Because the rates are always better. I have a relationship with them. It's just that I wouldn't be able to get anything right now with them because the [REDACTED].

M: How long do you think you have until you can actually go to your credit union?

R: I would like to make about ten to 12 payments and then I plan...by that time, too, my credit score will have increased because I am getting a credit card so I can rebuild, just restart. I am doing things to work on my credit score anyway. So, my score will be better and I will owe less on the car, so it should be easier to get it refinanced.

M: Sounds like a plan.

R: I told you I have a plan.

M: Sounds good. They mentioned refinancing. You said actually it was somebody you were working with on the site. How does that work when you're on the site?

R: Once you select the car you literally pick the car out of the vending machine and then you park the car in your garage. You get a garage. Once you park the car in your garage and you give a thumb's up online, then the representative calls you right then and there. It prompts her to call you...or him, whoever...and they ask do you have any questions about the process, do you understand what step you're in, how serious are you about this purchase. You can leave the car parked in your garage for up to five days. You can put six cars in your garage and do a comparison. You can even park the car in your garage and give three people access to your garage to go in and rate the car and tell you what they think about it. So can have people help you make your decision. It was fun.

M: It was fun. Did you have to put a deposit down to hold those cars in the garage?

R: No, ma'am. When they bring you the car...right before you finalize the delivery process they do verify that you have the down payment in your bank. The literally get on the phone with you and call your bank and get the person on the other end to verify that amount is in your account.

M: Before they drive the car to you.

R: When they drop the car off to you, it's five days before they pull the money out of your account.

M: Very interesting, I have to say. When you think about refinancing, if you do, are you going to keep this car or get a different one?

R: Today I feel like I am going to keep the car. I really like the car.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products and services. You told me that you bought an extended warranty. Did you buy anything else?

R: No.

M: Do you know how much the extended warranty was?

R: It was \$1900.

M: Did you try to negotiate that price at all?

R: No.

M: Okay. Was there anything else during the point in your discussion...I assume when you were talking about the goods and services did you do the goods and services online or was that when you were talking to the rep?

R: No, you do everything online. When you speak to the rep it's just to sort of regurgitate everything that you did online and just to ensure that you understood everything that you collected online, and to see if you have any questions, of course.

M: You actually did it online and then they asked if you had any questions.

R: They walked you through everything that you selected.

M: Was your financing through [REDACTED]?

R: No, it was through [REDACTED], which is [REDACTED] bank.

M: It wasn't through [REDACTED]?

R: No.

M: When you were online...what was the site that you went to?

R: [REDACTED].

M: Okay. Did they give you a choice of different financial institutions to work with?

R: No. I think they only deal with that bank.

M: Okay. If you wanted to you couldn't finance the car through [REDACTED]?

R: No, you can bring your own financing. They're fine with that. You can bring your own financing just like any other dealership.

M: Did you look around for other financing?

R: Not after I talked to my friend who is a finance manager. He told me...

M: At this place?

R: No, my friend, who I discussed my options. When he told me that if I go to dealerships in the area to get that same car my interest rate would be much higher and the down payment would definitely be more. We looked at the Kelly Blue Book and for the amount that they were selling the car for it was very much in line.

M: You looked at the Kelly Blue Book to see what the value of the car was so you knew they were in line with what you were seeing.

R: It was pretty close.

M: Okay.

CONTRACT AND POST-PURCHASE

M: Tell me whether or not you had an opportunity to review your paperwork before signing?

R: Yes. I finalized my deal almost four days prior to my delivery date. At the time of me finalizing the deal the paperwork was available and I had the ability to download and print, and then I just needed to upload the paperwork when they bring me the car. Actually, I had six days to go over the paperwork and look at everything and ask whatever questions I needed. When they delivered the car they asked me if I had the opportunity to sign off on the paperwork, if so, can you upload it or give a hard copy to the delivery guy.

M: Tell me about how you went about reviewing the paperwork. What did you look at?

R: I looked at everything. I made sure that the term was correct...they payment terms...that the monthly was what was online, made sure that the down payment...I just made sure that everything matched what I had selected online. I had to all and get insurance.

M: Did you print out a copy of the paperwork when you filled it out initially?

R: Well, it's filled out online so it's prepopulated.

M: Not by you, but by them.

R: By them. When you receive it, it's already prepopulated, so you just download it. Yes, I printed it out.

M: You had it for a few days...

R: About six days before I received the car.

M: Go through again.

R: I just verified all the information to make sure that it matched what I had said online. I had to get insurance. When I called the insurance company...you have to give them the VIN number...they say, this is a [REDACTED], it has this...I listened to what they said and I verified that information, too. I read everything. I made notes. I asked questions.

M: Did you read the fine print or just the numbers?

R: I read it all. It took me a couple of days.

M: What made you...it's not necessarily common for people to read it all. What made you read it all?

R: I have never had an interest rate this high, one. Two, I've never purchased a car like this...the process, about going online. I was a little skeptical, waiting for the other shoe to drop. So, I read it and re-read it. I looked over everything. I am like that anyway, I read everything.

M: Were there things that you didn't understand on there?

R: Not really.

M: It was straightforward?

R: It was pretty clear.

M: Even the fine print.

R: You had to put on some readers. Things that I didn't understand I googled or asked someone. I am anal like that. Where there were websites, I looked those up as well. I research the company. I researched the bank.

M: At any point in time did you see blanks...blank boxes or lines...on here and have to...

R: Yes. I questioned like the property insurance stuff. There were a couple of places. When I downloaded it, it was a signature from [REDACTED] that wasn't there. When I downloaded it...because this is the final paperwork...there were no signatures by them. I asked about that. They told me that when you take delivery of the car you will get downloaded that same packet of information with the signatures. That was the only thing that I really questioned.

M: How long after you got the delivery of the car did you get the downloaded signatures?

R: At the same time. When the guy brought me the car, we did the test drive, and then he had his iPad and said I am sending you your final copies because I had to sign...I had to resign because it wasn't a digital signature. I did my digital signature, and then their signature came, and then he gave me the newly downloaded docs. I have a printer because I was home so I was able to print everything out again, and then they mailed me a copy as well, and everything matched.

M: You looked again.

R: I did.

M: Why would you do that?

R: Just to be sure.

M: When they did it onsite, after they delivered your car, you actually reviewed the paperwork again?

R: I didn't review it then, I reviewed it once I received the mailed copy. They told me I was going to get a hard copy. What I had was a soft copy that I printed out. He said you should be getting your hard copy in the mail. When I got it I just made sure it matched.

M: You said you had how many days to return the car?

R: Seven.

M: Did you get that paperwork within the seven days or after the seven days?

R: It came about Day Three.

M: So it came pretty quickly.

R: Yes, it did.

M: What did you like or not like about this process of paperwork?

R: The paperwork wasn't bad. I mean, I saw everything prior to because all of the paperwork was generated even before the car was delivered. It was sent in a zip file so I had all of it there. I had the ability to look over it and see if I had questions. It was fine. I could do it in my house at my leisure...have a glass of wine and read the papers. I could put them down and come back to them later. I loved that.

M: Any other benefits to doing it this way?

R: Yes, you're not at the dealer all day long. You can do everything at your leisure. Once you park your car in the garage you have five days. You could start the process on Monday and send it Thursday or Friday.

M: Was it seven days to return the car for full credit or only to exchange it for another car?

R: No, you could get your money back as long as you did it within seven days. You could get your down payment back no questions asked, or you could exchange the car out up to three times.

M: You had three options. You can get your money back...

R: And just walk away, or you could go back online and pick out another car, and then if you didn't like the second car, you still had that same option, you're not locked into the deal at all.

M: The third arrangement was what?

R: You could exchange the car again...up to three...same thing. You could do it up to three, but still get your money back at any given time.

M: You don't lose your deposit.

R: You do not. I went online and I looked at their FAQs and that was one of the questions, and I actually asked the lady that.

M: That you spoke to?

R: Yes, my representative.

M: Okay. Very interesting. Have you had any contact with the dealer since purchasing the car?

R: Yes.

M: Tell me about that.

R: They delivered the car on Monday. The advocate who delivered the car called me Tuesday and asked me is everything okay, do you have any questions, do you have any questions about any of the features on the car, then he asked me, by the way, did you put any gas in your car yet? I said, no, it was a full tank. He goes you haven't been in your gas tank. He said you should go in your gas tank. I said, okay. Of course when he said that, I was home, and I walked outside and looked in the gas tank and there was a \$35 gas card.

M: You're kidding?

R: No, I am very serious. Then he gave me a bag. There was a bag in the trunk, but I didn't pay attention to it...like a lunch bag. It had a coffee mug and a thank you note. It's really cute. He called day two to ask if I had any questions about the features of the car, was everything okay, am I enjoying it. He said did you have the opportunity to take the car to the [REDACTED] dealer? I said I am doing it tomorrow. He said, great. The other thing I should probably tell you, too...it was really weird...probably funny. The guy that delivered my car...they literally come into my house to download your paperwork and go over everything after you do your test drive. We could have sat in the car, but I was like you can come in. We're sitting there and I asked him all kinds of questions, do you drive a car, do you live in [REDACTED], do you live here. He lived here but he worked for [REDACTED] and he goes and meets the freight truck that brings and offloads the trucks and puts them on a single flatbed and delivers them out. We're talking. He asked me if I work and I said yet. He is like, where do you work. I told him where I work. He said, wow, my [REDACTED] works there, do you know him? We started having this conversation and his [REDACTED] and I are very good friends. He's helped me several years through my employment, like a mentor almost to me. Then the conversation went a whole different direction. I think because of the conversation we had this guy called me on Thursday after that, is everything okay, I don't want you telling my [REDACTED]...just really, really nice. My [REDACTED] [REDACTED] and she lives in [REDACTED].

M: I'm sorry.

R: Thank you. If you put more than 500 miles on the car within that seven-day period then you have to pay money. I was saying to him when he was at my house I am going to go visit my

████████████████████ and this will be a good opportunity for me to see the performance of the car. He said, well, given that you have to go out of town, I don't know how many miles you're going to put on the car, but let me call them and tell them what's going on and see if they can give you some more miles. He called them while he was still at my house, and they said we can give you an additional 150. I was just going to ██████████ so I didn't really need that, but it was nice to have that as an offer. They extended an additional 150 miles for that. I went to visit ██████████. I did all of that in the seven-day period, so it all worked out. I got a call from him twice. The woman, the representative, called on Friday. She said I don't mean to bother you, I understand you're dealing with ██████████, just checking in, wondering how is the car, are you liking the car, do you have any questions, did you receive your final copy, is everything okay. I was like everything is fine. When I noticed that the silver part...not even an inch, but it was peeling and it was kind of sticky. I called back to tell them about that and they were like, take the car to the dealer, it will be no charge, you still have factory warranty, it's cover, if you run into any problems give us a call, here is my name and number. I took the car to have it checked out at the ██████████ dealer anyway. I thought I was going to have to pay for that. They paid for that as well. It's been a pretty good experience. I've spoken to three people total so far.

M: The gentleman who dropped of the car...

R: I spoke to him twice, the woman who was my representative, and then I got a call yesterday saying do you have any questions and could you please give us an online review.

M: Okay. Other than taking the ██████████ in one time to get that fixed and get it checked, have you had to take the car in for any other reason?

R: No.

M: Did at any time anyone tell you or did you read online anything about the placement of a tracking device on the vehicle?

R: I asked that question.

M: What made you ask that question?

R: Because one of my friends told me that sometimes some banks do that, so I asked.

M: Did she or he tell you why they do that?

R: He just told me that some companies...because this isn't a local company you may want to ask that, that may be something that they do a lot in ██████████, I don't know...he told me to ask, and I did ask. I also found an FAQ where someone else had asked, and they said no.

M: They said no. They didn't say it depends on credit score or anything?

R: No, they didn't say that.

M: Okay.

OVERALL UNDERSTANDING

- M: Let's go over your paperwork. You are doing such a phenomenal job we are moving right through this. The first thing I want to ask you about is this paper. Taking a look at that paper can you tell me in general what do you think the purpose of that paper is?
- R: This is the contract that shows you the breakdown of the money. It shows you the actual selling price of the car. It would include anything else that you purchased, like your warranty, and then your finance...the amount that it's going to be after the financing. It should show all the money. They have all this stuff at the top, too, like the car, the VIN number, make and model, your information.
- M: The main purpose of it is to...
- R: The financial of the car.
- M: Now what I would like you to do is on that document point to the monthly payment on that page.
- R: Here it is. It's under the term of payment of the time price balances.
- M: What is your monthly payment?
- R: It's about what I said, \$503...it's \$501.95.
- M: Is that what you expected when you received this document?
- R: Yes, that didn't change.
- M: That was no surprise?
- R: No.
- M: By this point in time did you question then at all about trying to reduce that payment or no?
- R: Not at that point in time, no, because you have the opportunity to do that as you're going through the car purchasing process. That would have been the time to do it.
- M: You had agreed on that by that time?
- R: Yes.
- M: Can you show me, point to, the APR on this document? Where is the APR?
- R: I don't see it on this page. It's probably on the second page. Here it is, right at the top.
- M: What is the amount?

R: It's 18.23.

M: Is that what you expected?

R: Initially I expected 17, right, because that's what I was quoted. When I added in the warranty, it went up. I questioned that initially when I saw it online and they explained it to me.

M: Initially it was 17.

R: It was 17...it was almost 18.

M: When you uploaded it once the car arrived?

R: No. When I purchased the warranty online, before I even got the car, that's when it went up and I asked them why did it change. They said because the total price changed because the warranty was added in.

M: If the total price changed...did they explain why the rate would go up?

R: That's how it was set up. Anything that you add one could potentially cause the rate to go up.

M: All right. Who do you pay your payments to and how do you make them.

R: [REDACTED] is the bank. I have elected to pay online. They have options. You can either pay online manually or you can have it ACHed from your bank account, or you can go to one of those wire places and pay there, too.

M: All right. Once you purchased that warranty you saw the rate you were going to pay went from 17, something, to 18.3. Finally, I wanted to ask you about the length of payments.

R: The term is 72.

M: Okay. Was that what you expected it to be?

R: Yes.

M: Point to the down payment.

R: It's back over here. It is right here, cash down payment.

M: That's on the first page...cash down payment, \$800. Now that you're looking at...that was what you expected?

R: Yes.

M: Now that you're looking at this whole document can you tell me, all the numbers on this document, do all of them match what you had originally received or what was online?

R: Yes, they do. I took pictures of what was online.

M: You did take pictures. Did you use your cell phone?

R: My iPad, so I could get it in full screen.

M: Even better. All right. Let's go down this line. It says here...which is the vehicle price?

R: The total price is \$22,000 with the warranty...\$22,400.

M: What was the warranty amount?

R: \$1900.

M: Did they give you a contract for the warranty?

R: Yes. I think yours maybe broken out different from my, but it is right here. I think it's that. It's [REDACTED], and then this is warranty that came with the car.

M: [REDACTED] is the extended warranty.

R: Yes, and they give you a warranty anyway, like an as-is, which is on that very first set...this. This, and then, this is the one I purchased, the [REDACTED].

M: This one says warranty, and this one gives you 100 days or 4,189 miles for the gasoline engine, transaxle, 100 days, or 4,189, whichever comes first, drive axles, 100 days or 4,189, whichever comes first, and the air conditioning, 100 days. After this your other plan kicks in?

R: Right. There was still 1,000 miles of factory warranty that was still on the car. Mine kicks in after that factory. The factory will outlast the 100 days. I don't drive the car that much.

M: The [REDACTED]...

R: Is the one I purchased.

M: The cost or contract purchase of the [REDACTED]...tell me what the terms are of this contract.

R: This is only 24 months.

M: What are you paying per month?

R: Nothing. I mean, it was \$18900, so it's built into the note.

M: Did they tell you how much more that was going to add to your monthly payment?

R: Yes, because the monthly was initially \$489. It went up to \$501. I was saying \$503, just rounding things off.

M: Are there any other stipulations about this?

R: Yes, that I have to take it to a [REDACTED] dealer for servicing, and when I take it to the [REDACTED] dealer the dealer tells me what's going on, and then they have to reach out to this before the work can start.

M: Reach out to the warranty provider?

R: Yes.

M: Okay. Are there any other limitations to this plan?

R: There is a deductible...\$100 deductible for anything over \$3000.

M: I see \$50, is that different?

R: In the paperwork I read it was \$100.

M: This one says \$100.

R: Not that one. There is no deductible for that one.

M: It says you will pay a warranty copayment. That's not a deductible.

R: I won't pay anything for that because the factory warranty will cover it. I have 1,000 miles.

M: All right. Tell me, did you find all this material easy or difficult to work with?

R: It was pretty easy. It was pretty straightforward. Again, I received it prior to receiving the car, so even before I received the car I had the opportunity to look this over.

M: Okay. I know you didn't shop at a dealer, but have you shopped at dealers before?

R: I have, yes.

M: How does this experience compare to that experience?

R: This was 100 percent better because at the dealer...I've done it both ways...I've actually had my own financing and gone to the dealer, and you're still there forever. When you don't have your financing you're waiting to see whose financing is going to be better or what kind of deal they're going to offer you. You're still there all day. This was in the luxury of my own home. I didn't

have the ability to touch and feel, so that was the difference, I think. I would do this again, definitely.

M: Did anybody say anything to you about a spot delivery agreement? Did they make you sign something called a spot delivery agreement?

R: I don't recall a spot delivery agreement.

M: I don't know if it applies to this kind of purchase, but it's basically a document that allows you to have access to the car, even if your deal isn't final...you're in the process of finalizing your deal.

R: You mean finalizing the deal versus paying for the car?

M: I mean, in case your financing hasn't been finalized or approved or something like that. Did they say anything to you about that?

R: No.

M: That may not apply to this.

R: I've never heard of that.

M: All right.

OVERALL EXPERIENCE

M: I am going to ask my colleagues if they have any other questions. We went over the warranty, the general warranty, the [REDACTED], and the limited warranty. While we're waiting for them, I'd like for you to just summarize for me what you've somewhat done, but if you could put it in perspective for me with respect to overall, how would you describe your overall experience with buying a car online the way in which you just did.

R: Sure. It was pretty easy. Again, I like the fact that there was no pressure from a salesperson. It was all on me. I started the process. I started to search. If I wanted to stop and go do something I could do that. I could literally eat dinner and shop for this car. The good thing is they have advocates available almost 24/7 so even while you're shopping you can call and ask questions. You can chat online with the representative about any prospective car that you're looking at. Actually, you can even have them do comparisons for you.

M: They'll do that for you?

R: Yes. Once you park the cars in the garage...six cars for five days. It literally spins so you can ask how does this car relate to that car, is this a luxury car, what kind of car is this. They even tell you people typically purchased this car make this amount of money in this area...all of that. It gave you the Edmond reviews of each of the cars. I mean, it was no pressure. The cars, once you park them in the garage, you have six days, but you could start the process all over again. Even after I parked the car that I wanted in the garage...just out of curiosity...I was just going on their page just looking. You have an account. It kept saying you have a car that's in the buying process parked in your garage because I pressed the green light, but I still had the ability to go back and look at other cars. One of the things that the representative said to me was it's not uncommon for folks to start the car buying process, but they pick a number two car just in case when they get the car they don't like the car. So, you have your number two car in line to run the risk of someone taking the car. Now it's in your garage.

M: I was going to ask you, is there a risk of somebody taking the car if it is in your garage?

R: Not if it's in your garage.

M: Interesting. Did they warn you when you were on the phone with them or did you get any emails or messages about any kind of alerts or cautions or anything like that...don't forget to do this because you might lose the car you picked out?

R: No. Maybe as it gets closer to that six days, but I didn't keep it in for six days. I had put two other cars in the garage, but the more research that I did on the [REDACTED], the more I wanted to keep it, so I ended up taking the other cars out.

M: Was the whole financing part of this pretty easy to do or difficult?

R: It was pretty easy to navigate. It was all online. Basically, you could start with I don't want to pay over this much a month, and I have this much to put down...start right there before you even shopped. You can set your financing criteria up front or you could shop for the car first.

M: Either way you want to do it.

R: However you want to do it.

M: Okay.

CONCLUSION/FINAL COMMENTS

M: I guess my colleagues don't have any additional questions. You were really awesome.

R: Thank you.

M: I really appreciate the time you gave us. Thank you so much for coming in.

// end of recording //



AUTO BUYER STUDY

148541

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Just for my recording purposes, you can just tell me your first name?

R: [REDACTED].

M: What is the most recent car that you purchased and when did that purchase occur?

R: I purchased a [REDACTED] in early [REDACTED], like the first week of the month.

M: What did you like, if anything, about your experience shopping for a car?

R: I felt like it was a very low-pressure sale, which I appreciated. I have owned two [REDACTED] previously, one of which I bought from the same dealer, so I was a little bit familiar with the dealership. I just wandered around and nobody hassled me or helped me walking around looking at the vehicles. I went inside. It was a surprisingly low-pressure sale. I really appreciated that.

M: Anything else that you particularly liked about the whole experience of choosing a car or the shopping process?

R: I appreciated the way the guy who sold me the car went over the car, like inside detail, showed me how everything worked once I had settled on a car that I wanted. I am not sure that I would have done all that on my own. I probably should. There are things I probably still don't know how to do, but I did appreciate him taking the time and showing me how a lot of different things...the audio equipment worked...and things like that.

M: What did you not like, if anything, about your experience shopping or choosing a car?

R: When I came back...I think I was there twice, possibly three times...when I finally came, the day that I signed off on the car and took it home with me and I met with the guy who was in charge of finance, he was talking very, very quickly. Clearly he did this routinely and he had everything down. I didn't really like that at all. I asked him to slow down because it's just a lot to take in. He talked to me about various options with getting the extended warranty and things of that nature. It's just a lot to absorb if somebody is rapid-fire talking to you, so I didn't really like that. It was probably like eight o'clock at night on a work night and I wasn't as alert as I would have been probably on the weekend. I didn't appreciate that.

M: Anything else that bothered you or you didn't like about the process in general?

R: I don't know if this would be what you're looking for. After I had decided on a car and they were running my credit report and what not, I got something in the mail, which I don't know if you have a copy of, which kind of alarmed because it said that I didn't qualify for the rate that we had talked about. It was on a Friday night. Actually, I had already taken possession of the car and I thought what does this letter really mean, does it mean that I don't get to keep the car? I called the [REDACTED] people and it was very hard to connect with anyone in the Finance Department there, so I just called the dealership and basically read to the guy what the letter had said. He indicated that initially when they ran my credit report that they were trying to get 1., something, interest, which of course is pretty good. I think the rate I have is pretty good, but that was even better. It came back saying that there had been something on my credit report so I didn't qualify for it. That really alarmed me because I thought I have really good credit. I went online and got a copy of my credit report and I couldn't see anything...nothing late. I couldn't understand why I had been turned down for the lower interest rate. I talked to them. I guess...I don't even fully understand it, but in order to get the rate that I did I had to go through dealer financing, apparently. It was the difference of about 1.5 percent. That was very disconcerting the way it played out. Nobody called me or anything, I just got a letter in the mail. It wasn't really clear to me what it even meant.

M: Just to make sure I understand. You had the financing locked in, you took possession of the car, and then a few days later you got this letter, and they never discussed that you didn't qualify.

R: This is the letter. It just kind of came out of the blue. I had already had the car. It was very confusing to me because I thought, wait a minute, I signed off on everything. I've got payment vouchers. I am not entirely sure why I didn't qualify for the slightly lower rate given my credit report, which is very good. It's still a good credit rate and the payment is right about what I wanted it to be.

M: What influenced your decision on what car to buy and who to buy it from?

R: I guess because I was familiar with the dealership. I had a [REDACTED], and then we bought a [REDACTED] for our children. We had been there over a period of several years getting the car serviced and I actually felt like I knew some of the service people there. I had always had a very positive experience. Initially when I bought those cars I lived within walking distance of the dealership, so that was helpful, too, so when I had to get work done I could always work home. I don't live that close to them anymore, but it's not really inconvenient in the fact that I have a professional relationship with them. If I were going to buy a [REDACTED] I would definitely go to that dealership. I like the [REDACTED]. I like the service, the protective plans. I've been very satisfied with the two vehicles, the two [REDACTED] that I've owned previously.

M: Were there any ads or anything that you saw that specifically might have influenced you, led you through that decision at all that you know of?

R: To buy a [REDACTED] as opposed to something else?

M: Exactly.

R: Just commercials on TV, nothing in print.

M: Nothing special. Okay. Once you reached the dealership, how long did that entire process take from the time you arrived to the time that you left with or without a deal?

R: I think I was there three times in all, probably. The first time I went I think I was having my car services...one of them. I left my car there and before I went home I just popped in there. Based on the service, the amount of work I needed to have done on the car that I had, I kind of decided...I had [REDACTED] of work that needed to be done. It was about a [REDACTED] car, so about time to get a new one. I thought, well, I am here, I am just going to pop in to see what they have. I wondered around the dealership a little bit, went inside, and didn't really talk to anyone in particular but just got a sense of roughly the costs were with the new and used vehicle. I came back a couple of days later and actually met with one of their sales reps, talked to him a little bit. We test drove two or three vehicles at that time. I pretty much decided on the one that I have now...that model, in any case...but not the colors that they had on the lot. They were going to do some research just to see if they could find a car nearby in the colors that I wanted. We were in touch by email and they said they had found a car. In the interim I had done a little research on the [REDACTED] buying service because I am a [REDACTED] member, and that's how I bought my last car, through the [REDACTED] dealership in [REDACTED]. Are you familiar with that?

M: No, tell me about that.

R: Well, you go online and can basically build the car that you want. You can add whatever extras and pick the color and whatnot. It will give you the lowest possible price. I did that just to see how it compared with what they were offering on the lot. We printed it out and I brought that in with me. Initially this would be the third day, the day I pretty much decided this was the car I wanted, I was ready to move forward, but I brought that with me. Initially, the sales rep wasn't sure they'd be able to honor it, but he was brand new there. He had only been there about six weeks. He went and talked with his manager. They matched the price, basically, from the [REDACTED] buying service. They had found a car with the color that I wanted, all the equipment that I wanted. I went ahead and sealed the deal. In terms of total amount of time that I spent there, probably not more than four hours over the three visits. The last one was probably two hours. When I met with him the first time and test drove a couple of cars it was probably about an hour, hour and a half, and then my initial visit was maybe only a half hour just wandering around the lot myself. I would say probably not more than four hours, which is pretty quick based on my experience in the past.

M: That last visit when you went it you knew the car you wanted to buy, you knew they had the color. Basically you met with the rep you were working with, and that entire process was going in and saying that's the car I want, here's the price...by the way, here's the price I am interesting in. That whole process through the time you walked out and you had the car was about a couple hours?

R: Yes, it was about two hours. It was on a work night. I think I had a 6:30 appointment. My sister came with me so she could check it out as well. It was pretty quick. I kind of was dreading the

whole process because I don't...I am not very good with haggling, trying to make a deal, but I feel like with the [REDACTED] price, I got a pretty good deal, and a good interest rate, too.

M: Okay.

AGREEIGN TO A PRICE FOR THE CAR

M: We just talked about this. How did you go about getting a price for your car? You told me that you went on a [REDACTED] site, built the car you wanted, got the lowest possible price suggestion. Had they quoted you a price before at that point?

R: They did. The guy who I was working with had printed out something. I had driven the sedan, which is what I ended up with, and then a hatchback. I think those are the only two that I drove that day. He had printed up all the details with all the extras and various packages and what not and gave me the price for those. I was going back and forth between the two models. Since I had an SUV I kind of liked the hatchback. I would have liked to have gotten another SUV, but I couldn't really afford it, so I figured I try something completely different. I went with the sedan. I did have a printout of both of the...what they would be charging for the vehicle. When I decided on the [REDACTED], the sedan model, we looked at the two and they honored the deal. I guess because it was the end of the year, end of [REDACTED], they were running a number of incentives, but I needed to go through the [REDACTED] financing in order to qualify for those incentives or reductions...return customer and two or three different other ones that I qualified for. It worked out pretty well, actually.

M: Did those incentives that you mentioned factor in the price, so you had the price from the [REDACTED] site, then did you get additional discounts beyond that price?

R: Did they take money off of the [REDACTED] price? No, they matched it. I think what they were offering me was still slightly above the [REDACTED], so they came down and matched it. As I said, my sister came with me and she had recently bought a [REDACTED] from another [REDACTED] dealership and gone through the same process. I think they were concerned that I was going to go to the dealership up in [REDACTED], so they honored the deal.

M: Okay. That matching was contingent upon you going through the dealer finance.

R: Yes.

M: What did you like, if anything, about the experience of negotiating that price or getting to that final price for that car? What about that process did you like?

R: I liked the fact that the sale rep was honest in saying I am not really sure if I can give you this price, I have to double check. I don't think it was the case with him. I believe that he was brand new there. I think he was new to the career field, so I felt like he was pretty trustworthy. I know that car salesman often get a really bad rap, but I felt like he was being honest with me, that he honestly didn't know if he could give me the price or not, and he went and talked to his boss and the boss came over and talked...the four of us. I guess I appreciated that he didn't reject the [REDACTED] information out of hand, that he was willing to at least consider it. Again, it wasn't like he was pressuring me to do anything or making me feel like we've got to get this done quickly. He would let me take my time and didn't press me to make a decision right away.

M: Anything that you did not like about the process...agreeing on the price?

R: No. I mean, not at that point. I mean, again when I was meeting with the finance guy, after I had committed to buying the car, he tried to sell me a lot of add-ons, like the extended warranty, and undercoating, the [REDACTED] for the interior. As soon as he started adding those on it put me beyond the point...I had a figure in mind that I didn't want to go beyond for my monthly payment. Adding all those things on put me out of the ballpark, which was frustrating. Then I thought the undercoating, you need to get that in this area because of all the snow. I didn't get the extended warranty. Initially I didn't get the [REDACTED] for the interior, so I only got one out of the three, but then between the time...shortly thereafter I thought it made sense to get that. I just didn't want to finance it. They said I could pay for it separately, which is what I did. I didn't get the extended warranty. I've gotten several things in the mail since then saying it's not too late.

M: We're actually going to come back and talk about add-ons a little bit later. As far as actually the price of the vehicle before that conversation started, anything that you didn't like about that process that may have happened.

R: No, not really. I feel like they were pretty straightforward. It was about two weeks before [REDACTED]. I guess I thought it would have been a little bit busier because it was so close to the end of the year. It was very quiet and it was not a hard sell at all, which wasn't what I was expecting. That was good.

M: Did you trade in a car? I know you said you were servicing your car and there were some issues with the service.

R: I didn't trade it in. I sold it to a mechanic. I had some of my work done at the dealership but then we also had a mechanic that we used...my sisters and I all use. He has his own garage and he buys cars, fixes them up, and sells them, so I sold it to him.

M: Did you owe any money on that car or was it fully paid off?

R: It was fully paid off.

M: Okay.

OBTAINING FINANCING

M: Let's talk about the financing. How did you pay for this car? You financed it through the dealership, correct?

R: Yes.

M: What did you like, if anything, about the financing experience and getting the financing through the dealership?

R: Well, there didn't seem to me much through it. They had my social security number and did a credit check and ran it through and came back with two slightly different rates, but they were both in the three percent range, slightly different monthly payments. He talked about a lower rate, like 1.9 or something. I am trying to think why...I guess there were certain things if I got the lower rate that I wouldn't also get some of the...like the return buyer incentive and some of those extra things.

M: Did they present each of those rates to you and talk about...you said they gave you two rates up front and then there was an even lower rate, so really three rates they were talking about.

R: Yes, two of them were in the three percent range. Initially they said it depended on how long the loan was for. I didn't really want to have a five-year loan or six-year loan. When they ran the numbers again, it turns out regardless of whether I had a five-year or seven-year loan it would have been the same rate. I guess I went with the longer...I guess a five or six-year loan...I went with the longer loan since it wasn't going to cost me anymore and I could just pay it off sooner if I choose to. I was a little frustrated that I didn't get the lower rate, of course, but I was trying to get the best price and the lowest monthly payment that I could.

M: You knew that lower rate was a possibility, and that's what that follow-up letter was talking about.

R: I guess that was what it was, the trade-off being you could lose those other incentives. I guess in the end the monthly rate might have gone up since it took about \$3500 off the car.

M: When you were discussing those rates with the finance person, did they print out those different options for you or were they just showing it to you on a screen?

R: He wrote it out for me.

M: Do you have copies of all of that still?

R: I don't know that I left with it. I think once I decided on what I was going to do, they just kept everything else.

M: You only got a copy of the final contract.

R: Everything I have is in there.

M: We'll look for that in a minute. I would be interested to see if you actually had a copy of the option for that lower...if you don't mind, we can look for it together.

R: Sure. I think it's the same thing you have a copy of.

M: Okay. Anything that you did not like about the financing experience? Even if you told me before, feel free to tell me again. Not the actual setting of the price, but now we're talking about the financing experience of determining those rates.

R: I guess just the disappointment in not getting the lower rate, but understanding the tradeoff between a lower rate and the dealer incentives or whatever the expression is they use. I understand they have to make their money somehow, it's just frustrating.

M: Did they do a good job of explaining the differences in what the options are as far as the specific rate, if you would lose this incentive?

R: I think so. I can't remember. I think there were three different incentives they were giving. I remember one was because I had bought a car from there before, and this is my third [REDACTED]. I don't remember what the other incentives were. I guess there was an end-of-month incentive or end-of-year incentive. I don't remember the other one.

M: How did you decide to finance through the dealer versus other options?

R: I guess I just thought that was a fairly good rate. I bank with [REDACTED]. I checked into the rate, but I don't remember what it was to be honest. I don't have a credit union. I didn't do a lot of shopping around for the interest rates.

M: You said you checked through [REDACTED] so you were aware you had an option to do something?

R: Right. I knew it wasn't the only way to get a car. I think when I bought my last one I was a credit union member and they had a really good rate and I think they really wanted me to take the [REDACTED] with the financing, so they matched the financing. They're just eager to have you finance through their company.

M: What was the process of obtaining financing at the dealership, things like where did you discuss the financing? Once you set up everything with...you were going to buy the car, you were working with the rep, now you're ready to go ahead and talk about the financing...what was that process like, what happened...once you left the sales rep?

R: I think I was the only customer in the dealership at the time. The finance guy came over initially to where we were seated and then he kind of took the lead and the sales rep kind of stepped aside. He talked to me a little bit about that and walked me through why I couldn't get the lower rate and dealer incentives and whatnot. At the point...he wasn't the head guy for finance, it was

another guy that was there. I guess he was above him. At the point where we were going to...he had paperwork and whatnot for me, then we went into his office and the sales rep did not join us.

M: That office is in the main part of the dealership?

R: Yes.

M: What terms did you discuss when talking to the dealer rep about financing? What specific financing terms?

R: What do you mean?

M: How many months, the length of the terms, APR...different things...what different terms did you guys discuss?

R: The length of the loan, whether it was going to be a four-, five-, or six-year loan, and then he just talked to me a little bit about the different rates and what I could do if I had a point beyond which I didn't want the car payment to go...this looked like probably the best option. He wrote out for me and showed me a five-year loan, your monthly payment would be this, six-year loan would be this, at these various interest rates. I guess he then ran some numbers again and came back and said the rate is actually the same, and at that point I thought if the rate is the same for the term, for a five-year or six-year loan, I suppose I could go with the longer one and then just pay it forward whenever I could, put extra money down on my monthly payment, since it wasn't costing me anymore to have the longer loan in terms of the interest rate. The monthly payment was the same so I went with the six-year loan, which I have to say growing up I always thought if you needed a six-year loan you probably couldn't afford the car. I guess it was my parents taking affect, the way my parents thought. I couldn't drive my old car anymore so I had to get something. I didn't have [REDACTED] to get it repaired, so here we are.

M: We all know the feeling.

R: There is never a good time to buy a new car I guess.

M: Were you aware that you could negotiate those terms in the financing?

R: What?

M: Any of the terms. Were you aware that during the financing process you could negotiate for different terms such as the length of the loan or the APR, any of those things? You did negotiate them a bit, you looked at different options, but did you actually get into negotiations about offering better or different options in any of those aspects?

R: Like what, as an example? Like just saying I am not prepared to do this, I'd like to hold out for this?

M: They offered you a specific length and you said that's not going to be acceptable for me, or a monthly payment, that's not going to be acceptable for me.

R: I got it below what I wanted.

M: Okay. Really just to find out how much negotiation there was and how much you were aware.

R: I know that certainly you can negotiate...I guess I felt like the interest rate was fairly good and I wanted my car payment below \$300 because I didn't think I could afford anymore. I didn't negotiate hard because I felt like pretty much I got a deal I could live with, that I was satisfied with.

M: Had you thought about or discussed with the dealer or someone else the possibility of refinancing the vehicle at any point or renegotiating the APR? Going to a different...either through the dealer...saying I would like to refinance the car.

R: After I purchased it?

M: Has anybody approached your or approached anybody else about that?

R: No. I guess I never thought about it. I mean, you can refinance your home. I guess it never occurred to me you could refinance your car.

M: Okay.

R: Could you do that through the current lender or would you have to go elsewhere?

M: That I don't know. Like I said, this is not an area of expertise for me.

R: Sure.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products or services to purchase?

R: Yes, the three that I mentioned...the extended warranty, the undercoating, which I got shortly thereafter, and then the [REDACTED] for the interior. He told me the cost of it. There were two different options for that, actually. There was one that did not have an extended warranty attached to it. Basically it was the same service with or without a warranty. If you get the less expensive one and then if there were a problem they would do their best if there were stains. It sounded ridiculous. There was the extended warranty one, which was separate from the extended warranty for the whole car. If you went with that option and they couldn't get stains out they would replace the seats. I thought I don't think I am going to have a problem with stains that I need such extensive warranties for the [REDACTED]. Basically he said the cost, what you were paying for, was the warranty. You could just as easily buy [REDACTED] at [REDACTED] and do the interior of your car. I thought I should just do that. I left and thought I am never going to do that, I'll never get around to doing that, and where would you even do it. That's when I thought I'll at least get that done because my niece and nephew are in the car sometimes. I went back and paid for that. It was only \$125.

M: You did that separately.

R: I did. I didn't want to finance it. I got the undercoating, which was financed, and I got the [REDACTED], but I didn't get the extended warranty. They have a really good warranty. I take really good care of my car and I get the routine maintenance and follow the schedule and everything. My other car lasted me a really long time. I just couldn't afford the extended warranty.

M: Any other products or services that you remember them talking to you about beyond the ones you just told me about?

R: I think those were the only ones. They had a series of different levels of the warranty. Putting that in the financing just made it more expensive than I could afford on a monthly basis. Actually, there was one for the radio because it's all touch. I've gotten things in the mail for that, too. He asked if I wanted to get the warranty for that, and I said, no, I don't think so. There was a big of a hard sell with that because he said...he was talking about the electronics going out and if that goes out it's very expensive to repair. I said it's not like I have children in the car who are going to be hitting it, so basically I am going to take my chances and just be careful with it. That was the other one they had talked about, but I didn't get it.

M: In the process of discussing these additional products and services what things about that process did you particularly like?

R: I didn't really like it at all.

M: What did you not like?

- R: I guess it was during this conversation, which I mentioned earlier, where he was just throwing a lot of information at me and putting papers in front of me and going to his computer and calling someone to get additional information to find out about the [REDACTED]. It's so annoying to me when you finally...I know this is unrealistic...you finally get a price and you think that's the price I am going to pay, but not really because you have all these other things, which ideally you would have them for your car, which sometimes may get cost prohibitive. I find that to be really annoying. If you're trying to be careful with your money, you have to pick and choose what would be the most important at the time and what can you go without. I opted for the two that I did get, and I'll just do my best to be careful about routine maintenance and being careful with my electronic radio so I don't have to have it serviced. I know things go wrong all the time with your cars, especially with the electronics, but I just couldn't add it on to the monthly payment. That was just kind of annoying the way that's done.
- M: Where in the entire financing process...after you nailed down the price...did this whole discussion of additional products and services come in?
- R: When he was putting together the contract for me to sign. He was trying to come up with the actual monthly payment. That was the last...the evening of my last visit when I was prepared to get the car. The sales guy was out at his desk. My sister and I went in to talk with him. He was putting stuff into his printer and has all these different things he puts in front of you...have you thought about this warranty...it was at the end. Those of course had to be added into the overall price of the car before we could come up with a true number for my monthly payment.
- M: When they were discussing the different products and services, what information about them did they give you?
- R: There was like a menu, like a laminated sheet with all the options for the extended warranty. Of course, there were groupings...you could get these two and not this one. Like, with the Scotch-gardening, you could get it with your basic warranty, with a seven-year warranty, and after seven years you could come back if need be and get it redone. I thought, I don't really need a seven-year warranty, I'll just be careful. They did have stuff to present on a laminated piece of cardboard for all the different things. Like I said, you could pick and choose. I looked at the prices...this is what the undercoating would be. I knew that was something I thought I should have given the salt in the snow in the area, and the Scotch-gardening. I don't remember seeing the electronic one, but he did talk to me about that. I don't remember seeing that on the paper. And then, the overall extended warranty for all the various parts of the vehicle.
- M: They go through that information with you, the extended warranty, and the pricing.
- R: They don't give you a lot of information unless you ask a lot of questions. I tend to ask a lot of questions, especially if I don't know what you're talking about. He didn't offer a lot of information, but we were asking questions...my sister and I...in particular about the [REDACTED] because I wanted to understand what the additional cost was actually getting you. If the application was exactly the same, what was the extra money paying for? That's when he basically said you can just do this yourself, go and buy a can of [REDACTED]. I thought, maybe I should do that and save myself however much it was...\$150. I think when pressed he would

give you additional information, but I don't think...he really didn't go into a lot of detail about different things that were covered. I glanced at the sheet, but he didn't go into a lot of detailed. He answered my questions when I asked questions. I don't know if that's because I am a female. Maybe he didn't think I knew about it, which probably was right. I think it's good to treat all customers the same, don't make assumptions about people and explain all the things that you're offering.

M: Okay. Again, you told me, just help my poor memory. What additional products did you purchase again?

R: Just the two, the undercoating, which is in the financing. At that time that was the only one I purchased that day. Like a week later or a few days later I called them and said can I...I had to call and schedule the appointment for the undercoating because they couldn't do it before I took the car off the lot...I said can I still get this done. He said, oh, yes, that's not problem, just tell them when you make the appointment to get the undercoating done, and then you can just pay for it separately. That's what I did. I made the one appointment, left my car there, and they did both services on the same day. I just paid separately for the Scotch-gardening.

M: What was your process for deciding which of those services to pick?

R: Out of all my options? As I said, I knew the undercoating would be important given...we didn't have a lot of snow this year, but given the snow and salt and whatnot that we typically have during the winter. I know it causes rust if you don't have protection, so I decided to go with that one. As I said, with the [REDACTED] or [REDACTED], whatever it's called, once we determined what you were actually paying for and how inexpensive it would be to do the same thing in theory on your own with something purchased from [REDACTED]. I thought, okay, I'll just take care of that myself. Honestly I thought I would do it in that moment. Afterwards I thought I am really busy I don't think that's going to happen, but I think it's a service that I should probably have. I schedule that later. As for the others, like with the extended warranty on the different parts, the engine and all the different things, it was really just a question of cost. I didn't really have the money to pay for it separately because it was about a \$600 charge, and just adding it into the finance, the monthly payment, would have made it more than I could afford. For that piece of it, the more expensive one, it was really a financial decision. I didn't think I could afford it.

M: Okay.

CONTRACT AND POST-PURCHASE

M: Did you have the opportunity to review the paperwork before you actually signed it?

R: Yes.

M: Did you review it?

R: I did.

M: What did you like, if anything, about the paperwork or the signing process?

R: It seemed to be pretty straightforward. I mean, not nearly as comprehensive as buying a house. Everything was laid out. I mean, there were a lot of papers to sign but he clearly had a system down. Everything was very well organized and orchestrated.

M: They pretty much laid out the paperwork?

R: No, it was like one. I didn't get a stack of them. He would say...what I find a lot of times is people will go, well, this is just...generally tells you what it is and they expect you to sign it. I always look at it and read it and make sure I understand it. It was usually just the one...multiple copies, but just one document. I didn't get a stack of documents, here, sign all of these. He would hand me one at a time and then, honestly, expect me to just sign it based on this is what this is. I thought, well, let's take a look at it, I want to make sure it's what we've agreed to. I would look at it. That probably lagged the process somewhat, but it's a big expense for me. Then once it seemed to be in order, I would sign it and give it back to him and then he would say, okay, this next one is blah, blah, blah. He would hand me one paper at a time, which would come out of his printer, I would look at and sign it, and then hand it back to him.

M: Anything about this process that you did not like?

R: As I said, just the fact that he spoke so quickly and went through it quickly. I mean...I don't know, I guess because of the lateness...

M: How did the quickly make you feel? What specifically about it bothered you?

R: Well, it annoyed me because I like to think about what people are saying instead of just accept what you're saying. When he was speaking to me I had to really...there was a lot of information about the numbers and everything. It was just too much in one chunk. I mean, I asked him to slow down. I said, you know, you're talking too quickly, this is a lot of information, I understand you do this all the time, but you need to slow down because you're talking too fast and I want to understand what it is you're telling me. So, he did. I wanted to understand what it was that he was conveying, the information he was conveying.

M: Have you had any contact with the dealer since purchasing the car?

R: I did have to take it in for an appointment. I will say I haven't had any verbal contact. I have had a number of emails. The sale rep has emailed me. I actually thought it was kind of funny. He emailed me a number of times thanking me for the opportunity, for coming in and working with him...a couple of times. I also got a couple of things asking to evaluate him and the dealership, which I did. I thought I got more than I expected to get. From him I probably got at least three emails, maybe four, and from the dealership, a couple. I did evaluate them and gave them high marks because I was satisfied with how the deal went forward. I was a little surprised at the number of emails that I got following the purchase not relating to, oh, you sure you don't want to buy that extended warranty...that I've gotten in the mail. I did get a number of emails from them.

M: You got that letter from your financing company. You said you reached out back to them when you got that letter.

R: Since it came from [REDACTED] I tried to call the 800 number. It just cut off. It didn't go to voicemail. I was kind of panicked. I thought what does this even mean, are they going to take possession of my vehicle? Then I thought, maybe if I call the dealership. I spoke with one of the two general manager...I don't know what the hierarchy was. It wasn't the same finance guy and he's seated in a different place. There are two of them. He's very pleasant. I read him the letter and he said, okay, I understand what that is. He explained it to me. He talked to me a little bit about it. That made me feel a little bit better because I didn't...what made no sense is that it came to me after I had taken possession of the car. It seemed to be out of sequence. If they were going to turn me down, it seems like that should have come well before or at least before I walked away with a new car. It just didn't make any sense to me. Why would you tell me two, two and a half weeks, after I've bought the car, by the way you didn't qualify for the lower rate. That just seemed odd to me.

M: To clarify, when you were talking about the lower rate with the dealer and the financing person, you had opted not to take the lower rate because you wanted the additional...

R: Right. It would have affected the monthly payment.

M: Was the placement of a tracking device required or discussed with you about the car? Is there any type of tracking device?

R: Not that I am aware of. They did not talk to me about that. Is that typical?

M: I honestly don't know. Just one of the questions we're asking people.

OVERALL UNDERSTANDING

- M: I want to talk about your paperwork in a little bit more depth now. If we could, let's look at your copies because it's the original. We're interested in whether the paperwork in car sales and car financing is easy or hard for consumers to understand. How would you describe the paperwork you received from the dealership, do you think it's hard or easy to understand in general, and what if anything is hard or easy about it?
- R: I think it's pretty straightforward. I mean, it's a lot of information, but if you read it carefully it's pretty straightforward.
- M: Anything hard to understand that you know of?
- R: No, not really. I didn't find it to be too difficult to understand.
- M: Can I look through it...
- R: Sure.
- M: ...and I want to ask some specific questions about it. Was anything on this left blank when you got it?
- R: No. I will say growing up my dad was an attorney and he always told us to mark everything, never sign anything that was blank, so I wouldn't have done it anyway. So, no.
- M: Okay. Where is your monthly payment on this form?
- R: There.
- M: How about your APR? Okay. And the length of payments, which you just pointed to, next to the monthly payment, 72 months. How about your down payment on the car?
- R: I didn't put anything down.
- M: Is all of this what you expected from what you talked with them and agreed upon and everything?
- R: Yes. Oh, it's a manufacturer's rebate.
- M: You have a manufacturer's rebate of \$3750 on there?
- R: I believe is.
- M: That monthly payment amount, you had a specific target in mind that you wanted to be at or below, correct?

R: \$300 or below is what I wanted it to be. I have a part-time job that I work and I just wanted to keep it within what I could reasonably make on a monthly basis.

M: That you'd agreed upon. How about the APR, that's what you expected and talked to the dealer about, and no surprise there?

R: No.

M: Okay. I am going to go down to...can I see some of your other paperwork?

R: Sure.

M: Purchase order here. How about anything that talked about those add-ons that we were discussing?

R: Just for the undercoating. I had to produce that when I brought it in.

M: That doesn't have a price on it per se.

R: No, I guess because that was included in...it's already paid for because it was factored into the monthly rate.

M: Did the dealer suggest undercoating or did you come in asking about it?

R: No, it was one of the ones that they offered.

M: They offered and you were interested.

R: Yes.

M: What is this document here?

R: GAP insurance.

M: You have GAP insurance on the car?

R: Yes.

M: That is basically an add-on in there.

R: I apologize, I didn't know if that was considered an add-on.

M: No need to apologize.

- R: Yes, he did talk to me about that. It wasn't presented in the same way, but you're right, I did purchase that the day that I signed all the paperwork, so that's an additional thing that I got. I guess I wasn't thinking of insurance as something additional, but it was.
- M: Is this something that the dealer when they were talking about that menu of items or options for you they suggested to you or something that you went in deciding you wanted?
- R: Actually, the sales rep talked to me about it. He initially presented that card that I spoke about, the laminated card, but he talked about GAP insurance and an experience that he had had where he didn't have GAP insurance and his car was totaled. It actually happened recently to my sister's boyfriend. He had no GAP insurance and his car was totaled. It was a brand new car, too. I didn't find about that until after I had purchased it. I know I had it on my last vehicle, on my [REDACTED].
- M: You had the manufacturer's rebate, and the GAP insurance there, then the undercoating. Those are the only additional products. So, no surprises on there?
- R: No. I am wondering since I purchased the undercoating I know on one of those papers it had to have the amount, but I guess I just assumed since it was factored into the monthly payment that it wouldn't be annotated separately.
- M: Okay. Let me double-check my notes. We've got a copy of that letter, which we appreciate you providing us. We verified with you that you don't really have any paperwork that has that original lower rate work done or anything like that, it was just this is what you agreed upon, that's what you went with?
- R: Yes. They had printouts of other vehicles with different options because they're different with every car...your packages...your standard, top of the line, and all that.
- M: Different packages of cars.
- R: Right. That was what they had written it on. When I didn't go with those other cars, I didn't keep it.
- M: All right.

OVERALL EXPERIENCE

M: We are basically at the end of our interview unless I get another note of anything else to clarify. Do you have any final views on your overall experience of purchasing and financing the car, anything else you want to share with me about the process at all?

R: I think it went very smoothly, which wasn't what I had expected. Not that I was expecting problems, but I guess I always expect to be hounded on the lot and then with phone calls...I guess people send emails now instead of phoning...and that didn't happen, so that was positive, very positive. I mean, I ended up with a car that I could afford from a dealer that I am familiar with in a location that I can easily access. I go there anyway to get my other car...my daughter's car...serviced. I felt pretty confident and comfortable dealing with those people. It might have been different had I gone to a dealer where I didn't know anybody. Not that I knew those people that I worked with personally, but I do know all the guys on the mechanic side. I think I chose that dealership for that reason, because I am familiar with them, it's convenient, they're accommodating. Overall, I felt like it was...given that I had to have a car, it went as smoothly as it could have gone. I don't have anything negative to say about it. I feel like I...they didn't talk me into doing anything I didn't want to do. The add-ons that I did later was because I thought I am never going to get around to doing this, who am I kidding. That was my choice. They didn't force me into doing it. I felt like it was a pretty positive experience for the most part. Hopefully, I won't need another car any time soon, but if I were going to get a [REDACTED], I would definitely go back to that dealer.

M: Okay.

CONCLUSION/FINAL COMMENTS

M: I think we're done. I really appreciate you coming in and spending the afternoon with me and sharing this information. Very helpful. Great to talk to. Enjoyed it very much. Hope you have a lovely weekend.

R: Thank you.

// end of recording //



AUTO BUYER STUDY

201430

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: If you could for the purposes of the interview state your first name?

R: [REDACTED].

M: Can you tell me, [REDACTED], what is the most recent car that you purchased?

R: [REDACTED]

M: When did that occur?

R: [REDACTED].

M: Tell me, what if anything did you like about the experience shopping for and choosing a car?

R: It was online and I liked it online, so as soon as I saw it is what I wanted.

M: You saw the car online?

R: Yes, on the car dealership's website.

M: That was when you decided you wanted that car just by seeing it online?

R: Well, my current car was ten years old, 276,000 miles, and it needed a transmission. It was \$1200. I got my money's worth so it was time for a new car. When I saw this car online I was like I think that's the one.

M: How did you know where to go online to find this car? Did you go to a dealership online?

R: I went to a dealership. I actually have a friend who is a car dealer, so he helped me a little bit, showed me the ropes.

M: What car dealer did you go online?

R: [REDACTED].

M: That's where your friend is?

R: Yes.

M: Was there anything you didn't like about your experience for and choosing a car?

R: No, it was easy. It was very easy.

M: What made it so easy?

R: I knew the car I wanted. I wanted a [REDACTED]. This car was used. It had 5000 miles on it. AS soon as I got there it was right in the showroom. It was exactly what I wanted.

M: You said you knew that's what you wanted. Did you have that car before?

R: No, I never had a [REDACTED] before?

M: What made you want the [REDACTED]?

R: Because I am a part-time [REDACTED] just for fun in the winter and I need four-wheel drive. I just love it. I just love the four-wheel drive and it's good on gas. It's a great car.

M: Did you look anywhere else at all or just once you saw that car at that dealership that was it for you?

R: That was it.

M: Can you tell me, how long did the entire process take from the time you arrived until you left with or without the deal?

R: I would say I could guess maybe four hours.

M: All right.

AGREEING TO A PRICE FOR THE CAR

M: Let's talk about pricing the car. How did you go about getting a price for your car?

R: Saw the price online and then when I got there I saw the price and then we talked. I traded in my old car so then they gave me some money off of the price.

M: When you say you saw the price online and the price when you got there. Were they the same?

R: Yes.

M: The price that you saw online was the price you saw when you got there. Putting aside your trade-in, your car that you had, did you negotiate price at all on that vehicle or was just based on what they were going to give you for the trade-in?

R: Just what they were going to give me for the trade-in. I didn't really negotiate.

M: What did they tell you they'd give you for the trade-in?

R: \$500.

M: Did you do any research at all on what your trade-in was valued at?

R: No. I had 276,000 miles and it was paid off and the transmission was going. I was lucky to get \$100. They gave me \$500 so I was happy.

M: Okay. Thinking about the original price that you saw on the car, can you tell me did the dealer ever say to you or indicate in any way that you could get a better price if you agreed to certain conditions?

R: I don't remember that.

M: You said you did trade in your car. Did you owe any money on that car or at that point...

R: Not at that point. No.

M: Okay.

OBTAINING FINANCING

M: Now tell me a little bit about the financing process. You went to the dealer. Were you dealing with your friend or with a sales rep that they assigned you?

R: I was dealing with my friend but what I did was on my way to the car dealership I filled out a form online to see if I would be preapproved so by the time I got there then everything was pretty much laid in my lap to eliminate time.

M: All right. When you were dealing with financing, again did you deal with another person?

R: I did.

M: Were you at a different office?

R: Yes.

M: Tell me about the financing process, about the experience. What was that like?

R: Easy. I filled it out online. I got there and met with [REDACTED]. He was a finance person. It was a smooth transition. It wasn't challenging. It wasn't difficult. It was this is what it is and I got the car. I came in Thursday. I got there maybe around nine or ten in the morning and I left at three in the afternoon with a new car.

M: You drove off the lot with the car.

R: Yes.

M: We'll talk about some of that also in just a minute. Tell me about how you financed the car. Did you finance the car through your dealer?

R: A different bank. I can't remember the bank at the top of my head, but I have money deducted out of my account the first of the month.

M: Did the dealership deal with this...

R: Yes.

M: ...or did you have to get your financing on your own?

R: No, the dealership did.

M: They basically sold your...handed your car financing off to somebody else.

R: Yes.

M: All right. When you went in to talk about the financing of your car what terms did you discuss with the dealer? Did you have any requirements or requests?

R: I wanted 60 months, but I got 72.

M: How did that happen?

R: I think because my credit score wasn't that great. I think maybe they had to negotiate something. They did, so I got the car. It was 72 months and I am making payments.

M: You didn't mind the fact that you went from 60 to 72 months?

R: No, I need a car at that point, and that's fine.

M: What about the monthly payment? Did you have a number in mind as to what you wanted to pay?

R: I did have a number in mind. What I pay is a little higher than what I thought, but I am surviving, so it's fine.

M: Again, was that something that the dealer just said, if you want this car, this is what it's going to cost, this is what it's going to cost you a month, and this is now long you have to have the payments be in order for you to get the car?

R: They weren't so stringent, they were just kind of like this is the ballpark figure, this is what we can work out, and this is why. I was like, okay. I mean, I was in a bind. I needed the car, so it just worked out.

M: The car that you traded in was truly not drivable anymore?

R: No, it was done.

M: It did well for you.

R: It did. Ten years, so no complaints.

M: Okay. At any point in your discussing about the financing did you bring up the concept of refinancing at some point?

R: He brought it up to me.

M: Tell me.

R: He said, you know, I know it's 72 months, but you can always refinance the car. I just listened and said, okay. But, that's not really an interest of mine.

M: Once you decided that it's the only way I can get the car is to do it at 72 months, you were fine with that?

R: Yes.

M: Okay. Did he give you any additional information about how you might go about refinancing if you were going to?

R: That he did not, no.

M: He just said you could.

R: Yes, he said I could.

M: You didn't query further about how you could go about doing that?

R: No, not at that point.

M: All right.

ADDITIONAL PRODUCTS AND SERVICES

- M: Now let's talk a little bit about when you were discussing things in the finance office or even with the original person you were talking with did you talk about or did they bring up to you additional products or services to purchase with your vehicle?
- R: Yes, he did. At the end you can...something about a tire and this program, but I think I declined it. I accepted a warranty, but I declined the other things.
- M: The only thing you understand that you took on was the additional warranty.
- R: Right.
- M: Okay. Tell me about that process. What was that like when they started talking to you about these additional product and services?
- R: He took me into his office...his name is [REDACTED]...he just showed me the paper and went over this is what this is and this what your price would be per month, and this is what this is, so I can visually look at and read it myself, and then make an informed decision, and then I initialed what I wanted and what I declined. So, it was straightforward.
- M: That's interesting. He was very specific about what each one of those items would cost you?
- R: Yes.
- M: How did he explain to you? Did he give you the sum of what that particular product was or did he just say this will add X number of dollars to your monthly payment?
- R: He gave me both. He was very thorough.
- M: All right. When you talked about the warranty, how specific was he about what the warranty covered?
- R: So many miles, I believe is what he explained to me, and then he gave me the pamphlet...paperwork...so then I could look over it at my leisure.
- M: Okay.

CONTRACT AND POST-PURCHASE

M: You talked about the terms of the financing. You talked about the additional products and services you were interested or not interested in taking in addition to buying the car. Can you tell me, did you have an opportunity to review your paperwork before you signed it?

R: Yes, I did.

M: Can you tell me how you went about doing that? People do it in very different ways. Some people read every line, some people skim, some people look for certain things.

R: I did a skim and a scan.

M: What does that mean exactly?

R: I read it...I can read pretty fast...read over the bulletin points, and then I asked a couple of questions, and then he clarified some things for me.

M: Do you remember what questions you asked?

R: I think I saw 72 months and I double-checked that and that's when we talked about refinancing. I think we talked about the warranty a little bit and what that covered. That was it.

M: When you were signing these documents were you signing hard copies of the document or digitally?

R: No, hard copy.

M: Any comments about that experience? You told me the shopping part was easy because you found the car right away on the website and you went in. You said the financing was pretty...I don't know what word you would use when you went through the financing.

R: This experience was easy, it was great. I had no issues. It was like I was in, I was out, they were thorough, they explained everything to me. I didn't have any bad experiences. It was really good, actually.

M: Can you tell me, since you purchased your car have you had any contact with the dealer?

R: No.

M: Have you had to bring your car in at any point so far?

R: I popped a tire, so I had to go get new tires, but it wasn't with the dealership. I live in [REDACTED] and the dealership is in [REDACTED], so I just dealt with it in [REDACTED], but I had no issues. I didn't need to talk to the dealership or anything.

M: Was it one tire? Did you hit a nail?

R: Yes. I don't know what I hit, but I hit a nail or something.

M: The tire blew?

R: Yes, so I replaced the front two tires.

M: You had to replace both tires?

R: Yes, because it's four-wheel drive.

M: Did they contact you for any reason since you purchased the car?

R: No.

M: Did anybody call you to ask you how your experience was or did they ask you to fill a survey out?

R: Yes, fill a survey how your experience went, and I did online. I want to say it was [REDACTED] or something. I don't know what it was, something, but I did fill it out.

M: Okay. At any point in time when you were going through this experience did anybody say to you that they were going to place a tracking device on your vehicle?

R: No.

M: That never came up at all? Okay.

OVERALL UNDERSTANDING

M: Now what I would like to do is us to go over your paperwork. We're going to start with this document right here, which is the retail installment contract. As you look at that document can you tell me what you think the purpose of that document is, what purpose does it serve?

R: It gives you your monthly payment, how much the car costs, how much your percentage is that you're paying on your loan, it goes over all the additional fees that happen, like the dealer processing charge, the certificates, titles...just kind of gives you an overall idea as to what you're buying.

M: Could you please point on your sheet of paper what the monthly payment is and tell me what it is.

R: \$550.

M: You're going to pay \$550 a month for your car.

R: Yes.

M: When you see that amount was that your understanding from the beginning with regard to what you were going to pay for the vehicle?

R: I thought it would be less, but then I realized my credit is not that good. They were able to get me this price and get me this car, so I was grateful.

M: When you said you thought it would be less, how much less did you think?

R: Like, \$400. It was \$150 more than what I thought.

M: At any point in time were you concerned about your ability to make this payment of \$550?

R: No, I wasn't.

M: Okay. Did you find anything particularly difficult or easy to understand about this particular item on the retail installment contract?

R: No.

M: Now point to the APR.

R: Right here.

(Questions from the back)

M: What car did you buy?

R: A [REDACTED].

M: The contract says [REDACTED], but you said [REDACTED].

R: I did? Oh, [REDACTED]. I didn't mean to say [REDACTED]. It was [REDACTED].

M: Did you go to the bank to get the financing or did you get financing at the dealer?

R: Financing at the dealer.

M: Okay. The contract says that the dealer is the seller and it was then assigned to [REDACTED], not a bank.

R: Yes. [REDACTED] is who I make my payments to.

M: You consider them like a bank?

R: Yes.

M: Okay. Those were their questions. We were pointing to the APR. What was the amount of the APR?

R: 13.64.

M: Can you tell me about that? Were you expecting that, was that a surprise?

R: No. My credit isn't the greatest, so that is probably what I expected.

M: Can you tell me, did you do any research at all prior to going into the dealership?

R: I did not.

M: You didn't check around with other financial institutions?

R: No, it was kind of like a last-minute thing. It was my car is done. I had a friend who works at a car dealership and I need to get...it was a last-minute thing.

M: When they told you 13.64, you said?

R: That's fine.

M: All right. Did you at any point in time during that process try to negotiate that interest rate?

R: No.

M: Now I'd like for you to point to me the length of payments.

R: 72 months.

M: Again, did you have a different understanding when you bought the car?

R: I was hoping for 60, but they got me 72. So, that's fine.

M: One of the things that I am very interested in understanding is did you put a down payment of any kind?

R: No, just the \$500 for my trade-in.

M: The trade-in that they gave you \$500 for you took that and applied it?

R: Yes.

M: Okay. Did they ask you for any more?

R: No.

M: Would you have given them more if you asked?

R: No, I didn't have it, unfortunately.

M: You said that you drove off the lot with the car. Did they make you sign some sort of document like a thing called a spot delivery document?

R: I don't believe so. It doesn't ring a bell.

M: Let me take a quick look. Did they give you any other information on the warranty at all?

R: I should have the warranty, what they gave me. No, they didn't. This is what they gave me.

M: Was this [REDACTED] your former car?

R: Yes.

M: I also see that you got GAP insurance; is that correct?

R: Yes, I did. The [REDACTED] contacted me to make sure, so I sent them all the information.

M: In addition to your warranty you also got GAP insurance?

R: Yes.

M: Okay. Turn to the second page of your retail installment contract...you don't have to, it's on the front page. If you look down these series of numbers that's on that page at the bottom, I am looking at...I can see your trade-in allowance of \$500. I see the government taxes on the car and the registration fees. What else do you see there in terms of additional dollars?

R: The title and fees, which is \$30, the service contract which is \$1700, and dealer processing charge, which is \$299.

M: Can you tell me, did they discuss with you the price of the service contract?

R: Yes, they did. They went over it.

M: Again, did you think to negotiate that at all?

R: No.

M: What about the GAP insurance, did you think to negotiate that?

R: No, I didn't.

M: Did you even think it was possible to negotiate those?

R: I did not think it was possible to negotiate. My thing was my credit wasn't that great, I needed a car. I was just happy enough to be able to get a car, so I was just like, let's do it, in and out.

M: I don't see this spot delivery agreement, which is this agreement that occurs when a dealer allows the buyer of the car to drive off the lot with the car on the spot when the sale and financing are technically not yet final. Did they say anything to you about that, that we need to just verify all this?

R: No.

M: As far as you knew the sale was final once you signed the documents?

R: Yes.

M: All right. Okay. They want to know how you would describe what GAP is.

R: GAP insurance is when I...my understanding was I get insurance and so...when the old insurance from my [REDACTED] is transitioned to my new car so there is no issue in regards if I am driving home after I am in my car, after the car dealership, that if anything would happen that I would be covered under my new car.

M: Is that what they explained it to you or they didn't explain it to you?

R: They didn't explain it, that's what I thought it was.

M: Okay. Who are you currently insured by?

R: [REDACTED].

M: Do you know whether [REDACTED] provides GAP insurance?

R: I do not. I just thought that they did. I thought that's what GAP insurance was...because I got rid of my old car, now I have a new car, so that will help me when I go back...so when I drive back home. I called [REDACTED] again because...I use my car for work as a tax write-off, so what I did was I made sure I had extra coverage. I have to have a certain type of coverage and when I called they made sure everything was fine.

M: Did you ask your insurance company at the time when you called them about GAP insurance?

R: No, I didn't.

M: All right.

OVERALL EXPERIENCE

M: Could you summarize for me overall what your experience was in purchasing this car?

R: Easy. I just needed a car, it was last minute. I just...good. It was good. It was easy.

M: If you had to do it again, would you go back to this place?

R: Yes.

M: All right.

CONCLUSION/FINAL COMMENTS

M: Those are all the questions that I have for you. Do you have any questions of me?

R: No.

M: Okay. You've been very helpful. We really appreciate your coming in today. Thank you very much.

// end of recording //



AUTO BUYER STUDY

57280

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: What was the most recent car you purchased and when was the purchase made?

R: [REDACTED]...end of the year. It was [REDACTED].

M: What [REDACTED]?

R: It was the one in [REDACTED].

M: What were some of the factors that influenced your decision on both what type of car to buy and where...why you chose [REDACTED], specifically?

R: Type of car to buy is we needed an estimate vehicle...or family car, I should say. We had a [REDACTED] so we wanted to upgrade it because it had higher mileage on it. We basically bought another [REDACTED]. We couldn't afford a new one, so we bought from a place that we've bought from before, so it was previous experience with [REDACTED].

M: It sounds like also with the car itself.

R: With the car, yes, both.

M: You knew exactly what you wanted, you had the car?

R: Pretty much. We would have looked at other things but once again, when you look at the inventory...oh, we have to have that, we liked that car again, so we just purchased the same kind of car.

M: Summarize for me what were some of the things you liked most and liked least about shopping and choosing a car.

R: I liked going on the internet.

M: Where did you go to look?

R: We went to...mainly [REDACTED], of course, because of our previous experience. We went to [REDACTED]. We went to...some other dealerships...we looked at [REDACTED]...just to see what the different dealerships had because we had gotten stuff in the mail from them. So, we'll go to the website and see what their inventory is. We weren't looking for a new car. We wanted a Certified Preowned vehicle...again, past experience, we liked those vehicles. That's pretty much

how we at least started looking around and realizing what we had generally with our vehicles at home what did we need to replace. I had two small company trucks that are in my company's name, but they're fine so we didn't need another one of those. We needed another family vehicle, that's why we decided to look around.

M: Anything in particular about the shopping experience that you didn't like?

R: Overall, no, but there were certain little things along the way that we didn't like, such as a little bit of pressure on, well, we want to get this in there today, want to go ahead and take of this...no, we'll wait...okay, fine, call me back...hey, just wanted to see if you made the decision. It was a little bit too much, especially since...this might have been my fault...I clearly mentioned we want to do it by the end of the year, but we're not ready yet. I think we started looking at the beginning of [REDACTED]. We didn't actually buy the car until the end of [REDACTED], but the whole three weeks before it was like, okay, hey, how's it going, it's getting close to the end of the year. That was the only thing we didn't like. Let me clarify that. It wasn't the salesperson, it was the actual [REDACTED] people. [REDACTED] had called me as well, not just the salesperson.

M: You mentioned [REDACTED] weeks. Literally from the start of the process when you walked into [REDACTED] and then left with the car was a [REDACTED]-week process from the first time?

R: There were certain motivational factors such as the end of the year I wanted to purchase another vehicle for tax reasons. Usually it takes about two to three weeks. At this point it was the holidays. Had the holiday not been around, you had [REDACTED] and everything, we probably would have bought it within a week. I don't rush things. I don't buy them on the spur of the moment. We'll go in there and find a vehicle. After we find a vehicle that we like, whether we put a deposit down or not there are other factors that we have to look at...financing, what are we going to do with the old car, what's the old car is worth. They made it real easy to do that, but I would say about two to three weeks...three weeks because of the holidays, but two weeks normally.

M: Okay. Let's start talking about the different steps.

AGREEING TO A PRICE FOR THE CAR

- M: First of all, let's talk about the pricing. How did you go about getting to and settling on a price for your car?
- R: Based on the current vehicle we had, which was the [REDACTED], we knew what our payments were per month. We did not want to pay more than those payments per month.
- M: What was that?
- R: It was like \$456 or something a month. We did not want to go past that, buy a car at \$600 a month, we wanted to stick within our same budget.
- M: Tell me a little bit more about how that process went. You got to [REDACTED] and said here is what I am paying per month, this is what I am looking for, what can you do for me?
- R: Right. Our other car still had another year on payments, so we wanted to first see what we could get for the vehicle. We were going to do a trade-in obviously on that case. We went in and said we want to buy a vehicle around the same. We knew the price range was around that \$25,000 price range in order to get the term as well as the payment that we wanted. We looked at that first. I guess in looking for the vehicles we found the vehicle that we liked online that was in that price range and wanted to take a look at that a little bit more knowing that we could probably get the same monthly rate.
- M: How did they react to that when you presented that to them?
- R: They didn't talk about the monthly rate as much as they talked about how long the term would be...well, you can only extend it out 72 months and get the payment down lower. Of course you're extending it out and paying a lot more interest.
- M: Right. Besides the monthly payments what was the original price of the car versus the price that you eventually agree to and how did that work out?
- R: Since the car was Certified Preowned the original price of the car was what we paid for it in this case. It's kind of like what [REDACTED] does with their dealerships, too...which we purchased cars years ago from them...is this is the price...no haggle price. We don't even say, \$25,600, can you do it for \$25,000? We don't even ask that.
- M: There was no negotiation on the actual price of the car.
- R: We felt good with that. We felt fine with that.
- M: The price of the car was?
- R: It was \$25,000, I think.

M: Anything in particular, again, that you liked or didn't like about getting to the price of the car?

R: Just the fact that it wasn't about the price per month it was more about the price over time, the term of the loan.

M: We're going to talk about the financing in just a second. Let's talk about the trade-in. You trade in the car. How was the trade-in price determined?

R: I am assuming off of Kelly Blue Book. We knew approximately what we could get for the vehicle.

M: You did some research.

R: We did some research on that, too, knew approximately what we should get if we sold it outright, which I really like that site because it gives you a ballpark. Took it to two different places and [REDACTED] gave us a lot more than the other place did.

M: How much more?

R: Like, \$2600...big difference.

M: Was there any negotiating on the trade-in value of the car?

R: They came in...I believe we went to [REDACTED] first and they gave us \$7000 for the trade-in. At that point I was thinking, well, maybe we could get closer to \$8300 or \$8000 because it's a nice vehicle and it was a lot of money new if you bought it new. We were a little bit like, no, it's a little low but let's see what we can get on this other estimate. I told my wife if the other estimate comes in even \$500 more, we'll stick with [REDACTED] because I know it's not going to be a hassle. When the other dealer came in or private seller came in that much lower, we're like, go back to [REDACTED], quick, and that's what we did.

M: You mentioned something that intrigued me in that statement. You said you knew [REDACTED] would be less hassle or no hassle. Explain to me what you mean by that.

R: I could have probably gotten \$8000 if I had asked, private owner, for the vehicle. I could have sold it for \$7500, but the extra \$500...or even \$1000 difference...you're not going to have much more than that because it's based on the Kelly Blue Book, I believe. Mileage was over \$100,000 on the other vehicle. What's \$1000 financed over five or six years? It's not worth it. You go in there, they take care of the titles, they take care of everything, You don't even have to know what you're doing. They'll just, boom, it's done. The pricing seems reasonable based on what they give you. They're entitled to make a profit.

M: Did you owe money on the prior car?

R: We did owe money but it was a positive equity. We owed \$42/4500, and I think they gave us \$7000.

M: Okay.

OBTAINING FINANCING

M: Talk about the financing. How did you pay for the car?

R: With financing through [REDACTED]. They go out and price shop it with different places and come back with the options for you. My credit isn't exactly the so my wife and I put both our names on there and realized [REDACTED] came through. We've gone through [REDACTED] before, we've done financing, previous experience they're pretty good.

M: The previous experience helped you decide to go through [REDACTED] again. You did consider other options?

R: Another one was [REDACTED], or somebody, but we considered [REDACTED].

M: Anything in particular you really liked or didn't like about the financing process?

R: No. Really, it was streamlined.

M: Smooth. What were some of the terms that they discussed with you during the financing process?

R: They described, okay, here is your monthly payment. They didn't mention interest rate, they mentioned monthly payment. The interest rate was on there. I saw that there were three different interest rates based on how long you extend it out. I thought, well, if we extend it out over five years, which is what we normally do it's going to be a higher interest rate, but the payments per month only vary by about \$20. We were looking at the monthly payment. We wanted to keep it exactly around that \$450 or so. It looked like it was five years for the amount of money. That's how we decided. They showed us here is your payments per month. They didn't really push the interest rates. People look and say I like that payment per month because it's less. You're paying nine percent interesting that's why.

M: They didn't really point out the difference in interest rates.

R: Not until I mentioned it.

M: How did you feel about that...they went about that process?

R: It was okay...maybe it's because of my career or what I do. I am a business owner so, okay, I'll pay nine percent if I can get a better rate per month because of the cash flow. That's what I was looking at. I just didn't want to extend it that far out because that's a long way to keep paying your payments.

M: Did you negotiate the interest rate at all?

R: Yes. We asked if we put my wife and not just me would we get a better rate. They actually ran the numbers with me and my wife to see if it would be better. It wasn't, it was the same. I don't even know if they came back with numbers on that.

M: How did you know to ask that? How did you know you could try to negotiate that a little bit?

R: Well, maybe I go back to how I originally figured that out. Past experience, that's what we did. Knowing my wife has a better credit rating than I do and we're married it always helps to have two on a thing. Sometimes because of insurance reasons, especially since I can use part of this as a write-off for my business, she's not part of the business so it really has to go through just me this time. We know that if you have a better credit rating it's like buying a house. I got my parents to sign for it when I bought it 20 year ago. They were off the loan a long time ago, but we had it because they helped us get the better interest rate. That's how we learned how to do it.

M: All right. Any other comments about your experience with the financing part of the car purchase?

R: Does that include financing the extra stuff?

M: What do you mean by the extra stuff?

R: They always try to sell you on [REDACTED], which is their extended service.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Let's talk about that stuff. What additional products and services did they try to sell you?

R: They tried to sell us their biggest product, which is [REDACTED]. That is their extended warranty. I think our car had [REDACTED] miles on it, so they said the warranty is going to be up either in this many years or by the time you turn 60,000, so we can extend that to 80,000 or 75,000. It would only raise your price this much. They show you the prices of the [REDACTED]. It might say \$1800 with \$300 deductible. That's \$1800 I didn't know I was going to have to spend, but it's only an extra \$40 a month, so do we do that. There was a lot of little finagling in there to figure out do we want to do it in the longer term so we can afford that extra \$40 a month on our current budget. We ended up going with [REDACTED] only because it was a vehicle...past experience...we've had to use it. We knew on that particular car they've had issues with the rear brake axle system or something. I am like, not a big deal, we've had it fixed before, we'll do it again...so we ended up buying that. It was a little bit of a pressure thing, almost like if you don't buy it and something happens after that warranty, and you're going to be keeping it for a while, and 60,000 isn't a whole lot, and after 60,000...I am like, you're probably right, so we ended up buying it.

M: Did you negotiate the price on the extended warranty?

R: We didn't know we could. It was more like here's this price on \$100/200/300 deductible. It wasn't like, well, can we get the price of the \$200 deductible for the price...

M: But they presented you with a couple different options based on the deductible.

R: Yes.

M: Any other additional products or services that they offered to you?

R: No, not really.

M: Anything about an extended service contract, rust proofing, GAP coverage?

R: GAP coverage they did. Fortunately, the sales person said now we also have GAP coverage. Okay, explain to us what GAP coverage was.

M: Which is what?

R: Is when your car is worth less money than you owe on it and somebody totals it or you have a huge accident and you have to get rid of it, you're not going to get the full value for it, so you're kind of stuck. Knock on wood we haven't had that problem so we didn't buy the GAP coverage thinking if that's the case...we don't drive it enough. If I drove it for work and put on 23,000 miles a year or something, I might consider that, but it wasn't worth getting.

M: Do you recall how they presented the pricing to you on that?

R: They gave us one option, here's the GAP coverage price. Whether it was \$1000/2000, I don't remember.

M: It didn't seem like it was a negotiable item?

R: No.

M: What about extended service contract?

R: No. I don't know if they actually have it. I know they have the warranty contract, but they don't mention any.

M: It's possible [REDACTED] might not.

R: I know they do change of oil and stuff like that. They did mention since we bought it at [REDACTED] we get a discount on oil changes and stuff or whatever services. That was about it.

M: When did this happen in the process, when they started offering you some additional products and services?

R: After we already agreed on the vehicle and they figured out we could afford the financing.

M: Towards the end of the financing process.

R: Probably three-quarters of the way through.

M: Any thoughts about your impression of them asking you about these additional products and services? Does it bother you in any way?

R: It just bothered me about the [REDACTED] with that extended warranty. I just think it's an add-on, it's not necessary. Most cars, even my mechanic, who is not a dealership, just a little mechanic who has two or three people working for him, he could actually fix all that stuff and it probably wouldn't cost me that much more. The chances of something like that happening compared to what you're paying for it, is like eh. They get you somehow on, well, you know, after 60,000 these are the things that could go wrong. They have a whole brochure that I have here of all the things that could go wrong on the car, and this is what they would cost. I am thinking, well, maybe I should get that. The car had all the options on it, so if something happens to the computer system or something in there it's going to cost a lot of money, so maybe I should get it. There is a little bit of pressure in there to if you don't buy it something is going to happen.

M: You also said you'd used it before.

R: Yes. We used in the past. It's not like I wanted to. As a matter of fact, when I used it in the past my repair guy told me, yes, you're paying a \$300 deductible, and by the way they're only covering non-OEM, they're not covering EOM products. I still had to pay a little bit more

money, the \$300 deductible, plus a little bit more, because I didn't want any remanufactured, I wanted original OEM. That was a little negative, but once again it was, well, these things could go wrong. Our car now has more options on it, so I guess I should buy it for the extra \$40. That's what we did...little bit of pressure there.

M: Very interesting. Thank you so much for sharing that with me.

CONTRACT AND POST-PURCHASE

M: Let's talk about the contract signing process. Did they give you an opportunity to review the paperwork before you signed it?

R: I guess they give us an opportunity. It was more like signing...when you're doing your mortgage on your house...okay, well, you're on this page, you have this, and this is what this is, and this right here says this, and this right here says this. We're not going to read through all the mumbo jumbo through there, so we just take their word for it that they're doing what a typical...like a title attorney would is explain all these things and summarizing it. We just took their word for it.

M: And signed.

R: Yes.

M: Was there any part of the paperwork process that you did take the time to review the details on or not really?

R: I questioned the default rate if you don't pay on time. I didn't really see it clear enough in there. I also checked on where the [REDACTED] was because I don't think it was in the original contact. There was a separate piece of paperwork for that separate item. I questioned just those two things, nothing about arbitration or anything. I was concerned with if the payment is not made, what's the grace period. Well, it's 15 days. Okay. If it's not paid in there for some odd reason are you going to ding me for a ton of money or something, where does it say that on here? They pointed that out, but that wasn't original. I asked that.

M: Anything particularly easy or difficult about the signing process to comment on?

R: Difficult? All the paperwork.

M: The sheer amount of it?

R: Right. I mean, if it were me, would I understand these pages that I gave you...the motor vehicle purchase contract and I think the financing contract. It has all the information I want on it, has some mumbo gumbo in there about payments and stuff like that. That's all I needed, but I have a whole pile of other stuff that they've given me that is so confusing when you start looking at it. The odometer readings...you have to sign that statement the trade-in value, the odometer was correct, and all these other little things. It's almost like you're overwhelmed by it. Here, just take care of it, I just want my new car. That was a little bit disturbing because it's a lot to go with. My wife and I go together, she'd never know any of that. I've done it before so I kind of know what to look for.

M: Thank you for describing that for me. I really appreciate that. Have you had any contact with [REDACTED] since the deal was completed?

R: No, actually, not really.

M: Any problems with the financing since the contract was signed?

R: Not financing, with the vehicle or warranty, yes.

M: You had problems with the vehicle?

R: Well, we just went on a big trip. We drove all the way down to [REDACTED]. Before then we were having some issues with double-checking the tires. It just felt like it was a little bit shaky. We wanted to have it checked out. Oil change we get done ourselves. We were very hesitant about calling [REDACTED]...or any dealership. Had it been for another dealership because, oh, it's going to be a hassle getting an appointment in there and they're probably going to take forever to get it in and we just want an in and out thing...hey, check it out, is everything okay. We don't really want to take it to [REDACTED] for any kind of repairs or even maintenance. If we see something even minor that we think, maybe it needs a frontend alignment, or the steering wheel isn't...whatever...something little like that...I would assume I just take it back to them. Too much of a hassle, so we don't do that.

M: All right. Was placement of a tracking device ever discussed in the process?

R: No, not at all.

M: Are you familiar with the point of those?

R: Yes. I am thinking about getting one. My daughter is going to be driving the car soon. My son already drives. He has his own car. Yes, we definitely want to consider something like that. Like, a LoJack, or anything like that. I don't believe they pushed it, but I do believe there were options because I asked what other options can we look at on my own accord just to see. They did have LoJack in there, but I didn't buy it.

M: All right.

OVERALL UNDERSTANDING

M: Let's look at the paperwork for a few minutes. You mentioned what we had here. Is there anything in particular in the paperwork that stood out to you as particularly confusing or difficult to understand?

R: No, not really.

M: It's just that there was so much of it?

R: Yes.

M: Let's look at the retail installment contract first. Just point out a couple of things for me, like where the interest rate is, where the monthly payments are, the number of payments...where are all those things located?

R: Well, of course, it's right up here. It's real easy to see. Once again, I've done this before. I see 8.2 percent, very high. Finance charge, \$6,000...oh, my gosh, we're going to pay \$29, almost \$30,000 for this vehicle. I am okay with that. Total sale price...it looks like the total cost of your purchase on credit including your down payment of \$2900...I am trying to figure out the totally...I guess this is what we had to put down on it based on the trade-in that we had. They gave us \$2000, we had to put another \$600 into it. These numbers don't mean as much to me because I try to pay an extra payment here and there to try and get that interest rate down. If I can pay it off faster that interest rate no longer applies. It could be as low as seven...I guess it's seven. I've never done the numbers before but I always want to get the lowest payment per month and then just try and pay more.

M: Where are the number of payments and the amount of payment?

R: Right underneath it, 66 payments, which is five and a half years, amount of payments...exactly what our budget is...\$452. That's how we decided on 66 months. That was it.

M: Again, show me where any of the add-ons or extras...are those listed on here anywhere?

R: No. The add-ons are actually included it looks like in this price of...no, here it is, number three, extended service contract, \$1529. That's the [REDACTED]. The Gap coverage it shows, but it shows zero for the gap because we didn't take it.

M: Okay. Did you get a separate contract for the [REDACTED]?

R: Yes.

M: Do you have that?

R: I believe so, yes.

M: When did they give that to you?

R: At the same time. It was included with it. I think that's all I had for that. I think that's the only one I had.

M: [REDACTED] Service Contract. Okay.

R: Wait a minute.

M: Does it have the rates...\$300 deductible...\$1529. They gave this to you? They didn't mail it to you?

R: Right. They gave that to me at the time.

M: Did they mail you anything about this after the fact or no?

R: On [REDACTED], no. This is the information about what the [REDACTED] included.

M: I might need to get copies of this when we're done here.

R: Sure. No problem.

M: Did you read through what it includes?

R: Yes.

M: Was there any confusion about that or did it make sense?

R: No. Once again from past experience, but when we first looked it, it was, okay, what's included, okay, well, basically drive train stuff. You're not going to have something included like, okay, you lost a bolt that holds on to such and such in the back. Unless it's something to do with drivetrain...it's all major stuff. It doesn't include wear and tear.

M: Let's keep this to the side because I think I probably need to get a copy of that.

R: Sure.

M: The retail installment contract, nothing in particular confusing?

R: No, very simple to read.

M: What about the motor vehicle purchase contract? What's the difference, do you know, between the motor vehicle purchase contract and the retail installment contract?

R: Well, I don't know what to say here. This is more like what the payments are.

M: Retail installment contract?

R: Yes, the retail installment contract is more like how the loan works. The motor vehicle looks like it's more of a government type thing that's necessary because it includes the insurance stuff. The government or [REDACTED] needs to know who is the insurance through, how much is the car worth, and what you paid for it so that they can do their different fees... [REDACTED] lien fee, [REDACTED] tire fee. That's on here as well, but this gives you a little bit... may give you more information on it.

M: At the time and even looking at it again now does this contract make sense to you, the purpose of it, what it says?

R: The purpose isn't clear to me other than, okay, this is needed for [REDACTED]. This, we know, it's the loan. This one we don't really know why they provide both of them. They both look the same other than, like I said, has to do with [REDACTED]. The other thing, too, is I don't think [REDACTED] requires or needs to know what you paid for it... what you are financing it through. That's why there's no financing information in here. It just shows what the price of it was not what you're paying per month.

M: Okay. Thank you for explaining that to me. I appreciate that. We started talking about this a little bit, the length of the payment. You said about five years. How did you end up with deciding on the five years and did you negotiate the length of the payments at all?

R: The five years was based on how much the monthly payment was going to be, not what the annual percentage rate was going to be. That was the biggest factor.

M: You were willing to have a longer term loan if the monthly payment was lower.

R: Monthly payment was everything to us, yes.

M: Thank you for clarifying that. Again, have you ever heard of what they call a spot delivery agreement? Did they discuss that with you?

R: No.

M: Again, I am going to have to have them clarify. I am actually not sure whether [REDACTED] does that or not. Not familiar in any past purchases either?

R: I've never heard of it, actually. No.

M: All right. They didn't give you anything about that?

R: No.

M: Okay. Thank you for pointing out the extended warranty paperwork. That was really important to us. Did they give you any paperwork on any other additional add-on menu items? Did they give you a sheet of paper that had other things on it with additional pricing?

R: I will check my files because everything is in here. No, they did not. I wish they would have, actually. They did give me something. I don't know if you need it. I like this a lot. This is a purchase details. It gives me all the information about...I believe that's buying the old car that they bought from us, I believe. That was real good because that kind of summarizes everything that we've talked about in on page and is very simple to understand.

M: It has [REDACTED] on here.

R: It has details on what we did.

M: Financing.

R: I would have liked to have seen different things that we didn't pick, such as the GAP insurance or something...options not chosen or something...because after I looked at this I might have said, we want the GAP insurance. You have three days you can change anything. I know about that. That's something that would have been nice to see...maybe this other box...things that are other options that were not picked or something. That would have been good for us. Once again, it's giving you the choice. You don't have to be pressured to do it.

M: Excellent suggestion. I'll find out if we need to make a copy of that one, too. We'll keep those things aside. Perfect. Anything else about the paperwork or the documents you signed that you feel might be important to mention to me that was confusing or difficult to understand.

R: There was just a lot of paperwork in regards to when you trade in with the old car, they have purchase agreement stuff on the current trade-in, they have agreement on the odometer, they have the recall notices if there have been any recall notices, a lot of different disclosures that they have to make legally. Once again, it would have been great...I just found this...this summary cheat would have been great to have, these are the things we provided you with...oh, yes, they provided me with a recall notice, with whatever the accessories would be. Those things are all important.

M: You did double the paperwork. You've got the trade-in paperwork and then you have the new car paperwork.

R: The trade-in paperwork was based on...exactly...I think the odometer, if there had been any recalls that were not serviced on the vehicle...trying to figure out anything else...of course, with the prices that we're accepting for the trade-in. That was one part of it. Of course, then you had this part of it, too. That really wasn't that bad though to do the trade-in. That's we did it there versus doing it outside of [REDACTED] because you do it all at once.

M: Excellent.

OVERALL EXPERIENCE

M: Summarizing this whole experience, is there anything you think you would do differently the next time based on what you learned this time around?

R: I probably would have taken the paperwork that I got from the new vehicle before I purchased it and taken it back and compared it with my old paperwork from my previous purchase knowing that my old previous purchase...let's say for the [REDACTED]...okay, what were we paying then. It would have given me a little bit better idea...why is my [REDACTED] lien fee charged this time and it wasn't charged last time. Those little nuisance fees, I guess, is what I am saying. I would have compared the fees that we were paying on top of it.

M: That's pretty smart. Good idea.

R: That's the easiest way to look at it. You can't really look at all the mumbo jumbo, the legal jargon, twice. You can at least go through what you paid and what you paid on the extra little charges.

M: Excellent. Anything else you think you'd do differently the next time?

R: Probably try to renegotiate some of those other...like [REDACTED]...and say, look we're buying it, but we need this. If you're not willing to negotiate then we want some kind of credit towards service for [REDACTED] or something. Maybe they would have given us gift certificates for a couple hundred dollars to take our car there to get fixed. It didn't cost them anything.

M: How did you learn to do that the next time?

R: My wife always says it doesn't hurt to ask. You can always ask is that the best price. We don't ask. For some reason...again, I've had a lot of good experience with them. This is my fourth or fifth car. We've bought other vehicles from [REDACTED] and some of the other dealerships, I just felt like there is no reason to look at the price, the price is reasonable. These little extra things, it doesn't hurt to ask...[REDACTED], especially.

M: It doesn't hurt to ask. Okay.

CONCLUSION/FINAL COMMENTS

M: A couple of different follow-ups that they had. Are you making your monthly payments through [REDACTED] or did they assign your financing to a third-party?

R: No, it's actually through [REDACTED]. They provide a website. The website has my three vehicles now that I am paying on. It gives me reminders on my email of when they're due...hey, your [REDACTED] payment is coming up in five days. I love it. I just pay it online. I pay a little more than the amount and I always pay it early.

M: Did they offer you any options for third-party financing?

R: No. Didn't know there were.

M: Okay. Is it possible...there is a bunch of additional paperwork that you had in there that we didn't get copies of. Is it possible to get copies of that if we make sure we remove all of your personal information?

R: Yes. Let me see what I have here that would be of value. If you want to make copies of this, you're welcome to it. This gives me the odometer disclosure statement. This is all from the previous ones. I have no problem with that.

M: I am sure those ones will be important...the contract.

R: Sure. No problem with that. I am just making sure I don't give you duplicates.

(Going through paperwork to copy)

M: Why don't you come with us and make sure they remove all of your information. We'll get this copies and I'll double check to see if they have any additional questions and be able to wrap you up and get you on your way.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

57709

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: If you could, for this interview, state your first name only.

R: [REDACTED].

M: Okay, [REDACTED]. Nice to meet you. What is the most recent car that you purchased and when did you purchase it?

R: A [REDACTED] convertible. I think it was on the fourth of [REDACTED].

M: Okay.

R: Can I look at that sheet?

M: Sure.

R: It's somewhere on here. [REDACTED].

M: Good memory. Okay. Very good. Tell me what, if anything, did you particularly like about the shopping for and choosing of the car?

R: I spent a long time shopping for it. And two weeks earlier, I drove up to a small town in [REDACTED] to test drive a similar vehicle. And [REDACTED], on their website, had one in [REDACTED]. And I was going to drive down to [REDACTED] because it was a nice day, and test drive that car. But they said; we will transport it for free to our [REDACTED] location, which is walking distance to my house. And they transferred it. I was under no obligation to buy it if I didn't like it. And they wouldn't let me test drive it until they had inspected it and passed the [REDACTED] State inspection. So if I had bought it in [REDACTED], I would have had to get two vehicles back and paid for the inspection. I thought that was a really nice move on their part.

M: Wow. And you said you spent a really long time looking. Tell me what that means? What did that mean?

R: My previous vehicle was rear-ended. I was at a red light, waiting for it to turn green. Bam. Bam. Somebody squished my car. And I was without a vehicle for most of [REDACTED]. And I'm a bicycle rider. But after a near-death experience, I was on the sidewalk when a semi-truck tried to squish me between the truck and the fence; I decided I needed some steel around me. So a small convertible is more steel than a bicycle.

M: Uh-huh.

R: So in about [REDACTED], I started seriously looking for a car. And I want a toy. So the [REDACTED] gets terrific reviews from everybody who's ever driven it. It's a blast to drive. Except I get tailgated.

M: Oh really?

R: Seriously tailgated. I'm having nightmares about it. Because I don't want to die in another rear-ender.

M: Right.

R: So I leave a big gap in front of me so I have maneuvering room. But I can stop this very light car much faster than you can stop your big-ass pickup truck that's only eight feet off my bumper. Please get off my tail.

M: Yeah.

R: So, the car is wonderful and the experience was very good.

M: Okay. Very good. Was there anything at all you did not like about your shopping experience? So we're just talking about the shopping part. We're not talking about any of the other aspects at this point.

R: The fact that it's hard to find a good convertible in [REDACTED], [REDACTED].

M: Okay.

R: I mean I was willing to drive wherever to find the right car. There was one in Florida, but that was a little too far.

M: What made you want that car in particular? How did you...?

R: I used to drive [REDACTED] when I was a kid. I'd put my way through college buying and selling [REDACTED]. I still have a keyring. And the [REDACTED], if you're a small car person, then you're a small car person.

M: Uh-huh.

R: I've driven big pickup trucks and full-sized sedans. I'm just a small car person.

M: Uh-huh.

R: Although I do want to continue living. And being tailgated at 70 miles an hour in heavy traffic is not pleasant.

M: Uh-huh. Did you look at other small cars or just the [REDACTED]?

R: Just the [REDACTED].

M: The [REDACTED].

R: There is no other car that's like that. I mean you can spend \$60,000-\$80,000 and get a [REDACTED]. But I can buy two brand new [REDACTED] for the prices of one [REDACTED]. And everybody who's ever reviewed small sports cars, when they do comparisons with supercars, they say at the end of the day, they want to take the [REDACTED] home because it's just so much fun to drive.

M: Ah. And then...

R: It's a five-speed, not the six-speed, because the six-speed I didn't like.

M: I never knew that. See, I'm learning from you already.

R: It's zoom-zoom. It doesn't mean it's a muscle car that it goes fast. It means that you can become one with the car. And when you want it to go, it actually goes. And when you want it to stop, it actually stops.

M: Okay. When you went shopping for this car, were you with somebody or just by yourself?

R: Three of us; me, myself, and I.

M: Okay. And...

R: My wife had no idea I was about to acquire a new car.

M: Ah. Okay. Was she surprised when you came home with it?

R: No. After I got back from [REDACTED] and she said where were you today, I said I was car shopping.

M: Okay. What influenced your decision on what car to buy and who to buy it from?

R: Longing for the [REDACTED]. I had driven a [REDACTED] a long time ago. And that's a blast to drive. And it's much more practical, but it's not a convertible. And after [REDACTED] had the thing with the [REDACTED], I decided that I didn't really want to buy a [REDACTED].

M: Uh-huh.

R: And, you should buy a convertible in [REDACTED] because that's the best time to buy one. There was no other consideration really. I had just acquired, about a month before this, I bought my neighbor's pickup truck. When did I buy [REDACTED] truck? It might have been after I bought this. [REDACTED] moving and he has a truck. And he gave me his [REDACTED]. So now I have, I went from being on a bicycle to having two vehicles.

M: Two vehicles.

R: In the space of like about two weeks.

M: It sounds like a polar opposite type of move.

R: Everybody needs a pickup truck. And everybody needs a convertible.

M: Uh-huh. Okay. Got it. All right.

R: The [REDACTED] I think is my 29th vehicle.

M: Oh really?

R: I bought and sold cars when I was in school to pay tuition. And I don't keep them very long. I had one pickup truck for like 17 years. But my... I kept it so that my daughters could learn to drive a five-speed.

M: Uh-huh.

R: But they refused to drive it because it was a piece of crap.

M: Oh. All right. Can you tell me, once you reached the dealership where you bought your car, how long did the entire process take from the time you arrived until the time you left?

R: Hmm. The day I bought the car? I made an appointment with the guy. Because I went by to look at it the day before, because I could ride my bicycle over there.

M: Uh-huh.

R: And it was a fine vehicle. It probably took less than three, three and a half hours.

M: Okay. And then you said you went back a second day, did you say?

R: I just went to look at the car to see if I wanted to actually buy it. And I had to find it on the lot. And then I went back the next day with my checkbook because I knew I was going to buy it.

M: Ah.

R: Unless it was a piece of garbage. But it comes with a 30-day... Well, it comes with a 5-day money back guarantee. You can drive it and if you don't like it, you can bring it back to [REDACTED], which is a wonderful thing.

M: Uh-huh.

R: So the first thing I did was I hopped in it and went over to my mechanic and said, check this out. And they said the only thing we can find is that the front bumper had been repainted. Okay. So there's a problem with the brakes that I discovered a week or so later. But [REDACTED] fixed that. A \$1000 part.

M: Really?

R: Yeah.

M: Okay.

R: When I had gone, they try to sell me the extended warranty, but I know that it's probably not going to save me any money. And it was \$1200 or \$140. And they presented it to me while signing all the papers.

M: Uh-huh.

R: And they said; you should buy this. And I said but this is like 10% of the price of the car. And I don't think it's a good deal for me. And you have this 5-day return policy and 30-day guarantee. Any problem is going to turn up. And sure enough, the rear brakes were gunk. Because the car had very low mileage and it's five years old. So it suffered from lack of use.

M: Uh-huh.

R: And the rear brakes were locking up. I noticed that when I tried to back it down my driveway. They wouldn't release. So on the 29th day, I brought it back. And they said; well bring it into the shop. Bring it in next week. And they kept it for a day and a half. And they spent \$1000 buying a part. And I thought that was really nice of them. They were very pleasant about that.

M: Okay. So, when they were trying to sell you that extended warranty, you basically said...

R: I looked at them and said; nice of you to tell me that I'm about to be offered a \$1400 option on a \$16,000 car, when I know I can go online and buy one for about \$800. And I've had them in the past. And they're a wash.

M: Ah. Okay.

R: I'm not sure how long I was going to keep this vehicle. But I didn't realize that I was going to be that seriously.

M: Uh-huh. Okay.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting a price for your car?

R: A bunch of online research.

M: Okay.

R: I was looking. You go to cars.com. You go to Kelley Blue Book. You go to [REDACTED] in different cities that you like to visit. I have relatives in [REDACTED]. I have excuses to go to [REDACTED]. So you search and you search and you spend too much time late at night not talking to your charming bride, while you're looking for a car.

(Laughter)

R: And there used to be a market between [REDACTED] and [REDACTED]. I can buy a sports car in [REDACTED], drive it to [REDACTED], make money, buy a pickup truck, go home, and buy another sports car and go back and forth. I did that a half a dozen times in college. But that is gone now. Because everybody has access to all the information everywhere in America and you can find a decent car anywhere, just sitting in your basement.

M: So you did research. And how did you go about doing that? Did did...? It was for this particular brand of car?

R: This particular vehicle.

M: Okay. And so when you went in to purchase the car at [REDACTED], did you go in knowing how much you wanted to pay for this vehicle?

R: It was on the high side of fair. But [REDACTED], there's no negotiating.

M: Oh. Is that how they work?

R: Yeah. The price is the price. They advertise it for \$15,998, but the big print says \$16,097. Of course, they don't tell you about the \$99 [REDACTED] processing charges. I said I don't want to pay that. They said; you have to. I said; okay.

M: Okay.

R: Because it was a decent vehicle. And having seen the one in [REDACTED], which was very close...

M: Right.

R: I knew that this was... It's on the high side of the fair range. And I don't care. What's \$1000?

M: Okay. Was there anything in particular you didn't like the arriving at a price part of this?

R: Hmm. There's nobody to negotiate with. The guy that I was dealing with, he was in his first month.

M: Uh-huh.

R: I always ask people; how long have you been doing this. This is my first month. How many cars have you sold? Oh, a few. Okay. I might have been the second car he ever sold.

M: Uh-huh.

R: He kept screwing up the paperwork.

M: Oh really?

R: Uh-huh. And then he had to rewrite... The finance lady who was doing the paperwork, she just kept shrugging her shoulders when I'd find a mistake. He'd have to go back to his desk and I'm like; he's a new guy. Cut him some slack.

M: Right.

R: She said; I'm going to go have a cup of coffee while he fixes the paperwork. And she leaves me sitting there. But there's no negotiating. I tried to get a good deal with the car in [REDACTED]. And there were some similarities. There were some differences. And they had some flexibility. They advertised it at \$17,000. And he started off by telling me it was \$14,000 and he'll do it for less if I like it.

M: So it wasn't a [REDACTED].

R: No. That was a small car dealership in... I don't remember the town in [REDACTED]. Just east of [REDACTED].

M: So you had negotiating power at that particular place.

R: Yeah. Yeah.

M: And so...

R: Because it was a cold overcast day in late [REDACTED] early [REDACTED]. I think it was the last week in [REDACTED]. And they wanted to get rid of the car. They don't need to keep a convertible on their lot in [REDACTED].

M: Right. So, when you went to go talk with that dealership, what did you tell them you would pay for that car?

R: I told them I had another one at [REDACTED] that was very similar that was 2-3 years newer than the one that they were offering.

M: Uh-huh.

R: And we discussed the difference in mileage. Theirs was older and had more miles, but it had more features. I went back and forth then. And they had a reasonable idea of what their car was worth.

M: Uh-huh.

R: He showed me what he paid for it and said I've got to make about \$1700 on it, you know, for all the miscellaneous stuff that they did to it and that and this. I believed him.

M: Okay.

R: He took it on trade for something else. He showed me the paperwork. He told me what the guy bought. I could have called the guy up if I wanted to and say, how did you treat this car? Was it a piece of crap or not? They're a small dealership there. They're really nice.

M: Okay. What about the original price? So in the case of the [REDACTED] loan, that was the original price and that's what you paid.

R: That's the number.

M: Okay. All right. And...

R: I paid for convenience. I don't have to go to [REDACTED] to look at the car.

M: Right.

R: And they surprised me by doing the inspection.

M: Uh-huh. And did you say you had a trade-in?

R: No.

M: No. Okay.

OBTAINING FINANCING

M: How did you end up paying for the car?

R: I wanted to keep the payments around \$250 a month. I talked to my credit union. But they wanted all kinds of information from me; tax returns for the past couple of years and this and that and explanations. Because I'm self-employed. And I had started calling when I was at the dealership in [REDACTED] because they told me they could get me financing. And I figured my credit union would do better. The difference in rate was very small from what the guys in [REDACTED] said they could get me. And they said we can throw the financing into the negotiation if you let us finance it. We have relationships with people. And if we put the financing here, we do a lot of business with them. They give us a better rate on other things. That'll lower the price of the car. I understand all that. It's you squish one end and another end changes shape. So we were talking about that. And my credit union was just a pain in the ass.

M: Oh really?

R: So I said to the guy from [REDACTED]; what kind of deal can you give me? And it was very similar to the numbers that the guys in [REDACTED] were talking. And I know what I'm supposed to pay.

M: Uh-huh.

R: And my credit union was being a real pain. So I said... I can write them a check for the whole thing, but I don't... This particular car, I would finance. Because I'm not sure how much money I owed for taxes. I could have written them a check for the whole thing. But I said; I'll take your financing. If the car's a real piece of crap, I'll just stop paying it and the repo company can come get it.

M: Uh-huh.

R: So I think I wrote them a check for about \$5000. It's all in here. And I financed the rest. Just pick a number.

M: Okay. So, how was that experience for you when you were dealing with the financing part of this with [REDACTED]?

R: It was interesting because when I was signing the paperwork, I'm a real estate broker. I have an MBA. I know how to use a financial calculator. I used to do those calculations by hand to pass the test in grad school.

M: Uh-huh.

R: And I couldn't get my numbers to work out. I know the payments should be this. But the paperwork is telling me that. It's a couple pennies more. And I said; how do you get

that number? And he said; well I calculated it so that your first payment would be until the end of the month.

M: Oh.

R: And I said; who told you to do that? He said; well I thought. No, no, no, no. You ask the customer what the customer wants, not what you thought or not what's going to increase the payment to the bank by an extra dollar or so every month. You do that on couple thousand cars, that's serious money.

M: Right.

R: So that was I think the second or third time he had to redo the paperwork. I said I want your number to be the same as my number in my calculator. I'm willing to make the first payment as if I bought the car today. I don't need another 15 days.

M: Right.

R: So, I thought that was odd. I objected to that because nobody else is going to show up there with a financial calculator when they're trying to buy a car.

M: Right. Interesting.

R: I've done this before.

M: Yeah.

R: When I bought the [REDACTED] that my wife drives, I made sure that the payment was due two days after her paycheck hits the bank, just because.

M: Uh-huh.

R: But in this case, I don't care. I have more money now.

M: Right. So you have more flexibility.

R: Yeah.

M: Okay. How did you end up...? So you ended up financing through the dealer because it was a pain dealing with your...

R: It was convenient.

M: It was convenient. It was a pain to deal with your credit union.

R: And being self-employed with some credit history issues recently, a bank and a credit union is going to ask me for a ton of paperwork. And these guys said... Well, the first time he typed my name in wrong or something. Maybe he used [REDACTED] instead of [REDACTED].

M: Uh-huh.

R: And we had to go through the whole computerized thing a second time. So you're dinging my credit twice because there was a misspelling? They said, yeah. I said; well thank you. I don't know what that cost me. But I think two dings within five minutes from the same computer is probably not going to be that big a credit ding.

M: Uh-huh.

R: But I'll never know. And it was pennies difference, if it was anything.

M: Okay. What was the, when you were talking about the financing, what were the terms that were important to you?

R: I wanted, for some reason, I wanted to keep the payment about the same as the payment on the [REDACTED].

M: Uh-huh.

R: And I don't know, is this a five-year loan? I don't even know. I think they would have gone up to seven years. But then the car is ten or 15 years old. I'm paying that much on an old car? No. The important thing was the payment. The rate was a decent rate. My credit score, depending on who you ask, what time of day, which credit score, because there are many different kinds of credit scores, [REDACTED], in that range. And that's what you should pay.

M: Okay. Did you shop for, I mean, rates?

R: No.

M: No.

R: I shopped for the ability to get a loan. My credit union sort of indicated. I looked at other places where they advertised what your rate should be. And it was a decent rate. And rates are low.

M: Uh-huh.

R: The first house I bought, my wife remembers, we were paying like 14% interest. So when somebody's willing to give you a car and let you drive it away for 3-point-something percent. I don't remember what it is. It doesn't matter. I thought that was a pretty good rate.

M: Uh-huh. Okay. So in the end, were you able to negotiate any of the terms?

R: No. The length of financing was the only thing that they had. And I sort of in my head balanced how old the car is, how old I'm going to be when the loan's paid off.

M: Yeah. Right.

R: And what I thought I wanted to do with it.

M: Okay. All right.

R: The rate was going to be the rate.

M: Okay. All right. One of the things I am interested in exploring with you a little bit is at any time during your negotiations or discussions with your dealer, was there any mention of the possibility of refinancing the vehicle at any time?

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

- M: And at any time did the dealer offer you any additional products and services?
- R: They offered me that car repair policy for a ridiculous amount of money. Handed me a really nice folded brochure and said; read this, while he ran off and did some paperwork. And it was reasonably comprehensive. But I thought that was kind of a wrench thrown in the works. I wasn't expecting to spend another \$1400 on this insurance policy that if I keep the car for six months and sell, I'm probably not going to get a refund on the policy. So thank you. I'll take the risk. It's an old car.
- M: Okay. So you point blank said; I'm not interested.
- R: No.
- M: Okay.
- R: I was sitting there with my telephone. I could have priced the competitive product on my Smartphone and said, you know, I can get this same thing for \$800. But I didn't think I needed it.
- M: Okay. So how did you feel about that part of the car-buying experience, when they started to...?
- R: I gave the guy a lot of grief about it.
- M: You did?
- R: But he's sold two cars in his first month. There's no negotiating with [REDACTED]. They have the market power. They have the vehicle I wanted, at a reasonable price.
- M: Okay.
- R: I mean they fixed the brakes. That cost them \$990 for the part.
- M: Tell me did you speak with different people when you were looking to purchase the car versus finance the car? Or were you talking to the same guy?
- R: It's the same guy.
- M: So you didn't go to a second person about the financing.
- R: No.
- M: Okay.

R: It was on the computer and we went through it once. And then there was some mistake. We had to go through it again. And the rate I think was the same both times we did it.

M: Okay. So when you did the financing, did you do it in the same place in the dealership? Was it in the same...?

R: At the same desk. He's got a little desk like this and there's a computer on it. And he kept walking away. And I kept rolling my chair and scooting around, and racing up and down through [REDACTED] while he was trying to figure out how to work the system. And they gave me a look. Because I'm me, a bearded, [REDACTED] something year old guy, wheeling his chair around, racing through the store. He told me to sit there. So I did. But there kept moving.

M: Uh-huh.

R: I wanted to buy the car. It was a nice sunny day. It's a convertible. It's a toy. I don't care.

M: Uh-huh. Okay.

R: And who are you going to negotiate with at [REDACTED]? Let me speak to the manager? The manager doesn't have any power. It's a giant corporation with all the vehicles.

M: Uh-huh.

CONTRACT AND POST-PURCHASE

M: All right. Let's talk about did you have the opportunity, at some point during this whole process, to review the paperwork?

R: I actually read all of the paperwork.

M: Tell me about that. What do you mean by that?

R: I moved over to the finance lady, where you go to sign all the paperwork.

M: Uh-huh.

R: They print it. He's over at his front window seat. She's over on the side, looking out over the parking lot. And I read the thing. Every word of it. And I said anybody ever read all of this? She said no. I read every word of it. And I found a couple of mistakes when I went through carefully. And he had to change the paperwork.

M: Really? What mistakes did you find? Do you remember?

R: He spelled my name wrong maybe. Oh, I didn't like the fact that my payment didn't meet what his payment was, where his payment was a little bit higher. Because he wanted to give me those extra 15 days. Thank you. So he's doing that. I remember he did two sets. I don't remember why the second set. Maybe he spelled my name wrong. Sometimes people spell it [REDACTED] instead of [REDACTED].

M: Okay.

R: Payments are due monthly, beginning [REDACTED]. And he had that like [REDACTED] or something.

M: Really?

R: It has to work on my calculator because I put it in a spreadsheet. And that's how I know how much interest I paid so I can deduct it on my taxes. And my spreadsheet has to equal your spreadsheet. The one for the [REDACTED] doesn't.

M: Right. So...

R: I try to buy something from... Oh, the [REDACTED] lady had me on the phone, because my voicemail wasn't working. She tried to upsell me just the other day. And you have to click, in order for her to submit the order, she said you have to read the instructions and click. But first, she asked me if I had access to a computer or a Smartphone. If I'd have said no, I would not have been able to read the 47 page of documentation that was required for her to submit the order. So, it was huge. I don't know if it was 47. It was monstrous. I spend ten minutes going through it because I have to click "agree." And I just came to the one that says that they can change the terms of the agreement anytime

they feel like it. She said, but you already signed this. I said, yeah. But that was several years ago. This one changed in [REDACTED]. It's different. So I read the whole thing, just to piss them off.

M: Uh-huh. Okay. So you're the type that will read word-for-word, line-for-line.

R: The whole thing. I'm a real estate broker. I actually read the contract.

M: Uh-huh. So let me ask you a question. Did you, when you were reading through your documentation, were you reading it in print or were you reading it digitally?

R: Print.

M: Print. Okay.

R: When we did the digital credit card check thing, they must have missed something because I remember doing it twice.

M: What do you mean "when you did the digital...?"

R: Well, to pull my credit, to get the... If they wouldn't have given me the loan, I would have written them a check and gone and financed the car later.

M: Uh-huh.

R: But it was convenient.

M: Uh-huh.

R: Reading the documents on-screen is not possible. I'm old. I'm paper-based. I like to look at it. I like to be able to go back and forth. I don't like to wait for the damn page to turn, thank you. I've done real estate settlements where they're online. Nobody looks at them.

M: Ah. Okay. Tell me, have you had any contact with the dealer since you purchased the car?

R: When I noticed there was a problem with the brakes, I brought it back. And I went to the service department. And I said it's the 29th day. I've got to get my car in to have them look at the brakes. And he said, yeah, well just do it next week. No problem. And I dropped the car off. And they were back and forth communicating, telling me we've got to wait for the part. We've got to take it somewhere else. And it was a pleasure to deal with them.

M: Okay.

R: And they gave me a one-year guarantee on this \$1000-part in the rear brakes.

M: Ah. Were there any other situations where you had contact with the dealer since you purchased the car?

R: Nope.

M: No.

R: I was in and out with a car in 3 ½ to 4 hours, put the top down, and went for a drive.

M: Okay. All right.

R: I'm an easy car-buyer.

M: It sounds like it.

R: I've done this before.

M: At any point in time, did anyone mention to you that they were going to put a tracking device on your car?

R: If they would, I have taken it out. No. Did they put a tracking device on my car? No.

M: No. Okay.

R: No. I won't have a tracking device on my car. It's bad enough I have my telephone that knows exactly where I am every time.

M: Okay.

OVERALL UNDERSTANDING

- M: All right. I'd like to go through the paperwork with you. Can you pull out the...
- R: The retail installment contract?
- M: Yes. That's exactly what I want you to look at. All right. So my first question for you about this document is overall in looking at it, what is the purpose of this document?
- R: You pay, you keep the car. You don't, we take the car back.
- M: Okay.
- R: It's a one-sided preprinted bank form that you can't negotiate, change, or even correct the errors in it, if there are any.
- M: Ah.
- R: Just sign it and take the car.
- M: Okay. So when you say you reviewed the paperwork, what did you review on this?
- R: I read every word. I sat there and read every word. Five percent late fees is typical of what you see on mortgages. That's what it is. Well, \$5000 is 10%. Ten percent is high. Mortgages are either 3% or 5%. You look for some key things. But basically, it says you have to keep it insured and you have to make the payments.
- M: All right. So now what I'd like you to do is look for the monthly payment. Point to it on the document and tell me what the number is.
- R: The monthly payment is \$237.92, at a 5% annual percentage rate, which probably works in my calculator. And the rest of it is garbage I don't care about.
- M: Okay. So tell me, the monthly payment, when you saw the monthly payment is it what you expected it to be?
- R: I had a choice of putting more money down or less money and stretching the terms out or shrinking the terms. And I just had in my head that I wanted it to be under \$250 a month.
- M: Ah.
- R: So I made it work. I wrote them a check for \$5000.
- M: Okay.

R: If he had wanted \$7000, I'd have given him \$7000. They suggested a smaller down. He said; you don't need to give us \$5000. I said; no that's okay. I have the cash. I could pay for it cash, but I don't want to pay cash for this car.

M: Ah. Okay. So for you, the \$237.92 fit within the formula of what you wanted to pay monthly for the car.

R: Yeah. So my wife is driving a more expensive car than I am.

M: But you have your car that you like.

R: And the truck. And they Dave gave me the title for an old delivery van that's stuck at a farm in [REDACTED] out by the [REDACTED]. So I'm going to have a fourth vehicle. Do you want to drive to the beach one day this week to pick that up with me?

(Laughter)

M: Okay.

R: Yeah. I'm vehicle-heavy this week.

M: Okay. So was there any surprise with the \$237.92?

R: I made that number.

M: You made it.

R: I made it. That was my number.

M: Okay. All right. And in order to get that number, since the price of the car was set...

R: It's an easy calculation.

M: So, something moved in order for you to get that number, right?

R: Uh-huh.

M: And what moved?

R: The down payment and the term.

M: Okay. All right.

R: And I had in my mind that I would put \$5000 into this car.

M: Okay. And so, what did you think of the term? First of all, what is the term? Tell me what the term is.

R: Sixty months, five years.

M: Okay. So tell me what you thought about the term?

R: Seventy-two is stretching it for a 2012. It's a five-year old car. It would be 12 years old. And I'll be almost [REDACTED] at that time. That probably not something I want to do. I just thought that was a nice number to keep it so that my wife's car cost more a month than my car does.

M: Uh-huh. Okay. So you were okay with the 60 months.

R: Yes. As it got to be three years, the payment went up a little bit higher. I don't remember exactly the numbers. I could figure it out.

M: Right.

R: And I didn't want to put it for a really short loan and \$10,000 down, because I wasn't sure how much money I need for taxes.

M: Yeah. That's right. You had said that you wanted to have some money for...

R: Because I'm old, I don't like to work. I do good work. Do you know anybody that needs to buy a house, because there's some good deals out there?

M: Okay.

R: But yeah. I had a pile of money. And that's what I decided to do with it.

M: Okay. All right. Any other comments about the terms of this deal?

R: I completely understood them. I mean this is easy finance for somebody like me who does this all the time.

M: Okay. Tell me about the APR.

R: Well, that's one of those unknowable numbers that is in some complicated formula that when they come up with the finance charge and what the annual percentage rate is.

M: So what's your APR on this deal?

R: I think it's 5.59%.

M: Okay.

R: I might check that. Hmm. Of course, in mortgages they have an effective annual percentage rate. And that's just a bizarre number that nobody knows how to calculate. I tried to calculate that once. [REDACTED] Mortgage Calculator. Come on. Do you want me to do this?

M: No. You don't have to calculate it. That's fine. What I'm trying to figure out is did you expect that APR on your deal? Or was that a surprise?

R: I had a pretty good idea from talking to the guys in [REDACTED] that I was going to pay around 5-6%.

M: Ah.

R: And the difference on the \$12,000, between 3% and 6% is not that significant.

M: Okay.

R: At least not to me.

M: Okay.

R: Because I expect that I might pay this off shortly. Or if I keep getting tailgated and having nightmares, I may just get rid of the vehicle and get something big.

M: Ah. Okay.

R: But this gets 29-point-something miles to the gallon.

M: Ah.

R: And I like that. And it goes smooth.

M: And it goes smooth. So is that more or less than you thought you could get on this deal?

R: That's about the right number.

M: That's about the right number. And given interest rates today, would you say that that's a competitive rate?

R: Yeah. It might be on the high side of fair. But it's a used car.

M: Ah.

R: And used cars, they cost more to finance.

M: I didn't know that. They do?

R: Yeah.

M: Why is that, do you think?

R: Hmm. Because it's a used car and it's a little riskier. The maintenance issues. The kind of people who buy used cars are a different class of people who... This is a \$16,000 car with 22,000 miles on it. And to buy a new one, it's over \$30,000. So I got this for half price. And it's, it just needs new tires. But I knew that when I looked at it. And it's an old car.

M: So you would expect... Because it's a used car, you would have expected that.

R: That's the way the marketplace seems to work.

M: Okay. I didn't know that. So, I learned something from you today. I appreciate that.

R: A new one, if you go to the dealer, they'll finance it with [REDACTED] for probably 2.99% and roughly the same ridiculous overpriced maintenance plan. But it's a brand new \$30,000, \$35,000 by the time you load it up, vehicle.

M: Uh-huh. Okay. So let's look at the line items, the itemization on the retail installment contract. So it shows... I guess where is down payment?

R: The \$5000, E1.

M: Okay. And you said that that was something that they said, they tried to discourage you from putting that much down?

R: He said, you know, you don't have to put that much money down. I said, yeah, you'd give me 100% financing, but I don't want to do that. I want to have some ownership in the vehicle so I feel like I did something for it.

M: Okay. All right.

R: That was the balloon that I was squeezing to keep the payments less than my wife's car. Is that a reasonable thing to do? No. But that's what I did.

M: Okay. When you said "Was that a reasonable thing to do," why would somebody think it's not a reasonable thing to do?

R: I don't care what you think.

M: I'm just saying why would that be?

R: How do you make that kind of a decision? I had the money. For some reason, on that sunny day, I wanted to put the top down and go for a drive. And I wanted to keep a pile of cash in reserve for taxes. Because I don't have a huge pile. It turns out I could have paid cash for the car.

M: Uh-huh. So what I'm saying is, was it odd to you that he questioned that you wanted to put \$5000?

R: I knew he was going to do that because they make money on the financing.

M: Ah.

R: The guy in [REDACTED] explained it to me. He said; well line up three guys. And depending on what you do, we can put it with this guy because he's with [REDACTED]. He's a good friend. And he gives us a good deal. And if we bring him more business, then we can sell more cars. So we can lower the price of the car. Okay. That's the way the business works.

M: Okay. All right.

R: It was [REDACTED] I think, in [REDACTED].

M: Okay. All right. And other than that, the itemized information on this were just registration fees and title fees and that. So did you expect to pay those fees?

R: Yeah. Yeah.

M: Okay. Did you at any point in time think that you could negotiate those things or no?

R: Hmm. No. I guess you could have tried to fight with them about the title fees. That's probably theirs. They handed me hard metal tags. And they put them on the car.

M: Uh-huh.

R: Which is nice, because it looks like it's not a "you just bought this car" car.

M: Okay.

R: Because it was inspected and it was titled. And it was done. I don't remember if I got the pickup truck before or after this car. But I went to the... There's the [REDACTED] around the corner from my house. And there's a private motor title company, where you don't have to wait in line. They're knowledgeable. They're fast and efficient. And they handed me the metal tags when I showed the inspection certificate for the truck. And they gave me hard metal tags. And hard metal tags are a nice thing to have. I don't like the paper tags.

M: And so you got the metal tags from the dealer?

R: They put them on.

M: Okay.

R: And they scraped off the [REDACTED] name off of the back of the car because in [REDACTED] County, you're not allowed to do that.

M: What do you mean?

R: They put the little sticker that says [REDACTED]?

M: Yeah.

R: I don't want that on my car. He had a plastic razor blade so as not to scratch the paint. Because a long time ago, [REDACTED] County said you can't put those stickers on the back of the car, from the dealer. And I've bought enough cars that I know that. So I make them take it off all the time.

M: Ah. Let me ask you a question. At any point in time, did they ask you to sign a spot delivery agreement?

R: I don't remember a spot delivery agreement.

M: Okay.

R: I think I know what that is, that they can...

M: Tell me what you think that is.

R: They can take... [REDACTED] does that when you buy cars. They give you the financing. And they say; we're going to place it with another, with a bank, because you bought it on a Friday afternoon when the banks are closed.

M: Uh-huh.

R: And they say; we can place that with the bank and if the bank doesn't approve the financing, your rate may change. And I say if the rate changes, you're going to get the car back covered in [REDACTED] and you can shove it. This is the deal that I'm signing. I don't care what you guys do with it. I'm going to try not to wreck the car until you confirm with me on Monday morning that this is the rate.

M: Uh-huh.

R: [REDACTED] did not try to pull that.

M: Okay.

R: Because it's [REDACTED].

M: Okay.

R: I would have changed the complexion of my putting the top down and driving it.

M: Ah.

R: Because that would have eaten up a couple of days of my five-day driving return policy. I don't like when they do that. I need to know. Because there are some banks that I will not deal with. I will not deal with [REDACTED], under any circumstance for any reason.

M: Okay.

R: [REDACTED] used to not report the credit limit on your credit card. And I'm a realtor. So when they reported the amount of money that you had, that you owe them every month, divided by 0, you got a "divide by 0" errors with the credit bureaus. And it dropped your credit score 10-20 points. The [REDACTED] said; don't use [REDACTED]. And I called [REDACTED], odd name for the president of a bank that's ripping off most American consumers. And I complained, like they told me to. And it took them a couple of years, but they finally changed that policy. But I hold a grudge against banks.

M: Okay.

R: They didn't try that crap with me on this.

M: Okay. Did they make you fill out a credit application?

R: I did that twice online.

M: You did?

R: Yeah.

M: You know mean before you went into [REDACTED]?

R: While I was sitting there. I had test-driven the car. And I said I'll buy it. Let's go do the paperwork. And that's when we sat in front of his computer and I gave him my Social Security number and address and all that good stuff.

M: Uh-huh.

R: I think he spelled my name wrong the first time. So we had to redo that a second time.

M: Okay.

R: That was their credit application.

M: Okay. All right.

R: What they did in [REDACTED], I wasn't sure if I was going to go back and buy the car, because I had to see this [REDACTED] one first. I just filled out the credit application; name, Social Security number, signed it, left it with him in his desk and said if I call you, run it and see what happens.

M: Okay. At any point in time, did anybody say anything to you about placing a tracking device on your vehicle?

R: No.

M: They didn't give you a notice or anything like that.

R: No.

M: Okay.

OVERALL EXPERIENCE

M: All right. I'm going to check with my colleagues to see if there is anything that they're interested in asking you before we wind down. So if they are, they'll send a note in. But in the meantime, can you just summarize for me your overall experience purchasing this car with [REDACTED]?

R: It was a breeze. They had a vehicle. I had a hard time finding it the second time. I knew it was there, but somehow it got lost in their computer system for a day or so. I called [REDACTED] in [REDACTED], but it was at the one in [REDACTED]. So I called the one in [REDACTED]. They said; yeah we have it. I said can I come drive it? And they said; we can ship it. So I called the [REDACTED] store and I arranged to have it shipped. And it was there four days later, inspected. It took me three hours to buy the car. And I was done.

M: Ah. So you would say...

R: It was surprisingly nice.

M: Surprisingly nice. Okay. Any other comments about this experience, whether it's the shopping for the car, the pricing of the car, the financing of the car, added products and services?

R: To deal with [REDACTED], this is the price. I talked to a bunch of people who bought cars from [REDACTED]. The price is the price.

M: Okay.

R: You have no negotiating power. The terms are the terms. Take it or leave it.

M: Right.

R: If we don't sell the car to you, we'll move it to Ohio and sell it to somebody else. We don't care. We've got trucks going all over America.

M: Right.

R: It was a good vehicle in good condition at a good price. It's what I wanted.

M: Sounds good. Well it's my impression my colleagues are good, that you've answered all of our questions.

R: Okay.

M: I really appreciate it. Thank you for coming in.

R: Sure.

M: I don't think there is any other documentation here. But let me take a quick look.

R: You can have the originals of these. I don't really care what you do with them.

M: Oh no. That's okay. We have copies.

R: You can have my credit card and Social Security number. If we get any money, we'll have a party.

M: No. That's okay. We have all your redacted information here. I just want to make sure that... We have the purchase agreement and the real estate; I mean the retail installment contract, which we went over. I think that was it. I have real estate on my brain after talking to you. See?

R: Yeah.

M: You'd be a good real estate agent. No liability insurance included. Yep.

R: I...

M: What's this document? Retail installment contract, no liability insurance included.

R: I guess if they were going to sell me insurance. They could have sold me insurance.

M: It says "\$500 deductible." Is that right?

R: I was sitting at his desk while he was doing some paperwork. And I called [REDACTED] and said I'm about to buy this car. Can you put it on my policy? How much is it going to cost?

M: Ah.

R: And they told me and I said I own three, soon to be four, vehicles. I'm going to shop my insurance later.

M: Uh-huh. Yeah. I don't see that on the retail installment contract.

R: Because I had my own insurance. I guess they would have sold me insurance.

M: Okay.

R: But I have a complex relationship with my insurance company, business, home, vehicles, miscellaneous other things.

M: Now this says the effective day of this is [REDACTED] and the expiration date is [REDACTED]. So what is this?

R: This was to let [REDACTED] know that I have insurance and theoretically could stop paying... I guess they wanted to know for sure that I had coverage for 90 days. Because you can stop paying your insurance and they would not be covered. And if I wrecked the car, and I didn't have insurance and I'm a turnip, then they get a lump of steel back. This way they knew that it is covered long enough to make their paperwork good.

M: Ah.

R: Because they're banks.

M: Was this gap insurance?

R: No. This is my car insurance. I just called up my insurance company and said; add another car to my policy.

M: Ah.

R: And...

M: So, you didn't pay anything for this. This was...

R: This was something that they typed up.

M: Oh okay. That's fine.

R: This is a [REDACTED] document.

M: Got it. Okay. All right. So we covered everything. I appreciate it. Thank you very much.

R: This was fun. So am I a typical car-buyer or not?

M: I mean, you know, everybody differs a little bit. Their experience differs. You're our first [REDACTED] person. So it was interesting because we had heard that [REDACTED], you don't negotiate.

R: The price is the price.

M: Yeah. So that at least bore out from what you said.

R: Yeah. If they had sold it at that price in [REDACTED], they'd have sold it in [REDACTED]. They'd ship it to Ohio, if you wanted the car.

M: Yeah. From that perspective it was no surprises.

R: When I bought my wife's car, I had a [REDACTED] that had issues. And it needed tires and brakes. So my daughter and I went over and sat at [REDACTED] desk, my car salesman. We said my car needs tires and brakes. He says, you know, you can get a new one for the same payment. And I said, with a sunroof? So we went out and we picked one with a sunroof. And I drove home with a new car that day, instead of getting tires and brakes. I'm easy that way.

M: Yeah. That's good. Well thank you for coming in. I appreciate it. It was nice meeting you.

R: It was a pleasure.

M: Have a great day.

R: Thank you.

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AUTO BUYER STUDY

47670

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Can you please share with me what the most recent car purchase was? What kind of car was it and when you purchased it and where you purchased it?

R: It was a [REDACTED]. The leather, whatever the numbers on it, [REDACTED] or something like that, whatever it is, with the leather and the navigation system. We wanted the navigation system. We didn't want the leather but the navigation system came with it. Bought it at [REDACTED] and the date, I'd have to refer to those papers as to what the date it.

M: [REDACTED]? End of [REDACTED]?

R: Was it end of [REDACTED]? Oh, my God. I've had the car that long. OK. Whatever that date is on there. And, from [REDACTED]. The reason we were at [REDACTED] is because that's our third [REDACTED] we had bought at [REDACTED]. We got to know one of the salesmen there quite well, became friendly with him, [REDACTED], and he's honest and he's low key and I don't have to fool with the guy, don't have to negotiate, I know he's going to give me the best price without me having to go through all that new car shenanigan stuff that people have to go through. And, I kind of knew before I went in there what the car should cost, and as long as he came within a reasonable amount thereof, I figured I was going to do it. And, [REDACTED] is also very convenient to my home. It's not even 10 minutes from my house.

M: You perfectly answered, without me even asking, why you chose [REDACTED]. What about why you chose this particular car?

R: Well, it's our third [REDACTED]. We had a [REDACTED] in [REDACTED], we got a [REDACTED] in [REDACTED], and this is a [REDACTED] in [REDACTED]. They're well-thought-of cars, they're well appointed, they may not have all the bells and whistles that some of the other cards have, but they're reliable, we haven't had any trouble with any of the [REDACTED] we've had. They run, they don't break down. Yes, they've occasionally been called in for some manufacturing issue or other. I've had a couple of things on the [REDACTED], but nothing major. No big deals. The [REDACTED], I think, all the recalls (inaudible) but nothing serious. The car just runs. The gas mileage on the [REDACTED] has been good. The [REDACTED], not so great. But, this [REDACTED], we just came back from [REDACTED] two weeks ago and we were averaging close to 40 miles a gallon with this car. And, this is a 4 cylinder, not a hybrid car, and on the highway it was [REDACTED] miles a gallon. It was terrific.

M: Why did you decide to go back to the [REDACTED]? I'm just curious.

R: It's a comfortable car. We like [REDACTED]. The reputation of the company is terrific, although it has fallen a little bit. There are some other car companies that may be better, but we just like the cars, the dealership is convenient, the car is comfortable. We rode in [REDACTED], you know, test drove [REDACTED] and a couple of the others, and since this is primarily my wife's car, she liked this the best, was the most comfortable in it, so.

M: Excellent. Great job. Anything you particularly liked or disliked about the shopping experience?

R: That's why we went to [REDACTED] and dealt with [REDACTED]. No, the shopping experience was, I mean, it's not the best thing in the world. If I could choose other things to do, I would do it. But, it's something that you have to do and you do it. The other dealerships we went to, several of them in that auto park off [REDACTED] in [REDACTED], most of the people were pretty good, but what I like [REDACTED] is he's become a friend and he doesn't give me a bunch of crap. He just tells me like it is and fine. I say, "[REDACTED], I just want your best price. No fooling around." He gives me the best price and that's the end of it. We don't have to negotiate with him and then say, "Well, here and there" and go through all that routine that you would have to go through. All the rest of the stuff is smoothly done, you know, the paperwork is all done. It takes hours. You're at this thing for a number of hours.

M: We're going to go into some of those parts about the paperwork and whatnot, but that actually leads to my next question. How long did the entire process take, from the time you initially walked into the dealer to...

R: Well, to actually buy the car, we spend some hours looking at other cars. [REDACTED], for example. What else did we look at? (Inaudible) a couple of the other cars. Didn't look at any [REDACTED] made brands. Just stuck with the [REDACTED] brands. [REDACTED], test drove that.

M: What about when you went to the [REDACTED] dealer?

R: I guess the purchasing, the actual purchasing experience probably last a couple of hours. It was several hours. Part of the problem with these cars is that they're so technologically advanced. There are 2 screens in this thing and all the electronics, it's all touchscreen now and we had to learn how to use it. That took as much time to learn how to use all this stuff as it did to actually buy the car. What [REDACTED] has done, which is just terrific, is that they hired this high school kid. I think he was in the 11th grade or something like that. He was a kid. Maybe 16 years old or something like that. Big kid, but smart as a whip. He'd get in the car with us and he'd show us how to do this and how to do that and he set this up and he set that up and, you know, he preset all the different things in there so we didn't have to fool with it and go through the book that they give you and all that. Then, we were back there again about a week or two after we bought the car. We were back there for another tutorial on, you know, how does this work and how does that work? This is not working right. I mean, it was working OK you just have to push the

right buttons in the right sequence to get the thing to do something. And, we can always go back there if there's any problems. [REDACTED] used to have a dealership, a clinic. They used to have this new owner's clinic where you could go in for about 2 hours with the car and they show you how to use it and they talk to you about it and all that. But, they stopped doing that because the overtime involved with their people, the salesmen were having to stay there late, and the mechanics were having to stay there late, got too expensive for them. It's OK as long as somebody is going to show you how to use it.

AGREEING TO A PRICE FOR THE CAR

M: Excellent. Let's talk about the price. You mentioned to me that you have such a good relationship with your salesperson you don't sort of negotiate and haggle all that much.

R: Right. Right.

M: But you also mentioned you kind of came in knowing approximately how much the car...so, how did you...

R: Right. Right. Internet research.

M: OK. What resources did you have for that?

R: Let's see. I'm trying to remember what they were. I don't remember now what I used. Several of the...TrueCar, I think. I'm sorry. I just don't remember. It was some of the internet car value things. Edmunds. Yes, Edmunds I used. There's another one that's popular. It escapes me right now.

M: Kelley Blue Book?

R: Kelley Blue Book. Thank you very much. Right, Kelley Blue Book. Looked at that what the car should cost in the [REDACTED] area. So, I had a pretty good idea. I trust those sources because I think they're pretty reliable. As long as what [REDACTED] was going to offer me was within \$100.00 or \$200.00, you know, give or take, in that number. And, he was right there. He was right at that number.

M: What was the original price of the car versus what you agreed upon?

R: From what I can remember, and it's on that piece of paper, too, I think. It will tell you. I think it was \$29,000, I believe. I think we paid something like \$25,000.00, \$26,000.00.

M: Twenty-six, six (\$26,600.00).

R: Twenty-six, six (\$26,600.00) yes. And, the original price was over \$29,000.00 I believe for the car. But also...oh, here's another reason I was very happy with [REDACTED]. The [REDACTED] which we traded in, it had close to 100,000 miles on it. A lot of mileage. Also, it had a dent on the right side where I hit a pole parking at [REDACTED], which I understand [REDACTED] are (inaudible) that's terrific. That's just great.

M: I'm sure my father would love hearing you say that.

R: Tell him. We ushered at [REDACTED] pretty much as long as I can remember. We started ushering there in 1973 and we ushered there for a couple of years until our kids were born and then we stayed home with the kids and then we got back to [REDACTED] and

have been ushering there ever since. So, we're long time [REDACTED] people. And, I had to park in the auxiliary garage. Not their garage, but the garage like a block away, and I wasn't watching closely and hit a pole on the right side. So, the right side of the car was dented. [REDACTED] offered me \$4,000.00. Couldn't believe it. I was blown away, \$4,000.00. So, I went over to [REDACTED], told him we're ready to trade in, you know, buy the car, trade in the car. And, I said, [REDACTED], here's [REDACTED]. They offered me \$4,000.00. Could you offer me \$4,000.00? He thought about it. He had the car examined by his people and he said, "Yes, we'll offer you \$4,000.00. That sold the deal right there. You get \$4,000.00 for that [REDACTED] was amazing.

M: Great. So, anything else to share with me about the trade-in process? How did you...

R: No. That really was all it was. I mean, I just brought the car there, he had his mechanics look at it to make sure there wasn't anything else wrong with it other than the damage. And, the car did need a lot of work. It needed brakes, it needed other kinds of things. It needed thousands of dollars worth of work. But, offering me \$4,000.00 for it, I ran like a thief.

M: You jumped at it. Yes. That sounds pretty good. Did you have a balance owed on it?

R: No. We always either pay cash for our cars or we dealer finance it, because the dealer financing is...I think it's .9% is what we got on this car. I think. Something like that.

M: We'll take a look at that in a minute.

R: Yes. It's either 1.9% or .9%.

OBTAINING FINANCING

M: OK. We'll take a look at that. Actually, let's talk about the financing. So, in this case you paid through the [REDACTED] dealer.

R: We financed through the dealer because it was, by far, the cheapest way to go.

M: You explored some other options?

R: Oh, yes. The other option would have been credit union. Getting a home equity loan through our credit union or borrowing on a home equity loan we have with another bank. [REDACTED] bank we have a home equity loan line of credit. And, that's the next cheapest way to borrow besides any other kind of financing option. But, also you have to look at the opportunity costs. So, if you're going to pay cash for the car you say, "OK, where is the cash coming from and what income am I going to lose because I'm taking the cash out of stocks or out of the bank, whatever interest is being paid, which is kind of nothing. But, really, we'd have to withdraw from our investment accounts. And, what we'd lose in opportunity costs with the investment accounts, the dealer financing was, by far, the best way to go.

M: Excellent. Thank you for sharing. You're going to answer all my questions before I even ask them. You're a rock star.

R: Thank you, ma'am. I've been doing it for a lot of years, I guess.

M: Anything else about the financing process that you particularly liked or didn't like?

R: No. It was typical dealer stuff, you know. One of the things they did try to do as part of the financing is that they had their business manager. We had to meet with the business manager. You always do that. And, they tried to sell us stuff which, you know, I already knew was not worth it or I didn't want it.

M: Yes. We'll talk about that.

R: Extended warranties and...

M: I want to talk about that. Give me 2 minutes on that. That's really important. I want to get back to that. What terms were discussed with the finance representative?

R: The only terms were the financing through the dealer for the car. That was really the only thing I was interested in.

M: The interest rate, monthly payment.

R: They offered the interest rate. Well, the monthly payments will take care of themselves. But, I was interested in the interest rate that would have to be paid.

M: How did they come up with that?

R: It was a [REDACTED] thing that was going on.

M: Did you negotiate the rate at all?

R: No, ma'am. That was what they were offering that month or that week. Whatever it was. I guess it was that month they were offering this deal. The other auto dealers, the other car makers were offering, I think [REDACTED] was offering a rebate and they were all offering something. Whether those are ongoing offers or not, I didn't care, because I needed the car right then and there. It was either buy the new car or repair the old car, so (inaudible).

M: OK.

R: There really was no choice. We needed a new car and we wanted to get a car and that was it.

M: Are you aware whether or not those kinds of things can be negotiated? The interest rate?

R: Yes, but...yes, I am aware of that, but I figured at .9% where are you going to go with that?

M: Is that really what you paid?

R: I think it was. I'd have to take a look in those papers. I knew they were offering me a special deal and that that was not going to be negotiable. So, I didn't stall with it. I know that in an ordinary transaction, if they don't offer a special deal, yes, you can negotiate it. But, I just...when they offered that .9% or whatever it is, I thought that was a real good deal. And, that's what we paid before when I bought the [REDACTED]. We also financed it for that same amount. And, the [REDACTED], too.

M: You're right, .9%.

R: There you go.

ADDITIONAL PRODUCTS AND SERVICES

M: You can't really go anywhere with that. Wow. Alright. Nice. Let's talk about some of those additional products and services that they tried to sell you.

R: OK.

M: First of all, at what point in the process did that happen?

R: Pretty much when we were sitting there with the business manager. He was going over them. It was all printed out. They had the different things all set up.

M: Do you have...did they give you that?

R: No, after I decided not to do any of it I just trashed it. I wasn't interested in any of that stuff. The extended warranty, of course, is their big deal. But, I know of a place called [REDACTED] in [REDACTED] that has a very much less expensive extended warranty than any of the other auto dealers, especially [REDACTED]. [REDACTED], I think, wanted something like \$1,300.00 or \$1,400.00 for the extended warranty. This [REDACTED] wants something like \$900.00 or \$1,000.00. We haven't done it but I think it was around that range, \$900.00 or \$1,000.00. It was hundreds of dollars cheaper than what [REDACTED] was offering for the exact same thing. So, before the years is out owning this car, I'm going to [REDACTED] and get the extended warranty. The only reason I'm doing that, I normally don't do extended warranties, but the only reason I'm doing it on...well, I did it on the [REDACTED] and I'm going to do it on this car because of the electronics. If any of those electronics go, you're talking thousands, and the extended warranty covers all that stuff. For what you're paying for the extended warranty all you need to have do is have that, that, that...one of those screens, one of those information screens go on you and it's thousands of dollars. It would be way more than what you're going to pay for the extended warranty. But, it's worth it if you have something like that. Something that costs you \$25,000.00, \$26,000.00 you want to have some kind of...you have insurance on it otherwise, but to have some kind of mechanical insurance on it is worth it.

M: Did you think to negotiate the price of that? Say, "Hey, I know this other [REDACTED] that will offer it for \$900.00."

R: I mentioned that and they said it was factory set and there was nothing they could do about it. All of these warranties are set through the factory and the dealer doesn't have the, they apparently don't have, well they said they didn't. Whether they did or they didn't, once they said you can't do it, I just dropped it and moved on. I'm not going to fight with them over that because I know I can get it at the other place.

M: Anything else that they offered you?

R: Let me think. There was a tire warranty, you know? Oh, God. There were a whole bunch of things. I'm trying to remember.

M: What about GAP insurance? GAP coverage?

R: No. I'd remember GAP insurance.

M: They didn't offer you that? Do you know what that is?

R: GAP insurance?

M: Yes.

R: No, actually I don't. What is GAP insurance?

M: I'll pull out my official definition. It's basically a type of insurance you can buy to protect yourself in case there's a loss in the amount of compensation you receive if you do not fully cover the amount owned on the vehicle. Like, if you get in an accident and you don't get the full amount on the vehicle, it covers the difference.

R: No, I mean, cars are depreciating, you know. I mean, after a couple of years, you have an accident, the car is worth half of what you paid for it. We're self insured for that. I didn't even discuss that with them. They didn't offer it and I wasn't interested in asking about it. If I remember right, there was road hazard insurance which covered the tires, there was the extended warranty for a bunch of years and for more years and all this kind of stuff. We just...well, actually what I did was, I took their brochure about it and I consulted with a couple other people. Let's see. Who did I consult with? A financial advisor, our financial advisor who's just up the street, and a couple of friends of ours. In fact, one friend of ours who worked for an auto dealer, it was [REDACTED]. Actually, he was a [REDACTED] executive before he was canned. Well, retired, I guess. [REDACTED] went almost bankrupt and I think he lost his job in the process or soon after that. He knows a lot about cars and I discussed it with him. He's a good friend of ours and I discussed all this with him and he said, you know, (inaudible).

M: OK.

R: So, I took his advice and we saved ourselves thousands of dollars.

M: I thought I saw...

R: What else I remember is they got opportunity costs. You don't spend the money on the car, you know, you can leave the money in investments and the stock market is doing very nicely, so you know, trade off.

M: Got you. Understood. Did you purchase...I thought I saw it and now, of course, I can't find it, but some sort of seasonal package?

R: No. It wasn't a seasonal package. I got the floor mats.

M: You got the floor mats. I can't find it. Maybe they know where it is in the back.

R: Well, like I say, I got the floor mats. I didn't have to get a trunk mat because we had one from the old car. It doesn't fit exactly right but it's OK.

M: I'm not seeing it now so maybe they'll...

R: The floor mat is the only thing we got. Everything else comes with the car. It's a pretty complete car. As far as I remember I think it was only the floor mats and that was expensive enough as it was. The floor mats were very expensive.

M: Maybe they're going to show me where it is because I can't seem to find it in all these pages here.

R: Let's see if I can take a look at the...

M: On the buyer's...all season protection package \$420.00. Do you know what that is?

R: I don't think we got it. I don't believe we got it.

M: I think your paperwork says you got it.

R: We did?

M: I think so. Buyer's Order.

R: Maybe at the time it was a good idea. I don't remember...the all season protection package. What was that? Maybe that was the floor mats and a couple other things. It might have been the, what do you call it, those guards that are on...yes, it could have been those guards that prevent stones from flying up. That kind of stuff. Overpriced, but...

M: OK. But, not quite sure exactly if that's what it covers.

R: I think so, from the best of my memory. I'm sorry. As I get older some of this stuff doesn't stick with me.

M: No. That's OK. Do you remember how this package was present to you?

R: Well, I asked [REDACTED]. I said, "Let's go through the packages and see if there's anything here." I kind of studied it myself through the [REDACTED] brochures and what it all included and I decided that if I got this, which I think I did now that you refreshed my recollection, we got it because I thought it was important. Because, we wanted the floor mats to

protect the car, we wanted the, what do you call it, the guards behind the wheels to protect from flying stones.

M: It's in there somewhere. Buyer's Order. It's on this one. All season...here we go. (Inaudible) font that I can barely see. (Inaudible)

R: Yes, yes, yes. That was it.

M: You felt it was important.

R: Yes. Whatever was in that was important and we decided to get it. It was the only thing we decided to get.

M: Did they explain the pricing? How the pricing on it worked? Did you think to negotiate it?

R: They don't normally negotiate accessories. In past years I've never had any luck with negotiating accessories. That's their price and that's their price. You know, when they're handing me \$4,000.00 for the old car, I figured, you know, that was pretty good. And also, this is why, when you use a salesman like this guy, [REDACTED] at [REDACTED], I trust the guy. I know that he will be giving me the best price on everything without me having to fight with the guy. That was one of the reasons for dealing with him.

CONTRACT AND POST-PURCHASE

M: Let's talk about the signing the paperwork.

R: Sure.

M: Did they give you an opportunity to review all the paperwork before you signed it?

R: Yes, I knew what I was signing. I'm a retired attorney, so knew what a lot of the stuff said. All the small print, if I had sat there reading all this stuff I would be there all day long, well into the night, maybe into the next day reading all that garbage. It doesn't vary from car to car. All the same stuff. So, I had a pretty good idea what each of these papers had to say, what it was for.

M: Did you find the paperwork pretty easy to understand? At all confusing?

R: Well, like I say, I didn't read it. I knew what it was. And also, in signing this stuff [REDACTED] did explain it. He said, "This does this, and this does that."

M: Your salesperson walked you through your paperwork, not the financial people.

R: The finance guy walked us through whatever the finance stuff we signed in front of him. You know, we had to sign the installment note and all that. Yes, they explained it. They explained to my satisfaction. And, this wasn't the first car I've ever bought, so I'm kind of familiar with the process.

M: Have you had any contact with the dealer since purchasing the car, other than what you've already shared with me which was to go back and get a little tutorial on the electronics?

R: No this particular car, but we have for the other [REDACTED] which I bring in for service there. Every time I go in and bring the car for service, I try to go see my new buddy, my sales friend and talk with him.

M: Any issues with the financing since the finalization of the deal?

R: No, ma'am. We pay whatever we owe them every month and that's the end of it. If we decide we want to knock off the loan, we just give them the money and knock off the loan. But, at .9%...

M: Why do that, right.

R: ...not anytime soon. My father had a 4% loan on the house that I grew up in and he wasn't going to pay that off. (Inaudible) mortgage.

M: Pretty good. Yes. OK. Was placement of a tracking device ever discussed with you?

R: No. No. I don't know whether [REDACTED] does that or not, but I, frankly, wouldn't want it.

OVERALL UNDERSTANDING

- M: I have a couple more questions about your paperwork. We're going to look at the retail installment sales contract first. So, nothing about this document particularly confusing. You understand it.
- R: No.
- M: Point to me some of the key pieces of information. So, like where the interest rate is, and the monthly payment.
- R: Interest rate, finance charge, all this federal stuff, and then you've got the total sales price, \$29,582.00, total payments \$23,082.00 totally. The difference was the discount on the car and the \$4,000.00.
- M: Number of payments?
- R: Yes.
- M: Where are the number of payments?
- R: Sixty payments at \$384.70 beginning on the [REDACTED].
- M: OK.
- R: We let them (inaudible) the cars.
- M: Right. OK. So it's clear to you.
- R: Yes.
- M: Are you familiar with a spot delivery agreement? Do you know what that is?
- R: No.
- M: Did they explain that to you?
- R: No.
- M: There is some reference to that in your paperwork. What it is, it occurs when the dealer allows you to drive off the lot with the car on the spot, even though the sale and financing are technically not final yet. They didn't go over that with you.
- R: No. I mean, there was no reason why we couldn't just finish it right there. There was enough time to deal with all this and just get it all done.

M: I think, because you're financing the car, they're still...they have to, once they submit everything and it's still not technically...

R: It was all done very quickly. They checked our credit, you know, see our credit score [REDACTED], and you know, we have no credit issues.

M: So, is your interpretation of the process that the financing was 100% final when you walked out the door?

R: Sure. All the papers were signed and everything was done. They were happy, I was happy.

M: They were happy, you were happy. OK.

R: I bought the car and they were happy about that. And, [REDACTED] knew I was shopping around, too.

M: I'm going to give them an opportunity to let us know if they have any additional questions for us because you have a couple other things here but I didn't see anything that jumped out at me.

R: I gave that young lady everything. I brought everything with me. She just copied everything.

OVERALL EXPERIENCE

M: That's great. We really appreciate that. While we give them a few minutes to see if they have any follow-up questions, if you had to do this experience over again, is there anything you think you would do differently the next time?

R: Well, if we buy a [REDACTED] from [REDACTED] and [REDACTED], probably not. If I was going to another dealer...

M: It was such a smooth seamless process with this guy and you never feel, you know, there are a lot of people, we've been doing a lot of these interview and there are a lot of people, when having this discussion with me sort of feel like, in some respects, the wool had been pulled over their eyes on certain things.

R: They have their reputation. Auto dealers have their reputation.

M: It doesn't seem like you have had any of those kinds of experiences in this particular relationship with the dealer.

R: No. Not at all.

M: Do you feel in the know about what's going on and comfortable with everything you signed?

R: There may be something I don't know, but nothing that jumped out at me. Since this is the third time we've bought a car from this guy and this dealership, I knew what to expect. And, they're good. Their reputation is good. I checked that out, too.

M: How do you do that?

R: Through the internet, you know, Better Business Bureau.

M: Oh, Better Business Bureau.

R: The [REDACTED] Consumer Protection. They're good. I haven't any trouble. Some friends we referred to [REDACTED], they weren't happy with a few things, but I don't know whether it was [REDACTED] who caused the problem or they didn't understand or they didn't follow up. I don't know. I didn't get into that. One friend of ours bought a [REDACTED] and they were very unhappy with it because the navigation system wasn't working right. But, whether it was the navigation system that wasn't working right, which is not easy to use. You've got to learn how to use it. Versus them not doing what they had to do and giving it time. In fact, this fellow who knows cars, this other friend of ours who is a good friend of theirs, said, "Don't get the navigation system." But, they did anyway. We didn't have a choice. We bought a [REDACTED]. You had to get the navigation system with the leather. We didn't want the navigation system. We had no choice.

M: I think I may have convinced my husband to get the navigation in [REDACTED] and it's impossible to use now. I feel bad.

R: Yes. It's rough. I told my wife it's [REDACTED]. It's a [REDACTED] based system. We've been using a [REDACTED] navigation thing so we knew how [REDACTED] works. But, this thing is just too old(?). But, I mean, touch screen and all that.

M: It doesn't look like they have any additional questions for you and we've blown through the material super quickly, so I'm going to send you on your way with your gift. I really appreciate all your help. You beat me to the punch on a lot of my questions so we were able to finish up pretty quickly there.

R: OK. Sure enough.

// end of recording //



AUTO BUYER STUDY

169810

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So to start off the interview, the only thing that I need you to do is state your first name only.

R: [REDACTED].

M: Okay. [REDACTED], can you tell me what is the most recent car that you purchased and when did you purchase it?

R: [REDACTED] on [REDACTED], I think it was, of this year.

M: Okay. Very good. Can you tell me what, if anything, did you like about your experiencing shopping for and choosing the car?

R: I was able to get from some dealers prices either on the phone or online. That was very helpful. So we didn't have to be going all over the place. Plus, the dealer from which we eventually bought it, we could go online and see the inventory.

M: Ah. Okay. And what, if anything, did you not like about the car shopping experience and the choosing of the car?

R: I went through a couple of these online places where you give them, tell them what you're looking for and they contact dealers. And the way it says it, it sounds like the dealers will come back and make an offer. In fact, the dealers came back in those cases and said; when can you come out? And when I pushed to get prices, some were less helpful and certainly slower in providing information than others.

M: Ah.

R: In fact, the one from which I eventually purchased, when they initially gave the price and I said it was too high, I found this was interesting, when he asked; well what do you want? I told him. They came back a bit later and said we can't do that.

M: Ah.

R: Somebody else in the dealership, I guess in their email or online service, then referred me to their website, which showed me the price of that car less than what I had said I would pay. I later discovered that included incentives. So it wasn't that. I found that curious

that no, we can't do it. And then 20 minutes later, here's something that says we can. And the "no we can't do it" didn't say, "But we can do this."

M: This.

R: So in a way, I was kind of surprised there was no bargaining, which usually I'm ready for it. And we almost didn't get the car as a result. But my wife insisted; continue working with them.

M: Okay. That's interesting.

R: And then some of the others said; we've got the car for you and here is the information on it. And basically, the information they gave me I couldn't tell if it had a particular option we were looking for. And I must have emailed and actually talked to the person on the phone two or three times. I'll get that to ya. I'll get that to ya. I'll get that to ya. Never did. I eventually sent her an email after we bought the car and basically said; you lost the sale.

M: Right.

R: And of course, she never responded. I'm still on their list to get stuff, but it's on my other email address.

(Laughter)

M: It's interesting how each of them sort of function differently.

R: Right. Yeah.

M: Okay. Can you tell me what influenced your decision on which car to buy and who to buy it from?

R: My wife wanted a [REDACTED]. We looked... Well, basically, the [REDACTED] was the only one we could actually touch in [REDACTED]. The [REDACTED] we looked at, the [REDACTED], you can't find anywhere in [REDACTED]. They get it from a [REDACTED] dealer. And we decided we didn't like it anyway. We looked at [REDACTED] and were very impressed. And then my wife did some research and found out that there was, for a number of years, a particular issue with [REDACTED], hybrid and regular. So that pretty much left us with nothing because my wife is short. And the first time she got in a [REDACTED], she did not bring the seat up far enough. We, after doing some more looking, she goes; let's go look again and was able to discover how to adjust the seat, to enable her to be able to drive it. And that basically did it.

M: Uh-huh. Okay.

R: In terms of dealership, you ask, why we went to a particular dealer?

M: Yeah.

R: Okay. A gain, this particular dealership had inventory. And we found out later it's the largest-selling [REDACTED] dealer in the country. That's a [REDACTED] with a [REDACTED], because there is a [REDACTED] with a [REDACTED].

M: Right. So [REDACTED] with a [REDACTED].

R: Yeah.

M: And where was that dealer?

R: That was in [REDACTED].

M: Ah.

R: And I could see that they had the vehicle that she wanted, certain options she wanted. It turns out they sold it and not only that, it basically came loaded.

M: Ah.

R: And the others were... It was kind of like; we can find it for you. And I figured; I think I know where they're going to find it.

M: Uh-huh.

R: One person, one dealer did get back to me at the end of the day, in which when we had purchased and said they had one. But, you know, that was... At a good price actually. And so we again, so [REDACTED] was the one that had the inventory, gave me that price, which I later... And by calling them, and finally at one point I said, I called up on Saturday morning and said; we're leaving in an hour to go buy a car. Are we going to buy it from you or somewhere else? Where's the price? And so, we got the price over the phone and hopped in the car.

M: Okay. So I do have a quick question about all of this. You said your wife had done some research. And then you had said that you did some pricing queries.

R: Right.

M: Tell me a couple of things. Did part of your wife's research have to do with how much to pay for the car? Or did you do research to know whether it was going to be a good price or a not good price? How did that work?

R: Well, I knew generally what we were going to have to pay.

M: And how did you know that?

R: By doing the research and building the cars and knowing what the tax credit we were going to get would be. And so... And it was kind of also, this was kind of her baby. So we were going to get what she wanted, within reason. We weren't going to go out and buy a [REDACTED]. And so she did... I did show her the pricing that I had come up with. But again, the basis for buying the [REDACTED] was her being able to get in it and sit, and the research she did on the [REDACTED]. I did some research on building the car. She went and did that particular research on their problems.

M: Uh-huh.

R: We had had two [REDACTED] and swore after that we would never go into a [REDACTED] dealership.

M: Ah.

R: So that was I think one of the reasons that she did the research on the [REDACTED]. She was still kind of gun-shy about [REDACTED].

M: Right.

R: And so then I did the work with coming up with the pricing. Chatting with her about, well, it's going to cost this and this, that sort of thing. So I think I answered what you asked.

M: Yes. Yes. Can you tell me were you influenced at all in your decision by any ads that you saw?

R: No.

M: No. Okay. Once you reached the dealership, how long did the entire process take from the time you arrived until you left?

R: It actually took about four hours, which was a little surprisingly long considering I had pretty much decided not to do any negotiation. I regret that in retrospect because I think we could have saved a little bit of money, but not much.

M: Uh-huh.

R: But so...

M: When you say you didn't do any negotiation, what do you mean?

R: Well, when they gave the price, which lists the price of the car, which was the price of the car and the price driving it off the lot, I felt when I said okay, I had pretty much tacitly agreed to that.

M: Uh-huh.

R: We got there and I found out there's the processing fee. And their processing fee was rather elevated. I probably could have dealt with that. I didn't feel I could deal with the actual price of the vehicle, but perhaps could negotiate and decided not to. So that's where I thought... I kind of felt we had made kind of a commitment.

M: Ah. Okay.

R: Although... And they were keeping their commitment, which was slightly surprising to me. I thought when we would get there, there would be some, oh... As a matter of fact, just as in interesting thing that happened, when he first gave me the price on Saturday morning and I said I'd think about it, and [REDACTED] said; let's go, I called him back. And before I could really say we were coming in, he said oh we made a mistake. They took another \$1000 off.

M: Huh.

R: They had calculated it incorrectly. So that kind of disarmed me to some degree, that they would actually do that.

M: Right.

R: And tell me.

M: Yeah. Right. Okay. So you said it took about four hours.

R: Yeah.

M: Now, was that the only time you were at the dealer?

R: Yes.

M: Okay.

R: Yes.

M: And that was the day you drove it off the lot.

R: Yes.

M: Okay.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting to a price for your car?

R: Well again, that was mostly over the phone.

M: Okay.

R: You know, saying what I was, you know eventually got back to him and said that they would do some figuring. I had to keep pressing them and pressing them. The salesman finally came up and gave me a price. I'm not sure if what I... It was lower... No. It was a little bit more than what I think I told him the target was. So I don't know if that had anything to do with their pricing or not, to tell you the truth.

M: Uh-huh.

R: But it was... So it was close. I knew, based on what I had been doing, the information that I had been getting, it was a darn good price.

M: Ah. What was the range of prices that you'd been hearing for this car?

R: Well, you know, some people would give you the MSRP and that was it. So it was anywhere from, and again, it varied between the MSRP or the drive-off. So let me... So I would say the actual price of the car was anywhere... I guess I was getting anywhere from around \$40,000 at the top to around \$35,000, \$34,500, something like that.

M: So somewhere between \$35,000 and \$40,000 were the prices that you were hearing bantered about.

R: Right. And in some of the case, the price I got, the car may not have been equipped the way we wanted it.

M: Uh-huh.

R: They gave me, you know... Okay, does it have...? Well, no, it doesn't. I'm a little unclear. My memory is a little unclear on that.

M: Okay. Okay. And you said you didn't negotiate really.

R: No.

M: Okay.

R: No. I tried to get a baseball cap out of the deal. It didn't work.

(Laughter)

M: What did you like, if anything, about the experience of having to price the vehicle?

R: Of doing the pricing?

M: Yeah, the pricing.

R: Again, some of it was like I'm pulling teeth to get them to tell me anything over the phone. However, better than in past years, being able to get information over the phone. And I'd tell one person. Then I'd get a call from another one. Or if I called back, I'd be... And one dealership I must have dealt with three or four different people.

M: Hmm.

R: And I don't know why. And I was telling them all the same thing. It was kind of like, well we want to make sure, you know. Let me make it clear. And in a couple of them, when they gave me the price, I said well that's not good. They said; okay bye, again, which surprised me. So, the question was what did like and not like?

M: Yeah.

R: Okay. So that kind of was both in a way. What eventually I did like was that I guess I was getting the information on the phone. I was getting the pricing information. Was able to do perhaps a little, again with the way be bought it, because I told them what I was targeting for, but I'm not sure what they did with that, other than come back and say we can't give it to you for that. And then I got it for almost that, you know, without negotiating.

M: Right.

R: I guess the one thing I liked is that I was getting information.

M: Okay.

R: Sometimes it was just hard to get.

M: Right. Sometimes it was like pulling teeth.

R: One person said, well come out. And I said; look. I'm not coming out till you tell me what the price is.

M: Right.

R: I'm not coming out to [REDACTED] to...

M: Right.

R: You know, eventually when you kind of did that, they reluctantly did give you the information.

M: Why do you think that that was the case? What was the angle?

R: Oh I think they want to get you face-to-face and be able to convince you on how this is the greatest new thing since sliced bread and why you need to get it. Before this last car we bought, at one point the salesman said; well don't you think it's worth whatever that was? And I just turned to him, looked him straight in the eye and said; not to me. And I think that's kind of what they want to be able to convince you.

M: Right.

R: And read you.

M: Right.

R: And it's harder for me to shop.

M: Yeah. Okay. Can you tell me did the dealer indicate you could get a better price if you agreed to certain conditions?

R: No.

M: All right. Did you trade in a prior car when you bought this car?

R: No.

M: Okay.

OBTAINING FINANCING

M: So now let's talk about how you paid for the car. How did you pay for the car?

R: We put down some cash.

M: Okay.

R: And then financed through the dealer. We were going to finance... We were going to pay some money down and finance, whether it was going to be through the dealer... I didn't have time to check with my credit unions because we didn't think we... The car that died on her, we thought was going to last a little bit longer. So it was a rush. So, but we never intended to pay full cash.

M: Okay.

R: We had been putting some money away towards it, which we then were going to continue to put that money away towards the monthly payments.

M: Ah.

R: So we had kind of a payment target. And we knew how much we could put down. The question was; how did I want to use the next year's [REDACTED] tax credit we were going to get.

M: Ah.

R: Whether to, you know, knowing that's coming, to increase either what we're going to put down or increase the monthly payment. But that was the intent.

M: So, what were your targets? You said you had a target for the monthly payment and the down payment.

R: Yeah. Initially, I did not want to go above \$500. I wanted to keep it a little bit below that, like maybe around \$450.

M: Okay. And what about your down payment? What were you aiming towards?

R: Well, that was all contingent upon getting to the monthly payment. But once we discovered it was going to be 0% financing, we were ranging between \$11,000 and \$14,000.

M: In terms of what you were putting down.

R: Putting down. And in retrospect, foolishly put down \$14,000. We should have used their cash instead of ours. But anyway.

M: So, let's talk about that a little bit. You said you didn't really have time to check on financing at your credit unions, your various credit unions?

R: Uh-huh.

M: So, what did they end up giving you as an APR? Is it you said 0%?

R: Yeah.

M: Okay. So I guess at that point, you felt comfortable or not with what you were getting?

R: I didn't think I could get any better than 0%.

M: Okay.

R: I didn't ask them if they could pay me for it.

(Laughter)

M: Right.

R: And I know that... I had done a little bit of research, just general looking at the credit unions and seeing what their rates were. There was nothing below 1.9%.

M: Uh-huh. Okay. So you knew you were getting a pretty good situation at the dealership.

R: Right. And it was for the length of... The length of the loan was what we were figuring on anyway.

M: And what were you figuring the length of the...?

R: Sixty-month.

M: Oh.

R: We figured on a seventy... If we could have gotten 48 with the monthly payment I was looking at I was looking at, we would have done that. But that wasn't going to work.

M: That didn't work.

R: Yeah.

M: Okay. All right. So tell me a little bit about that financing process. You know we've been talking about what did you like and not like about finding the car, what did you like and not like about pricing it. So, what did you like and not like about financing it?

R: It was very different than anything I've gone through.

M: Tell me about that.

R: So we're sitting with the salesperson and they're charging the car and doing, you know, the prep stuff for it. And I guess he asked, he says; well how are you going to pay for this? I said; I'd like to see what your financing is. And he says; okay. Well how much are you going to put down? But I'd like to see what your financing is. Okay? So eventually, I guess the finance guy came out and took some information from us. And I'm trying to remember if he told us at that time they had 0% or not. I'm not sure. I'm not even sure if I knew, come to think of it.

M: Hmm.

R: So anyway, he goes back to his office. And we wait around a bit. And finally, we sign some papers and we're buying the car and such. And the salesman takes us to the finance guy. We sit down. And I think that's when we found out it was 0%. We must have... We may have known that before because I was doing some calculations. But anyway, we go in there. And he says, okay, it's 0%. And here's the... How much do you want to put down? I said; well let's see what the monthly cost is going to be. So we reached that. And it was very little... I mean again, how can you negotiate 0%?

M: Uh-huh.

R: And then I had to ask. We want to buy the extended warranty. Beyond what your question... You go to a dealer and they want to say you the paint protection. They want to sell you... None of this. They did not try to sell us anything.

M: Huh.

R: I had to ask for that.

M: That's interesting.

R: And so...

M: So what made you think you wanted that?

R: The extended warranty?

M: Yeah.

R: I learned, after having the [REDACTED].

M: Uh-huh.

R: And even though we've had [REDACTED]. And even with a [REDACTED]... Well, we had to have a transmission replaced under the extended warranty on a [REDACTED].

M: Ah.

R: Yeah. So, I just consider that being the price of buying a car. Again, I didn't have a chance to go to the credit union to see what I could buy from them. They're all, at least our last few experiences. They're not [REDACTED] or [REDACTED] guaranteed. They're done by a, you know, it's an insurance company. You buy it. It's a third-party for the most part.

M: Uh-huh.

R: And so I didn't have the, you know, didn't have time to do the research. But anyway, we bought that.

M: Can you negotiate those things?

R: Yeah. You can.

M: You can?

R: Well, you can try.

M: You can try.

R: You can try. And, you know, even on the, you want the paint protection or that sort of thing, you can try to negotiate. On my previous car, the guy said I know you like to deal. So I'm going to sell it for... I won't get anything for it. Here's the price. I said; I'm sorry. You're going to be insulted if I tell you what it's worth to me. So let's just move on.

M: Uh-huh.

R: So I mean in that case, a few years back, they immediately came and took it down. But yeah, you can. I learned from a very smart negotiator named Jim Thomas. And he's written book on negotiation, in many languages. You can negotiate on anything.

M: Uh-huh. And so, you said that they didn't try to sell you anything. You had to bring up the warranty yourself.

R: Yeah.

M: Did they talk about anything else? Any other kinds of insurance or any other kinds of products?

R: No.

M: Like rustproofing?

R: No.

M: Nothing. Gap insurance?

R: No. Not at all.

M: Okay.

R: No.

M: Interesting.

R: It seemed all they wanted to do... I mean nicely. And it was interesting. We never saw a general manager come over. This is the car. Or even thank us for buying the car.

M: Uh-huh.

R: So, he didn't take us around to show us the service area or anything.

M: Oh he didn't.

R: I mean that's okay.

M: Right.

R: I was just a little surprised, based on my past experience with buying cars.

M: Uh-huh.

R: But this is, I wouldn't necessarily say it's a very popular car necessarily. But in terms of the niche where it is, there aren't many that you can get in [REDACTED] easily. And they apparently didn't have problems selling them. So they weren't that terribly... I'm not saying they were mean. But they didn't do... And in a way, I guess I'm kind of, you know... General manager come over and going... Oh come on. But it was just kind of... I mean a lot of times... I mean some of them I guess were sincere. But it was just a little surprising.

M: That they weren't more solicitous.

R: Right. I mean we dealt with two people, the salesperson and the finance guy.

M: And those people that you spoke to, did you do your discussion with them in the same place or a different place?

R: No. We dealt with the salesperson at his desk. The finance manager did come out to get some information from us, so he could do the credit check and etc. And then we eventually went into his office to do the financing, the final sale and the financing. Yeah.

M: Okay. Did anybody at any time talk to you about the fact that there is potential for you to, or the possibility for you to refinance the vehicle at any time?

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

- M: Okay. We talked about additional products and services, but you said they didn't try to sell you anything. So just again, describe for me briefly when you brought up the extended warranty. What did they say to you when you brought that up?
- R: Well I did first mention it to the salesperson. But I knew from experience you do it through the finance guy. So I think I mentioned it to him. And he said you do that with the finance.
- M: Okay.
- R: So he started looking at the various... Because you can... So there are various combinations. It's X number of years and X number of miles, whichever comes first. So let's say 6-years, 60,000 or you can get 7-years, 70,000. You know?
- M: Uh-huh.
- R: So he gave us one. And the price was substantially more than what we wanted to spend. And so I said; okay what else is there? And he came up with another one. And I think then he took a little bit off.
- M: He did? Do you remember how much he took off?
- R: At most it would... I think it went from \$2000 to \$1900, but I'm not exactly sure. Because there were a number of things going on in there, a number of numbers; the combination of years, miles, cost.
- M: That as being discussed?
- R: Right.
- M: And you said you knew you wanted that because you had been down this road before. And you felt that you got your money's worth for purchasing?
- R: Certainly in the case of... So this is the third car we've bought the extended warranty on. I'm sorry, the fourth. So certainly in one of the cars, more than the money's worth. The others, one of the cars is probably a wash. And the third one, the car is still under it. And so I won't know till that expires.
- M: I was going to say, how long do you typically keep your cars for?
- R: Well the car that just replaced my wife's car, we had had since [REDACTED]. My car, when we replaced it, wasn't quite, wasn't [REDACTED]. So, we keep them for a while.

M: You keep them for a while. Okay.

R: And I take care of them

M: Uh-huh. Okay.

CONTRACT AND POST-PURCHASE

M: All right. Let's talk about the post-purchase process a little bit. Did you have an opportunity to review your paperwork before you signed it?

R: Yes.

M: Tell me how you went about doing that. Some people read it line-for-line. Some people scan it. Some people only look for a certain kind of information. How do you do it?

R: Well certainly not line-by-line.

M: Okay.

R: Otherwise, we'd still be there.

(Laughter)

R: But I just kind of looked at what I thought were the high points.

M: Which are what?

R: Well like okay, what are the terms? What are we getting for the car? And I think I even asked something about is there a, what's the term I want to use? Because it's a contract... Do you have...? Are there a certain number of days in which you can come back and null the contract, which I understand on vehicles you can't, I believe they told me, because of the nature of it. And making sure that the terms of the, you know, reflected appropriately the dollars we were saying, everything was cost and the terms of the financing.

M: Uh-huh. So when you were reviewing your contract, first of all were you reviewing it on paper or digitally?

R: Paper.

M: Paper. Okay. And at any point during the time that you were reviewing the contract, were there any blanks from the paperwork that you remember seeing? Or no blanks?

R: I don't remember seeing any.

M: Okay.

R: Well wait. I'm sure on some of the lines of costs there were blanks because there was no... Now, did they put zeroes in there or leave it blank? I'm not sure. I mean I imagine there were some things. There may have been, put in a cost for something that we didn't get. I'm not sure.

M: Okay. And the numbers that were on your contract, were all the data that was in there filled out by the dealer or filled out by you?

R: The dealer.

M: The dealer. Okay. And can you tell me were there any surprises at all that you recall? Did they have to redo anything?

R: No. The only surprises were, this is before we went there, was they included in the freight cost I guess a prep fee.

M: Oh.

R: And the processing fee was higher than I knew for sure. It was higher than any other processing fee I had seen.

M: Okay. And do you remember what it was that they had?

R: The processing fee I think was around \$600. And most other places, it's around \$300.

M: And so what did you do in that case?

R: Well I said something. And this was on the phone. And really, I had been kind of worn down. I wanted to get out. So according to them, the processing fee also included the titling cost, which I think some other dealerships add on. Titling a car doesn't cost anything. But anyway. So, I just kind of left it at that.

M: So you didn't try to tell them that's sounds ridiculous?

R: Well, yeah. I kind of did. But he was kind of; well blah, blah, blah, sort of thing.

M: Yeah.

R: And after spending quite of bit of time on this and realizing overall the bottom-line was pretty good, let's just... Let's go.

M: Cut to the chase.

R: Yeah.

M: Okay.

R: That's why I think I may have left a few hundred dollars on the table and, you know, move on.

M: So that's my point actually. To summarize your feelings about the actual contracting process at the very end when sort of all the big decisions had been made and you've decided on the car and you're getting all the paperwork filled out.

R: Yeah.

M: Tell me how did you feel about that part? What'd you particularly like and what, if anything, did you particularly dislike?

R: Okay. Let me make it clear, I did know about the processing fee and the increased freight before.

M: Right. They told you over the phone.

R: But in terms of....

M: So that wasn't a shock.

R: No. I'm sorry. Rephrase... No. Not rephrase. Repeat your question again.

M: It was really what did you like and dislike about that part of the process, you know, the contract...

R: Oh yeah. I hate that huge long form.

(Laughter)

R: But I mean otherwise, and we just had to sign so many documents and sign them, I think some of them, sign two copies of them.

M: Right.

R: Because one had to go to the bank or whoever the financing company is.

M: Uh-huh.

R: So that... I mean the guy the very good about summarizing what each thing was for.

M: Oh did he?

R: Yeah.

M: Okay.

R: And it was just a lot of things to sign.

M: Uh-huh. Okay. Can you tell me, since you purchased your car, have you had any contact with the dealer since the purchase?

R: Well actually, yeah. I realized when we got home, we did not have a copy of the MSRP. I like to have that because it tells you everything that's on the car.

M: Right.

R: So I was emailing back and forth with the salesman. And he apologized that they actually no longer had it for that one. But he pulled one off another car, that I knew was equipped the same. I knew that. It just, you know, the VIN number doesn't match. But anyway, it gives me the information I wanted. Then I think I had another question or two about the car itself. When you're running on electric and it's a cold day, your feet get cold. I was commenting on that. And I forget. I forget now, a question. And he said gee I don't know. Let me ask when the guy's here who knows more about the [REDACTED]. It was something about what does this button do or something, you know, that sort of thing.

M: Okay.

R: Not the buying process. And basically, that's it.

M: And what about them to you? Did they reach out to you post-purchase? And if so...

R: No. I just got recently a standard thing, which I think comes out of [REDACTED], but it has their dealership name on it.

M: Uh-huh.

R: But so I would say no. I don't think they have.

M: What was the thing they sent you that was a [REDACTED] versus dealership?

R: Oh. It's talking about all the great things you get by buying a [REDACTED] car.

M: Oh.

R: We give you for two years, free oil changes. And you have roadside assistance. It's just a summary of... I think we already had known that stuff. I'm not sure. I think so.

M: Okay.

R: And then of course, I got stuff from [REDACTED], about the payment provisions. Welcome to the family.

M: So that's in your...

R: Yeah. [REDACTED]. Yeah.

M: Okay. All right. Can you tell me at any point in time did anyone bring up the concept of placement of a tracking device on your vehicle?

R: No.

M: Okay.

R: And I later found out, it does have a black-box, but not for that purpose.

M: What do you mean?

R: It will... If you're in an accident, it has certain data that investigators can use, like perhaps how fast you were going.

M: Oh. Okay.

R: But not necessarily I think location.

M: Okay.

R: Although, I can pull out my phone right now and find out where my car is, where my wife's car is. So I don't do that.

(Laughter)

M: All right.

OVERALL UNDERSTANDING

M: You have your paperwork with you. Right?

R: Yes.

M: So if you would look for me, bring up the retail installment contract, which is this piece of paper. Yeah. That's it. Let's do this a little bit. First of all, when you're looking at this document, can you share with me overall, what do you think the purpose or value of this document is to you, the buyer?

R: Well it spells out to me, although it's in other places, the cost of the vehicle and I guess more importantly, how much I'm financing.

M: Okay.

R: And the terms of that. When the payment is due. I notice it talks about arbitration provision. And I probably did not look at that closely. So to me, I guess the main value was to make sure it does. It's telling me you paid this much, you gave us this much money. We're going to finance this much at this percentage and how much you're going to pay each month and when eventually you wind up finishing it.

M: Uh-huh.

R: See, it does talk about optional insurance, but they never talked about that. I've talked to my, our insurance company about the gap insurance. But it was never... Yeah.

M: Okay.

R: So those are the key things to me about this.

M: Okay.

R: There's the thing about the cooling off and cancelation period. Yeah.

M: All right. Let's take a look at this for a moment. The first thing I'd like you to do is point to the amount of your monthly payment and tell me what it says.

R: Okay. It's here. It says \$423.56 with last payment being 20-cents more than that.

M: Okay. And can you share with me is that what you expected to see there?

R: Yeah. Yeah. I had done the calculation myself.

M: Okay. So it was not a surprise. It was not different from what you expected.

R: No. No. I mean I had, as a matter of fact, I had done the calculation on the calculator on my phone. He did his calculation. And I looked and said okay, they match.

M: Okay. Now what I'd like you to do is look at the APR, point to it, and tell me what it says.

R: Zero percent.

M: Okay. And when you sat down with your contract, is that what you expected it to say?

R: Yes.

M: Okay. So based on those two terms at this point, did you find this document easy to use or difficult to use, easy to understand or difficult to understand?

R: Hmm. Certainly those aspects were relatively simple.

M: Were either of those elements in your mind, I mean obviously the APR you said you can't get better than 0%. But with your payment term, did you have the impression that you could negotiate that if you wanted?

R: Not at that rate. I know we could have gone with different length of contract. Well, I don't know if I necessarily asked him that. But I think he came out said we can give you 0% for the five years.

M: Uh-huh.

R: And I didn't say, well can you get me 0% for anything else? Just kind of the way it was presented, it sounded to me like that's the one, that's the only way we do 0%.

M: Okay. Got it. Okay. Can you point to the length of payments and tell me what it says?

R: Hmm. I guess the final payment due date. But you want to see where it says 60 payments?

M: Yeah. Do you see where it says...?

R: Hmm. Hmm. I... The only place I see it is where it says "number of payments, 59 and then 1."

M: All right.

R: Of course, that could be years.

(Laughter)

R: Or weeks.

M: Okay.

R: Oh, it does say “monthly.” Yeah.

M: Okay. All right. And did you expect it to be what you see there?

R: I guess I didn’t expect that one payment would be, the final payment would be a little bit different. But that doesn’t really surprise me.

M: Okay.

R: I mean if it had been dollars or tens of them, yeah, I would have said; what's this?

M: Okay. And can you show me where your down payment is?

R: Yeah.

M: Okay. And what does it say?

R: \$14,000.

M: Okay. And that was the amount that you had agreed to?

R: Yes. And it also shows it here.

M: Okay.

R: Yeah, a few places. Yeah.

M: Okay. All right. Let’s talk about this for a moment. At any point in time, did they mention something called a “spot delivery document” to you?

R: I don’t think they used that term. Hmm.

M: Do you know what that document...? Do you know what that implies, the spot delivery document, what it is?

R: I think it is basically saying that we deliver to you. You take delivery of this automobile on this date.

M: Okay.

R: That’s my assumption.

M: Okay.

R: If that's the case, I would...

(Papers rustling)

R: I'm just not sure if that would be this or not.

M: So at any point, they didn't give you a document that you recall that said you can drive off the lot, but that the deal isn't finalized until we verify the financing?

R: No.

M: Okay.

R: Because it was all done.

M: Okay. All right. And I did ask you. You did fill out a credit application?

R: We had to do something on an iPad. It wasn't much.

M: Uh-huh.

R: Or we had to do... He came out and had us... Did we put stuff in the iPad or did he ask us questions and put it on there? At one point, we had to sit at the salesman's desk and fill in some items on the computer. And I'm not sure if that was a credit application or not. I don't recall. We both had to do it.

M: You and your wife.

R: We each had to fill out part of it. Separate one for each of us.

M: Okay. Let's just very quickly go down the itemized list on the retail sales contract.

R: Yeah.

M: Okay. You said... What do you have? The cash price, the sales tax on your car, and the price of the car.

R: Uh-huh.

M: And then your down payment at the top. Is that correct?

R: When you say "at the top." Okay. Yeah. We're at the same place. Under itemization of amount financed?

M: Yeah. That's what I'm trying to figure out.

R: Right.

M: Can you tell me what the numbers mean or what they are, so I can follow?

R: Okay. So it's interesting. That \$36,629 includes the sales tax. I'm just looking to see here if it shows anyplace on here the actual cost of the vehicle before that. And I don't see that. Okay. So it's showing what we have to pay, including the sales tax for the vehicle.

M: Uh-huh.

R: However, that seems to include the freight. And there's the processing fee. Okay. So it does include the processing fee. But it must include, because I don't see it anywhere else, the freight and what I think was the prep charge. And then, you know, showing how much we put down and then what the balance is.

M: Uh-huh.

R: Then as we go down, we see the [REDACTED] taxes that we had to pay. And then doing registration. Okay. So also the title fee and the processing fee. So those were all the titles.

M: Uh-huh. And did you pay for...?

R: Oh that's interesting.

M: What?

R: I guess I didn't... This service new and used, \$1900. Hmm. Now that's something I don't remember seeing. But obviously, it's there. I don't remember seeing exactly what that is for. Hmm. Well gee whiz.

M: Can you tell me where the extended warranty is?

R: Oh! That's it. That's it. Thank you. That's the extended warranty. Yeah, because that's what we paid. Yeah. An odd way of describing it, to me. But okay. Yeah. So and then we come up with the total charges and the total of the amount financed.

M: Okay.

R: And he probably had shown us that, that that's where it shows up. But I don't remember.

M: You mean the extended warranty?

R: Yeah.

M: Okay.

R: Well, I don't remember if he went down each with us or not.

M: Okay. Let's look on your... I'm just curious. You have another document here, which I guess is the purchase order document.

R: Yeah. That's what I'm assuming it is.

M: Okay. So it says "additional items, \$995?" Is that what that says?

R: Right.

M: Are you looking at this document?

R: Right.

M: Okay.

R: That I'm thinking is probably accounting for some of the dealer-added things that are put in like the all-weather floor mats and that sort of stuff. Because... I'm just comparing something here. \$34,147.61, including freight, handling, and delivery. Hmm.

(Mumbling; respondent reading document to himself).

R: Hmm. Well hopefully, if I sat down and worked through each of these individually, I would come up with the same dollar amount. But it looks like things are put in slightly differently.

M: Different buckets.

R: Yeah. Yeah.

M: Okay. Yeah. I see the processing fee, which looks the same.

R: Right.

M: Then I see title tax at \$1487? Is that correct?

R: Well, I think that \$1487, that's including the sales tax because it matches the sales tax on the other form.

M: Yes. You're right.

R: And then the license fee and the other fees.

M: Okay.

R: I think that \$995... Do we have options? Hmm.

M: Okay.

R: Hmm. All right.

M: All right.

OVERALL EXPERIENCE

M: Do you have any other comments? I'm just going to verify with my colleagues if they have any additional questions to ask you. And while we wait for just a moment for them to send in, can you share with me overall how you would summarize your experience buying a car?

R: Buying this one in particular?

M: Yes.

R: Okay. This was probably the least painful. Now I have to caveat that with saying that I had spent I don't know how much time over the previous three weeks doing research and trying to narrow down the cars that would meet what she wanted.

M: Uh-huh.

R: An idea of what the price, at least the MSRP would be on them. And actually our final price when we've taken into account the tax credit that we would get next year. But having put all that aside and when we went to look at a couple of the cars, there were a couple of dealers that weren't... I mean one dealer we went to, we said specifically, all she wants to do is sit in the car. So he pulls the car out and asks for our licenses. Why? Well, so we can drive it. No. You didn't listen. All she needs to do is... Okay. So there were some things. But the actual process of once we had decided on the car and going through was a little of bit pulling teeth to get information from them. But once we had decided where we were going go, I mean that was really very straightforward and easy.

M: Uh-huh.

R: It took them four hours. Of course, close to an hour of that entailed the, not the test drive, but the... An interesting thing that happened, when we got out there, when my wife saw the color and then saw the colors of the others, she said; I like that color better. And I go; oh shoot. Now we're going to start all over.

M: Ah.

R: And he said, oh okay. It's the exact same car, except for the color. Yeah. Same price. And it was the exact same car. I mean there was nothing else.

M: Yeah.

R: So that was again kind of a little surprising.

M: Right. What was the...?

R: We gave you the price on this car. Now, if you want this... Because sometimes they do vary, even though it's the exact same car. Because maybe the length of time it's been on the lot. How much they've had to finance it, you know, that sort of thing.

M: Uh-huh.

R: So at any rate, that... So the bottom line I guess, even with, you know, yeah... It was probably one of the less stressful.

M: Uh-huh.

R: The only stressful part was the fact that we had to get one.

M: Uh-huh.

R: Because the timing on the other car just didn't fit our timing.

M: Uh-huh. Funny how that happens, right?

R: Yeah.

M: So is your wife enjoying her car?

R: Oh yeah.

M: Good.

R: She may have to put... She may have to actually use it on [REDACTED] tomorrow because of the distance. You can get [REDACTED] on it.

M: Well you've been really gracious and very helpful. And I have enjoyed spending time with you. My colleagues must have thought you did a phenomenal job, because they didn't bring in any extra questions.

R: Okay.

M: So, we really appreciate the time you gave us. Thank you very much.

R: Okay.

M: And you are now free to go. And get your gift.

R: Okay. Well thank you.

M: Thank you.

R: Actually, I was telling a friend I was volunteering with this morning, I said I have to leave early. I was coming here. And he says; how do I get in on that? I said; I'll see if they need more.

(Laughter)

M: Yeah. Thank you very much. It was nice to meet you.

R: Nice to meet you, too.

// end of recording //



AUTO BUYER STUDY

192153

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: If you could state your first name only.

R: [REDACTED].

M: What is the most recent car you purchased?

R: It is a [REDACTED].

M: When did that occur?

R: It was [REDACTED] of this year. I don't know the exact date.

M: [REDACTED] of this year. OK. Can you tell me what, if anything did you like about the experience shopping for and choosing the car?

R: Maybe test driving the car. That was probably the most fun part. Going out, seeing the different cars. I haven't been car shopping in a long time.

M: What prompted you to go car shopping?

R: I got in an accident in my last car and totaled it, so I had to buy a new car.

M: What did you have before?

R: The one before this was a [REDACTED]. But, the one before that was a [REDACTED], so that's why I was like, I want to get back to my [REDACTED], because the second car was like OK.

M: You had some experience with this brand of car?

R: Yes.

M: Can you tell me what, if anything, you didn't like about the experience shopping for and choosing a car?

R: I think what I didn't like was the amount of research that goes into it. I'm not a car person at all so, my dad is normally that person to do that for me which is why he picked out that [REDACTED] and all that stuff, and I was like, I don't care. Just figure that

out. So, this time it was something I had to do myself. I knew I wanted a [REDACTED] so I thought I was being a little bit easier setting parameters for myself. I'm going to get a [REDACTED]. This is how much I know I'm going to get for my car so I'm going to look in this range. I don't want to have a crazy high car payment because I live in the city and it's not that great for me. I have rent to pay which is the crazy thing for me. But, it was just a process and I thought it would be easier but it wasn't. I'm from [REDACTED] so SUVs are a normal kind of thing. But, out here I was having very hard difficulty finding the exact car and year and whatever I was looking for.

M: How did you do research?

R: I started of online, looking at Kelley Blue Book, seeing what a car value should be. Looking on Craig's List seeing how much people were selling them at a dealership and outright. Doing CARFAX, doing [REDACTED], looking at large car inventory libraries like cars.com and then going and looking at specific dealerships that I knew. I'd be like, OK, I would look at cars driving by and be like, where did they get that from? [REDACTED]? OK, let me look up [REDACTED]. (Inaudible) horrible experience.

M: From the point where you said, "I have to buy a car" to the time...

R: A month.

M: A month?

R: Yes, because I knew I needed to get something and I only had a rental car. (Inaudible) we're going to take this car back. I'm like, (inaudible). I have to find something before I'm completely carless.

M: How long have you been living here?

R: I've been here 5 years.

M: So, you've been living her for a little while.

R: (Inaudible) could be carless, I'm just not ready. I know people move here and then get rid of it because they're like, "I'm fine. I live in the city." I'm not ready for that. I like having that safety net of having a car.

M: I can understand that. Is there anything else that influenced your decision on what car to buy and who to buy it from?

R: I guess I knew I wanted a [REDACTED] SUV. I like having that extra space. I know everyone always goes, "We have trouble parking in the city." Yet, I'm the first person everybody calls when they have to move. (Inaudible) large. So, I knew I wanted an SUV. I like [REDACTED] because I like the style of them. I don't like the gas mileage, but like I said, I'm not really driving very far distances like I used to, so gas isn't burned for me that badly

anymore. But, where to get it from was the hard part. Like I said, it was very limited of where I went into. Some places had...I ended up having to all the way out to [REDACTED] (inaudible) [REDACTED] and that was like...first of all I've never been as far [REDACTED]. (Inaudible) where are we? So, I had to go out there. I went out there first to test drive it and then later on, after going to a few other places around, to go get that one. By that time I think I was burned out. I wasn't going to hit those stupid cars(?).

M: You were burned out by the time you went back?

R: Yes. By looking at all different places. By then it was like, I could go all the way down to [REDACTED] and check some, I could go up to [REDACTED], and I'm like, I'm not doing any of this anymore. I'm over this process.

M: You're very cute to say you went out to [REDACTED]. I hear that a lot from [REDACTED] people. [REDACTED] people say the same thing and [REDACTED] people say the same thing about [REDACTED]. (Inaudible)

R: [REDACTED] is like...my friends are like, "Come out and visit me" in [REDACTED] and [REDACTED] and I'm like, "I don't know." Meet me in the city because that's too far.

M: Let me ask you this. Once you reached the dealership, how long did the entire process take, from the time you arrived until you left, with or without the deal?

R: The first time I went, I test drove 2 cars. Both [REDACTED]. One was a [REDACTED] and the second was a [REDACTED]. I tried both of them because I feel like they looked very similar. I tried the [REDACTED] first, brought that one back. Because I had done the research before I came, I knew they had both cars there and the price range and all that stuff. Then I test drove the [REDACTED]. I drove the [REDACTED] a little bit longer than the [REDACTED] at first to get an idea of what I was looking for. I knew I wanted...I had certain things I wanted from the car, but I kept finding if I got those things then my price would increase. But, I was like, "I want the car I had before with leather seats and the heated seats and the sun roof and this and that. And, overtime I looked for that it kept narrowing down, which is how I got to [REDACTED] in the first place. I knew they had more of those types of cars out there. So, this one I drove, but the first one for probably 30 minutes, and this one maybe 15 or so. Then, I was like, "OK, I'll come back." I went to a different dealership and did the same thing. Then, this last time I came in I had already called the guy before I came and said, "Hey, do you still have the car? I'm going to come in on Friday or Saturday whenever you're there (the guy I was working with) and I'm just going to get the car." Like, without test-driving it and everything because I was like, "I'm done." (Inaudible) let's do it. So, then I came in 10:00 AM and I probably didn't leave until like 2:00 PM or so. It was a long process which I was very confused about because we had already done the financing part before I went there. He had me...I had already gone in so I already had financing from my bank, from [REDACTED]. But then, when I went there, they were like...or I talked to the guy on the phone about it and he's like, "Oh, we don't accept that here because it's a larger bank and whatever, whatever." Stupid story they probably have. "But, I do have...I'm going to work with our financing here." And I'm like,

“OK.” So, he calls me back and tells me he’s worked with whoever their financing person is and got me a lower interest rate than what [REDACTED] had gotten me. So, then I was like, “That actually sounds better. I’m totally down with a lower interest rate.” So, he had already done all that paperwork and I think I had filled out an online application because they have it on their thing. So, he already had that information before I got there. So, I guess it was just signing the mountains of paperwork and then whatever else they did on their side. And there was also a little confusion at one point where the girl who was doing more of the accounting part of it had said, “I need your insurance to send me over some information.” Like, to say that I switch my insurance from that car to that car, you know, in the middle of buying this car. I didn’t know she meant at that time. I thought she meant after everything was done have my insurance send it over. So, I waited probably at least 30 some minutes. Like, what’s taking so long, 30 or 45 minutes? She’s like, “Well, I still haven’t gotten your insurance.” I’m like, “Oh, well if I knew you need it right now I would have done it right now.” I whipped out my phone, because I have the [REDACTED] app on my phone and entered all the information and switched it within 5 minutes. You can do it basically on an app on your phone and having it emailed to them. So, it was kind of a weird communication thing. Also, I had a question because they had also...about the extended warranty. We didn’t talk about that before.

M: You did or you didn’t?

R: We didn’t. So then the guy I was working with left to go to lunch and I’m like, “Alright. So, I’m in the middle of buying a car. You can’t wait until I finish before you go to lunch?” Then he came back and we talked about that briefly.

M: The extended warranty was included without your knowledge that it was included? Did you request it or did he just assume you wanted it?

R: I think he just assumed it at the time. I believe so. Something weird like that.

M: He assumed?

R: No, he didn’t ask me if I wanted it, but I had spoken with my dad during the process and he told me to make sure I got one because he had gotten one for all my other cars before and it did help to get an extended powertrain warranty or something like that. So, then we had to go back and include that later, you know, and put that into the whole financing part which started more paperwork all over again. I’m like, “There are things we probably should have talked about.” My friends were really annoyed. I probably would have added GAP protection or something else, too, but we just didn’t go over it and this was my first time buying a car myself, the whole process myself.

M: Did he mention GAP insurance?

R: No. He didn’t mention that either.

M: What is GAP insurance?

R: GAP is, from what I understand when I purchase the car for, I think it was \$8,000.00 or \$9,000.00, if something happens to the car and it's damaged, you know my insurance is going to give me the value of what it is now. But, with GAP insurance I'd be protected because that's what I bought it for, that \$8,000.00 or \$9,000.00 so I could still not be screwed with having to pay out this car, and still paying the car for what it's worth instead of...or, what I bought it for, not for what it's worth now. So, I was kind of annoyed with that process.

M: But, it was just nothing that came up and you didn't think to ask about it.

R: I didn't know to ask these things or go into it with that. The only knew the extended warranty because of my dad. But, I feel like a different dealership I had gone to before we had talked about a lot more things. But, that was one of these nice new dealerships around here where they throw in all these bells and whistles because they want you to come back and get your services and stuff taken care of there. By that time I was like, you know, I came in and they're like, "Oh, it's only going to be \$160.00 a month" and then by the time they throw in everything they're like, "It's \$327.00." I'm like, "Oh, no." I've had it deter me from going to another large one, which is how I ended up at this bigger one. I mean, this smaller one. Excuse me.

AGREEING TO A PRICE FOR THE CAR

- M: Let's talk a little about this. (Inaudible) you're helping me out a great deal. One of the things I wanted to know from you is, how did you go about getting to a price for your car?
- R: By determining...
- M: What you're going to pay for it.
- R: Well, one was the check I got for my (inaudible). I think they gave me \$7,000.00 or so for my last car. Which surprised me. So, I would like to take a majority of that and put that towards my new car. But then I was like, I'm just going to put maybe half of that or so towards this car because I have other bill and things I have to pay for. I know I have to pay for registration again and pay for [REDACTED] tickets on my car. A few things to take care of now that I have to pull some of this money out. So I ended up saying, "OK, if I'm going to put that much in there, the car doesn't need to cost over"...I think I said I wouldn't pay over \$10,000.00 but I was still looking to pay in the \$7,000.00, \$8,000.00, \$9,000.00 range because I knew also how much I'm putting down is how much my financing is going to be as well. I don't want to have a crazy car note. I told myself I didn't want to pay anything over \$200.00 a month for a car. If I did it would have to be the car that I know I'm going to have until the wheels fall off. I just don't need it that badly. I don't need a brand new [REDACTED] car. Something a little bit older that has good mileage, that's going to last, is fine for me. So, I think that was my determine factor.
- M: The price of the car that you saw, you said you saw it online? What was the price of the car when you saw it online?
- R: I think when I saw it online it was maybe \$7,995.00. Or, it was \$8,995.00 and if you bring the ad in we'll take \$1,000.00 off so then it was \$7,995.00.
- M: You saw an ad actually. Was the ad online?
- R: It was on [cars.com](https://www.cars.com) and I typed in all the search parameters of what I was looking for. It was one of those cars. But, when it was on [cars.com](https://www.cars.com) it still said \$8,995.00 but once you actually click on the car and go into it, on the details from the website, it said...yes.
- M: OK. Once you went into the dealership, did you negotiate the price of the car?
- R: He did tell me it was \$8,995.00 and I was like, "Well, I brought in this add that says \$7,995.00" and he goes, "OK. That's it then." (Inaudible) because I'm not doing (inaudible).
- M: What do you mean, you're not doing (inaudible)?

R: (Inaudible) negotiating. Like, it's either that or it's not. I don't have time to sit here for an hour and tell you back and forth. Either I'm going to buy or I'm going somewhere else and buy it. I'm not a good negotiator.

M: It's not your thing.

R: It's not my thing. I don't have patience for it.

M: Overall, tell me about the experience of doing that. Of coming to a price for your car. How would you assess that experience?

R: It was OK. I'm glad that we didn't have to haggle. I mean, I guess if I had really liked the car I would have...and I do like the car, but if it was the car I told you I wanted with the leather seats and this and that, maybe then I would have done some haggling because I knew the other cars around the area probably maybe ask for more or something like that. So, I thought it was easy that he was just like, "OK. That's fine. We can do that. Perfect."

M: Can you tell me, did the dealer, at any point in time, indicate to you that you could get a better price if you agree to certain conditions?

R: No.

M: Did you trade in a prior car?

R: No.

OBTAINING FINANCING

M: How do you pay for your car?

R: I paid half with a check, it was \$3,500.00 or so with a check, and the rest was with financing.

M: Let's talk about the financing part of this whole thing. How would you assess the financing experience? Both what you liked and what you didn't like about that whole thing.

R: The financing was...I guess it was OK. Like you said, he contacted whoever the financing people were on his side. I think he said he contacted a few different financiers that I guess they use, to get the better deal. It's cheaper.

M: What did you say?

R: I said I want to say it's cheaper than what I thought I was going to be paying. But now, actually...well, it's about the same price as I thought I was going to be paying, but the extended warranty is what costs...which brought it up to probably what I would be paying originally with my bank. That's like an extra, I think, \$2,500.00 or so that they added on to the cost of the car.

M: Did you, at any point in time...let's talk about the terms of the financing. Did you, at any point in time, tell the dealer what your expectations were in terms of the terms of the deal? Like, what was important to you.

R: Like my interest rate and how long? I knew how long I wanted to pay it off. (Inaudible) I think I told him, when I presented him my financing offer, this is how much I'm trying to pay each month, the maximum I'm willing to pay each month. This is the timeframe that I plan on doing. No less than...did I say 60 months? Or, 48 months or so? I think maybe 48. I'd rather 60 but I can do 48 if it's below the range I want to do, and this is the interest rate I'm looking for.

M: What interest rate did you tell them you were...

R: I told them I was looking for anything below...because I don't have the best credit...but, I was looking for something below 15%. I think he came back to me with 12.7% or something like that.

M: Tell me about that whole process. The interest percentage that they were or that you were hoping to get. How did you know what you could expect?

R: Well, at first I went on, I want to say, [cars.com](https://www.cars.com) and they put in an estimator, I think, of how much you want to pay...

M: How much you want to pay a month?

R: I think it is monthly. Or, how much the car costs. Something like that. I can't remember. It's been a while. And then you put in your factor, like what's your credit score, what are the terms you're looking for, and then it would spit out based off of those things. Sometimes you have to put in your social. Then the next time I sought financing through my bank, the [REDACTED], they had me put in all those factors as well. My social and everything else, because I'm a member with them and I guess they can kind of go through all my history with them, too. They told me, "This is the range that we're going to give you." I think they said between 13% and like...let's say, 24%. That also depends on the dealership and the car of what your interest rate is going to be. So, you could take that, it's called the [REDACTED] Car Navigator, or something like that, and you can move from between that 13% and 24% of how much. Do you want to get closer to 13% or do you want to get closer between 13% and 18%? And, you can also move the months to see as well. Like, how many months to pay it off is going to be. So, that why I was like, "OK, this is more the percentage I'm looking for. Obviously, I'm going to go as low as I can go, but I want to do it for longer than 24 months or so."

M: That's kind of how you worked it out?

R: Yes.

M: OK. You ended up getting your financing through the dealer? Is that where you got your financing?

R: Yes.

M: OK. Do you make your checks out to the dealer?

R: I just pay it online. I set it up online.

M: Do you know who you're paying?

R: Yes.

M: Who are you paying?

R: It's called [REDACTED].

M: OK. Got it. Did the dealer, at any time, mention anything about refinancing the vehicle or renegotiating the APR or monthly payments after the purchase?

R: No. That's a good question. Like, oh.

M: Did you ever think of the possibility of doing that yourself?

R: I didn't. No.

ADDITIONAL PRODUCTS AND SERVICES

M: Let me ask you about the...you kind of mentioned this a little bit...about whether the dealer offered you any additional products and services. You're saying they did no.

R: They didn't. No.

M: You, yourself, had to bring up the extended warranty. Is that correct?

R: I believe so. Yes.

M: That's the only thing you purchased? You didn't purchase GAP insurance? You didn't purchase an extended service guarantee or anything like that?

R: No.

CONTRACT AND POST-PURCHASE

- M: Let's talk about the contract and post-purchase for a moment. Did you have the opportunity to review your paperwork before signing it?
- R: Yes.
- M: Did you review it on a hard copy or did you review it digitally on a screen.
- R: Hard copy.
- M: People review their paperwork in very different ways. Some read it line for line, some skim it, some read only for certain specific types of information. How did you review your paperwork?
- R: I kind of read it line for line. I'm a paralegal (inaudible) attorneys that do a lot of contracts. Or, I used to do a lot of contracts. So, I'm very much like, "Wait a second. What does that say right there? What does that mean?" I go line for line. And, my dad is a contract manager, too, so we both are very anal about going over those types of things.
- M: When you were going over this contract, did the person you were working with explain everything to you or did you just read it and then ask questions when you had them. How did that work?
- R: I think I read it and then I would ask him questions about things that I didn't fully comprehend.
- M: Can you think of any specific area that you didn't understand about your contract that you asked him about?
- R: I think it was in the financing part. I'm not 100%. I don't remember what the question was exactly. I think also a question about the warranty, because it didn't have a warranty on the vehicle, which is why I asked for an extended warranty. It was as-is. I don't know if this was explained at the beginning. I mean, it could have been. I had also looked at a ton of other cars and had a ton of things going on. But, that's how we got to that extended warranty question, too. I also had a question about having my tags and title transferred and he said that they couldn't do that. Then, I talked to [REDACTED] and they said, "No. He (inaudible) do that." That was a later issue.
- M: What do you mean, a later issue?
- R: I had to call them back and say, "I just paid you \$200.00 and some dollars and you told me that you couldn't transfer my tags, but you very clearly can transfer my tags. I think you're just trying to get extra money out of me." So, then I had to go above him and

Speak to a manager, who did end up transferring my tags and sending me my money back.

M: That's interesting.

R: Not the best experience.

M: Have you had any contact with the dealer since you purchased the car?

R: They sent me an email saying, "Can you rate our service?" I gave a very scathing service Yelp kind of review, whatever, in the thing. And, they contacted me like, "Hey, we want to talk to you." I just haven't been in the mood to talk to them. (Inaudible) I might be.

M: Tell me a little bit about that. You said, "I sort of gave them a scathing Yelp review kind of thing." Tell me what was it that was so bad?

R: I just feel like, well, as a woman, I think that's very unfair. Well, first of all when I went to make an appointment with the guy, he was kind of like...I felt like he was kind of like short and kind of rude with me and I'm telling you that I'm calling you so you can make money. I'm telling you I'm coming in that day to buy that vehicle that I worked with you. I could call anybody up there, or whoever it was, so I didn't think you were super nice the first time I came. But, I feel like if you're a salesperson, like the other ones I've seen, you should probably be selling me a car. That's part of your job so (inaudible) meant to be rude. That's really what you're supposed to be doing, but you're not selling it to me. You're lucky I came in with enough research and didn't just come in like, "Oh, I don't really know." Certain things I didn't understand because I've never done this before. So, I thought he was kind of short and rude. I just felt like it was unprofessional and then, like I told you, we were going through this whole process of buying a car and then you step out to get lunch and you don't say anything to me about it so I'm looking around for you to ask you questions, I have to go to somebody else. He was like, "Oh, I'll call him and see when he'll be back." Going over, like I said, the warranty, not going over any other protections like GAP or service or anything else like that, I just feel that the service was bad. Then also, going into the whole thing when I do question about the tags and title and you're telling me, "No, we don't do that here" and I'm like, "That's really weird because someone told me that they did do that before, which is why I'm asking you now." Like, "Oh, yes. Just (inaudible) because my tags aren't expired." It doesn't make sense for me because I was really mad that I had to pay that much for my tags. My last car got sent from [REDACTED] to [REDACTED] and so I had to pay a ridiculous excise tax and I didn't want to do that again from [REDACTED] to [REDACTED]. (Inaudible) almost \$600.00 or something crazy just for because I didn't buy it in [REDACTED] or whatever. So, this is why I'm asking. And then, once I go to [REDACTED] do my emissions test so I can send it to them so they can finish my registration for me and I told the lady about that and she's, "No. Give them your old registration card and tell them to send it back. (Inaudible) and it's not a problem." So, then when you said we couldn't do it and I talked to whoever else there, and then I finally spoke to the manager who I guess I had spoken to when I was out there before when I was looking for the guy who was at lunch. He was like, "That's not a

problem at all. Send me your information.” I said I already emailed it. And, I literally got it back with a check for my money. Crazy. (Inaudible) not positive. And then, post that, I’m having issues with the car within 2 weeks of getting my car.

M: Oh, dear. You’re kidding.

R: The first one wasn’t their problem. The first one was mine. It almost got stalled because it had temp tags on it and I live in [REDACTED]. So then it was something else. My shocks are leaking and then something else has happened. So, I’ve already paid a lot of money for this car that I’ve only had 3 months or so.

M: Did you, at any point, have a mechanic look at the car?

R: I didn’t because, this is so over. I blame myself for these things. Because, (inaudible) my dad was like, “You need to find a mobile mechanic.” And, I’m like, “I don’t even know how to begin this process. And, because I had such a short timeframe to buy a car, like if I had more time and I knew whatever, I would do this process all over again. But, it’s a [REDACTED], it’s not that old, I’ve already looked at the CARFAX, (inaudible)…”

M: Has your extended warranty covered…

R: No. It hasn’t covered anything that has happened to the car. Now I’m going to take it to a mechanic and have things like that and whatever issues that I’ve already paid for now. I’m kind of confident that I won’t have any more issues for a while. But, I am in the process of thinking I’m getting rid of this car and just trading it off and doing this whole stupid process over again. At least now I have the time because I have my own car to go out and do these things and find a mechanic and whatever.

M: This is interesting, because one of the questions I was going to ask you, that I hadn’t gotten to yet…this has been very helpful, [REDACTED]. I really appreciate it. When you finally brought up the extended warranty to them, did they tell you what it costs? Did they tell you what it covered? Did they tell you how it would affect your monthly payments? Tell me what they said or didn’t say to you.

R: After I brought it up he was like, “Well, I knew you wanted to pay”…I think I told him at that time maybe \$150.00…and he goes, “But this is going to bring it up to maybe almost like \$190.00 or something like that. But this is what the extended warranty is for the powertrain, \$100,000.00 powertrain. We didn’t go over any of the other things that can happen with a warranty, too, which could be other thing that don’t include the drivetrain. Whatever else, you know. (Inaudible) messing with me now, like my drivetrain. So, that’s when he went and put it in a calculator or whatever and said, “This is how much it’s going to cost now. It’s going to be an extra”…what did I say? I think like \$187.00 a month or so. It’s going to be an extra \$27.00 a month. I’m like, “OK, how does that factor in? Do I pay that now?” They’re like, “No, we’ll just put it in on your financing.” Which, I didn’t really like because it sounds like…if I could have, I would have rather just paid it now, but then I was like, “OK, just put it on my financing because I need this

extra money right now. That's like a safety net for other things." (Inaudible) having to take care of the stupid car getting broken into (inaudible) you know, stolen. So, you know, I don't like having to put extra money onto something that you have to pay back because then there's interest.

M: Did they give you any documentation and/or say to you what the extended warranty would cover?

R: They did. They gave me documentation. It looks more like a brochure.

M: It was a brochure.

R: Yes. It was like who the person is that offers it. They call it a warranty. And what it covers, like bullet points, but not like an in-depth description that I could go into. What does it mean when your suspension whatever whatever, you know? If your suspension...like, what does it cover under the suspension?

M: In your mind it was just generic?

R: Yes. And, I don't really know, actually too, how extended warranties are supposed to like...well, actually I do because my last car, the one that my dad got for me when he did all of that stuff, the pamphlet I got was actually pretty thick but that was already in the car. I don't know, when he bought the car...because he bought it and sent it to me in [REDACTED]. My other car got towed(?), OK? He just did that and had it shipped through the dealership and so that was kind of thick and heavy and had a lot of detail in there under the warranty. But, it was like, well it said not he thing after...or, maybe I read that later, that they would send you more in-depth paperwork, which they have sent something but not to that extent of like a big booklet that I keep in my car like I used to.

M: It sounds like you're not really sure what it covers and what it doesn't cover, this warranty.

R: I feel like...so, it covers powertrain, right? I have no idea what powertrain is until something happens and I call the people and I'm like, "Hey, is this covered?" And, they say no. (Inaudible) the mechanic or something like that. Is that the powertrain? They say, "No, not this time." It's not the powertrain. This is stupid. Why did I get it? But, apparently, if it is the powertrain then I would be covered for whatever issue it is. The guy has been very friendly, whoever the extended warranty person is, and he has been...like, if I do have a question I don't feel like I've been brushed off or anything. He'll definitely answer any questions I have and talk to whoever I need to talk to at whatever dealership I brought it to. He's an older guy that seems very knowledgeable.

M: When you were talking about this particular coverage that's referencing here, was there, at any point in time did you think you might be able to negotiate the cost that they were quoting you?

R: No.

M: Did you, at any time during your discussions with the dealer...let me ask you this. You met with the sales rep who sounds like he wasn't so good, did you meet with a finance person in a finance office? Or, was it the same sales rep?

R: I met with her after we had already kind of signed the paperwork of saying this is fine(?). I met with her. He like passed me off to her basically, and she completed going over the end part of the paperwork. But, when it came back to me asking about the extended warranty, then it jumped back to him and she had to re-prepare all of the documents and stuff.

M: She had to fix all the documents? How did that conversation go? Like, "I told him I wanted the warranty?"

R: Yes. I said,...I think that was actually after going through all the paperwork because I was ready to finish signing whatever it is I had to finish signing. The contract. I'm like,...and she said something about, "You didn't get an extended warranty." I think that's how it came up. And, I was like, "Oh. I was interested in that. I didn't know you guys offered that. You didn't bring it up." Or, whatever it was. So then it was like, "Oh, let me call him back then and do this over again."

M: At any point in time did they mention to you that they were thinking of putting a tracking device on your car?

R: No. Like a LoJack kind of tracing device or just any tracking device? I'm just wondering because you mentioned it and I never heard anything.

M: You never heard anything?

R: No. It could have been helpful if my car had gotten stolen. But, I guess the people don't know how to steal cars, so I got lucky this time. I'm not guaranteeing anything.

OVERALL UNDERSTANDING

M: We are also going to go over your paperwork now. You have the originals, don't you? It will be easier if you're looking at the same paperwork that I'm looking at. At this point, the most important one is what's called the retail sale installment sale contract. It looks like this. You got that?

R: Yes.

M: OK. Perfect. Let's talk about this document. The first thing I wanted to ask you is, overall, looking at this document, what do you think the purpose is? What purpose does it serve for you the customer?

R: I think it defines, for me I guess, as a legal background person, who the parties are that are involved, it kind of says...with normal contracts it starts off as just a basic agreement understanding of what you're purchasing here, the details about it, I guess the financing part as well as the payments that you put into it, if there's any...what else do I see...I don't know, I guess it just kind of sets up the standard tone for the contract itself.

M: Can you point on the contract to the monthly payment that you pay? Show me where it is and tell me what it is.

R: It's down here where it says, "or as follows." It has under here, "your payment schedule will be" in this box. It's 48 months and the payment is \$187.13 and it's monthly, beginning on [REDACTED].

M: Can you tell me, at any point in time, when you were looking at the monthly payment that you were going to have to pay on this vehicle, which is \$187.13, was that expected or was that a surprise? Was that different from what had been discussed with the dealer?

R: Well, now it's different. It became different once we added the extended warranty. Before I think it was \$150.00 or \$160.00 monthly, but with the same 48 monthly payments, and the due date. They printed out the whole thing out for me before having to redo it.

M: In addition to the monthly payment, can you point to the APR?

R: It is right here with the Federal Truth in Lending Disclosure annual percentage rate.

M: What does it say?

R: It says 10.25%.

M: Tell me about that number. Was that what you expected? Was it better or worse than you expected?

R: That was better than I expected because I told you before I think, when I was with [REDACTED], I want to say they had given me the minimum as 13.84% or something like that. So, when he told me...I thought he had told me 12% or 11% before, and then maybe this number later. I'm not sure. But, either way I knew it was going to be under 13%. I was happier with that.

M: So far, looking at the data we've been looking at which is the monthly payment and the APR, and you also mentioned the number of payments at 48. Is there anything confusing or difficult to understand or is this all easy to understand?

R: I don't think...I think it's easy to understand.

M: Do you remember having any questions or being confused about anything when you were reviewing your paperwork and getting ready to sign it?

R: I don't think on this page. I don't think anything on this page.

M: You did mention the length of payments, which you said was...

R: Forty-eight months.

M: Was that what you expected?

R: Yes.

M: Alright. Did you put a downpayment on this car?

R: Yes.

M: Where is that shown on this document?

R: That is on the downpayment on the total sales price?

M: Yes.

R: Where it says \$4,000.00.

M: Is that something that the dealer asked you to put down or you chose to put down?

R: I chose to put down.

M: Did they try to convince you to put more money down or less money down?

R: I don't think they tried to convince me to put either.

M: The said \$4,000.00 was fine?

R: Yes.

M: You wanted to put that down.

R: Yes.

M: OK. Let me ask you this. At any point in time did you sign a document that might be referred to as a spot delivery document? A spot delivery document is a document that basically allows the purchaser of the car to leave the lot with the car when the sale and financing are not technically yet final.

R: I don't think so. No.

M: You don't recall anything that said you can leave with the car but this is not final until we get final word that the financing as gone through?

R: No. No.

M: You told me tracking device was not something discussed. Right?

R: Right.

M: I'm going to ask my colleagues, as soon as we go through the second page...let's go through the second page of the retail installment contract, and then after that I can ask my colleagues if they have anything else that they need to ask you. It looks as if the total price of your car was what exactly?

R: I believe it is, I want to say it's this top number of \$8,187.31 right here.

M: Can you tell me what the \$392.31 is?

R: It the amount they charged me for tax.

M: Does it show on here what your downpayment is?

R: I think they put it right here under the net trade-in of \$4,000.00 but this is also the unpaid balance of cash...or wait, what does this mean? Or, total down payment is negative so this one right here.

M: The \$4,000.00?

R: The \$4,000.00.

M: Can you tell me what the \$2,395.00 was?

R: That is for my extended warranty.

M: OK. Did you question the price of that?

R: Not really. I mean, I want to say that I did. He told me how much it was monthly for the car and how much it was going to come to under the finance. Like, under these terms of 48 months, this is how much it costs per month for this warranty. Which, I was like, that's weird. I don't know. I thought it was weird because I don't know how much extended warranties cost.

M: Do you know whether or not you can get an extended warranty from anybody else but the dealer of the car?

R: I believe you can under the first page where it says, where is it? Or, is that insurance? Something about seeking out your own warranty. Maybe a different warranty. I'm not quite sure. It wasn't on this page. No, that's about insurance. I think I have to get the warranty through the dealership.

M: OK. There's a dealer processing fee of \$499.00. Tell me what that is.

R: It's some stupid dealer fee. I mean, I was going to (inaudible) coming across at these smaller dealerships. I guess large ones, too. They charge you a processing fee and my dad would be like, "Go and see if they'll waive it." And, the larger ones were like, "Yes, we'll waive the processing fee." I guess they were going to give me the service fee. But, since they didn't offer a service fee, that \$499.00 was something I couldn't get taken off.

M: OK. Let's move to the maximum auto outlet buyer's order, which is this document right here. What do you think item number 12, on the buyer's order means?

R: Dealer's business license tax fee. I'm not sure. What is it, 17% of number 11? Which is taxable for business license.

M: Do you use your car for business purposes or for personal purposes?

R: No. Personal. That same number is the same number for the trade difference.

Note comes in from outside the room.

R: The item 11 I'm not sure.

M: I can't read what's below it. It's on page three. Let's turn to page three.

R: The buyer's order?

M: Yes.

R: OK.

M: I don't know what they're referring to. There's a lot of information on page three. We need an explanation. Sorry. What paragraph are you referring to? Seven, eight, nine, ten, eleven, twelve. Let's look at twelve and see. If you're financing this vehicle please read this notice. You're proposing to enter into a retail installment sales contract with the dealer. Part of your contract involves financing the purchase of your vehicle. I think they want you to read the bottom part of this.

R: Of which one?

M: Number twelve.

R: The last thing, if the dealer does not return the downpayment? That part?

M: I think where it says, "If you do not return the vehicle within 24 hours of verbal or written notice of cancellation, the dealer may locate the vehicle and take it back without further notice as long as the dealer follows the law and does not cause a breach of the peace in taking the vehicle back."

R: They want me to read that part?

M: I don't know. Did you...were you aware of this when you signed the contract?

R: I think I read it, but I don't think I was concerned.

M: It wasn't something that was meaningful to you.

R: No. I don't think it would have deterred my decision about the vehicle as long as I would be getting my downpayment back. Downpayment will be returned to you. I don't really know how the...I know, obviously, in the contract you have to list every variable that can happen. I don't think I've ever heard of something like this happening and it didn't take me by...I think it's kind of crazy, but as long as I knew I was getting my money back for it, then I would be like, "OK." Then, I would probably pursue some sort of arbitration, which is what I agreed to in the beginning, or something else. But, if that was really something that I was like, "What the...", but I don't think it was something that would have completely deterred me at that time. Also, like I said, I was kind of over it. (Inaudible) decisions in car buying. But, I don't know. I learned a very valuable lesson to not do it from these risky dink car places any more. That's all I can say about that.

M: Any other comments?

R: No. Don't shop here.

M: Thank you very much.

R: I hope it was helpful.

M: It was very helpful. I enjoyed working with you.

// end of recording //



AUTO BUYER STUDY
459659 (Corrected)

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of the interview, will you just state your first name only?

R: [REDACTED]. [REDACTED], tell me, what is the most recent car you purchased and when did that purchase occur?

R: A [REDACTED] and it was towards the middle to end of [REDACTED].

M: What did you like, if anything, about your experience shopping for and choosing a car?

R: It was really easy.

M: How was it easy?

R: I called the guy to find out if I could get financing and he ran all my information and called me back and we just did it all over the phone. Then, I was approved and he was the same guy that worked with me. He was off the next day but he came in anyway and met me there and I picked the car and got a car. It was super easy.

M: That sounds great. Was there anything you didn't like about the experience of shopping for and choosing a car?

R: Not that I can think of. I don't know if you've ever looked at their website, but you can pretty much just go on there and look at all the cars and pick what you want and they'll have it there for you to look at.

M: [REDACTED]? Is that where you went?

R: Yes.

M: OK. What made you go [REDACTED]?

R: My dad had bought a car through them and he liked his experience with them also.

M: You got a good reference from your dad.

R: By the way, also sent me to you guys through an email referral.

M: (Inaudible) he sent the email referral. Well, thank him for me.

R: I will.

M: What made you choose the [REDACTED]?

R: The miles and the price.

M: Were you open to other brands as well?

R: Originally, I was looking at a [REDACTED] because I know that [REDACTED] are good cars and will run for a long time. But, I also had heard that [REDACTED] had been improving over the year so were comparable I guess.

M: You were open to brands.

R: Yes.

M: Did you see any ads for the car that you ended up buying?

R: Not that I can think of.

M: How long did the entire process take, from the time you arrived until the time you left, with or without the deal on your car?

R: It was probably a couple of hours.

M: Two hours?

R: Yes, about 2 hours.

M: That's pretty good.

R: Between 2 and 3 maybe.

AGREEING TO A PRICE FOR THE CAR

M: Between 2 and 3. OK. Can you tell me, how did you go about getting a price for your car?

R: It was the price that was on it.

M: What do you mean, it was the price? Tell me about that.

R: On the sticker.

M: On the sticker of the car? Did you negotiate the price at all?

R: No.

M: Did you know whether you could negotiate the price?

R: No.

M: OK. So, your dad didn't tell you that. He just said go to [REDACTED], but he didn't tell you...

R: He went with me so if there was any haggling to be done he would have handled it.

M: He would have handled it. OK. Tell me what you liked, if anything, about your experience obtaining the final price for your car.

R: (Inaudible)

M: I'm going to need you to speak up.

R: I don't know what you mean by...

M: I mean, was it a positive experience or not a positive experience?

R: Yes, it was good. I thought the price was already a good price. It was about the same as the [REDACTED] I was looking at, but it was 2 years newer and 20,000 miles less than what the other car had on it. So...

M: There you go. Right? I can understand how you felt the way you did. Was there anything not positive about the final price experience with your car?

R: No. I was pretty satisfied with it.

M: OK. Did the dealer, at any time, indicate that you could get a better price if you agreed to certain conditions?

R: No.

M: Did you trade in a prior car when you bought this one?

R: No.

OBTAINING FINANCING

M: How did you pay for this car?

R: Through financing through [REDACTED].

M: OK. Financing through [REDACTED]. Tell me about the financing experience. What was that like for you?

R: Honestly, I was surprised that they were going to finance me. I was worried about that. They did approve it based off of my credit and it actually ended up that my dad cosigned for me so that I could get the much lower interest rate, which he did. The night before I went and got the car he had several phone calls back and forth working that out to see how I could get a better rate and he was willing to do that.

M: Did you do the legwork yourself or was your dad with you or how did that work?

R: I made the phone calls. I was the one that contacted the dealer. When I picked out which car I wanted he (inaudible). He was just there for moral support, really. And, he signed some papers. He pretty much left it up to me.

M: The fact that he was willing to sign the papers enabled you to get...

R: A lower interest rate.

M: A lower interest rate. OK. What were they quoting you without his agreement? Do you remember?

R: I think it was, I want to say between 17% and 19%.

M: And, what did they agree to once he agreed to...

R: Eight (8%). That's a little bit of a difference.

M: A little bit of a difference I would say. Why did you decide to finance through [REDACTED] as opposed to going to other places to finance the car?

R: Really just because, when I called him, he took all my information and did all the work to get me financed through them so I went with them and didn't really try anywhere else.

M: You didn't shop around?

R: No.

M: Do you know whether you can finance elsewhere through [REDACTED]? Or, do they not allow you to do that? Do you know?

R: I believe you can. (Inaudible)

M: Is this the first car you purchased on your own?

R: The second one.

M: Second one.

R: Yes.

M: OK. So, when you were talking about financing the car, can you tell me, what were the terms you discussed with the [REDACTED] folks? Did you put parameters around things saying that this is what I want to pay a month, this is what I want to pay for the car, this is what I want my APR to be? What did you say to them? Or, what did they say to you? How did it work?

R: I did tell them I wanted...the range I wanted to keep the monthly payment.

M: What did you tell them?

R: Around \$300.00 or less.

M: Three or less. OK. You put that parameter down. And then what happened? They took it from there?

R: Yes. I'm trying to think about...and, with having him cosign it brought it down to about \$313.00.

M: It didn't start out at \$300.00.

R: No.

M: What did it start out? Do you know?

R: Three eighty (\$380.00)?

M: So, you wanted to get it lower.

R: Yes. I think the only reason why it was still a little above \$300.00 is because I added the extra warranty.

M: Was that something you asked about? Or, they convinced you that it was a smart move to make? Or, your dad said something to you? How did that work?

R: Well, he told me what came...

M: Who is "he"?

R: The dealer. The salesman told me what came with the car and told me about the different options you can add to it. And, because I drive so much...

M: Do you drive a lot?

R: Yes.

M: Is that part of what you do?

R: No. My [REDACTED] stayed in [REDACTED] when I moved up here so I go down there often. And, I commute an hour each way to work every day. So, it's a lot of miles. So, having the extra warranty was nice.

M: How often do you get to go to your [REDACTED]?

R: Actually, I was going twice a month until this last month when I went once. It's a lot of miles.

M: Yes, it is a lot of miles. At any time, when you were talking to your dealer, did anyone mention the possibility of refinancing the vehicle? Either you or them?

R: I don't remember having that conversation.

ADDITIONAL PRODUCTS AND SERVICES

M: No? OK. Let's talk about the additional products and services. I don't remember what you said. I should. I'm sorry, because we just talked about it. Did the dealer offer you an additional product and service or did you...

R: Like the extended warranty?

M: Yes. They're the ones who mentioned it to you or you brought it up?

R: Yes.

M: OK. Did they mention anything else? Did they say anything to you about GAP insurance?

R: Yes.

M: They did. And, did you get GAP insurance or no?

R: No. I was going to check with my insurance about that and then I never did.

M: OK. Any other kinds of special contracts they mentioned to you? Did they talk about rustproofing or anything like that? Or, I think there's an extended maintenance contract and extended warranty.

R: I have...it comes with all kinds of stuff. But, I'm not sure exactly what I have.

M: OK. We'll look at the contract and see. Any comments about the actual process, how that went when you were discussing those added products and services? Were you happy with the way that conversation went? Were you concerned? Confused? How did you feel about that part of the car purchasing experience?

R: I think I had a really good experience the whole way around. The person I was working with was really laid back and not pushy. He was good at his job.

CONTRACT AND POST-PURCHASE

M: That's good. I'm sure that made it better for you. We're going to look at the contract eventually and be able to see. Tell me, did you have an opportunity to review your paperwork before signing?

R: They went over it while we were signing. So, each form, before we signed it we looked over.

M: How did that work? Did they explain what each form was? Did you read...because, you know, people do this in very different ways. Some people read it line for line, some people just skim it, some people look only for certain information and don't care about the other information. How did you do it?

R: I'm a skimmer. She, the lady they sent us to, to sign all the paperwork, she told us what each paper was for and told us we could take our time to read it. But, I guess I'm a skimmer.

M: I just heard you say you went to a lady to do that. So, the lady that did the contract-related work was different than the salesperson you were dealing with? Was it in a different place than where the sales took place?

R: We were in the salesperson's office going over everything and deciding what we wanted. And then he sent all of that to, I guess it was like a contract room. There were several desks where they send the customers to sign everything.

M: Were you in a room where there were lots of desks and lots of people?

R: Yes.

M: Were there anything in particular about the paperwork signing process that was either particularly good or particularly bad?

R: No. Just sign the paperwork. It's not ever really fun, but it wasn't horrible.

M: It was about what you expected?

R: Right.

M: Have you had any contact with the dealer since you purchased your car?

R: No.

M: Did they reach out to you in any way to fill out a survey about the experience that you had with them?

R: I think they sent me an email and I don't remember if I responded to it.

M: But, you didn't have to reach out to them for any reason?

R: No.

M: Have you had to bring your car in at all since you purchased it?

R: No, not to them.

M: But, have you...

R: Oil change is all.

M: But, you didn't go to them. You went somewhere else.

R: Right.

M: Did, at any time, someone talk to you about the placement of a tracking device on your car?

R: No.

OVERALL UNDERSTANDING

M: Now we're going to spend some time going through the paperwork. The piece of paper I want to spend the most time with is the retail installment contract. This one. (Inaudible). No, that's different.

R: This is when I got my brakes done, which was also somewhere else.

M: That's it. You got it. First of all, take a look at this document and tell me, what do you think the purpose of this document is for you the customer? What do you think the value is to you?

R: So, I can see what I'm paying in the long run (inaudible).

M: I'm going to need you to speak up a little better.

R: I think it's just to break down everything I'm paying into the car.

M: Let's talk about the various element of this retail installment contract. If I were to ask you to point on the document to where the amount of your payment is, can you point to it and tell me what the number says?

R: Three thirteen seventy-five (\$313.75).

M: When you saw \$313.75 as you were getting ready to sign this document, did you at any point in time think to yourself, "That's different than what I expected?"

R: No.

M: So, you expected about that mount when you saw it?

R: Yes.

M: Can you tell me, now point to the APR. OK. What does it say?

R: Seven point nine five (7.95%).

M: Tell me about that number. Was that what you expected or was that different than what you expected?

R: That was what I expected. He had told me 8%.

M: He had told you 8%? And, that was with your dad's signature, correct?

R: Yes.

M: In terms of the length of payments, can you tell me, where is that on your contract and what does it say?

R: It says 72 months.

M: Were you surprised by that or did you expect that?

R: I figured it would maybe be around 60 or 70.

M: Sixty to 70?

R: Yes.

M: Did you at any point talk about negotiating that number from 72 to something else?

R: No, because, I mean, I would like to have less payments but I don't want to pay more monthly.

M: Your estimation when you saw that was that's the way it's got to be if I want my monthly payment to be about \$313.75?

R: Yes.

M: Did anybody ask you at the time whether you were willing to put a downpayment down on the car?

R: I think he had mentioned it when we were on the phone when we were originally working out...or, finding out if I could be financed. He had asked if I had a downpayment. Which, I did not. I had just moved here to start a job and my other car died.

M: That's how this happened? Your car died? So, I guess your circumstances were a little urgent. Is that what you're telling me?

R: Yes. I may have shopped around a little more, but I was happy with how he handled it and how quickly the whole process went and I was happy with my car. I'm still happy with my car.

M: That's a really good thing that you're happy with your car. I think that's great. At the time...I'm looking at the total sale price of your car, which says \$22,590.00. Is that correct?

R: Yes.

M: Can you tell me, is that what you expected to pay for whatever vehicle you were purchasing? You wanted to pay that amount of money?

R: Well, no. But, I mean, that's more than I would like to pay but I don't think it's unreasonable.

M: That was for what year car did you say it was?

R: [REDACTED].

M: How many miles did it have on it, do you know?

R: Just under 24,000.

M: We talked about the downpayment. We talked about length of payments. Let me ask you this. At any time, did they hand you a document that they may have referred to as something called a spot delivery document?

R: I don't remember ever hearing that.

M: I'll look through your paperwork and see if you have it. But, it's a document...let's see. It's a document that basically says...this is your warranty. We'll talk about your warranty information. You actually have some information. Wonderful. (Inaudible) amount of information on your warranty.

R: They gave me a ton of stuff and I kept it all in this little folder.

M: Good girl. (Inaudible) easy for when you had to come in here. It's a document that basically says you can drive off the lot with the car even though the deal is not finalized. So, in other words, even though the financing is not finalized. So, if the financing, for whatever reason, doesn't go through then they may have to renegotiate the deal. Did they say anything to you like that? OK. This is your service contract. Off the top of my head I don't see it here, but I'm sure my colleagues will point out if it does exist somewhere. OK. For the moment we'll assume that you didn't sign that. You said that you did fill out a credit application? Did you say you did that?

R: I didn't. He did it over the phone.

M: He did it over the phone.

R: He did the whole finance (inaudible).

M: And, no tracing device. OK. So, those are my basic questions. Now what I'd like to do is go through some of this material and I'd again like you to help me understand what's here. Let's look at the itemized list of information on your retail installment contract. The cash price of the vehicle, what's that number?

R: Fourteen eight ninety-nine (\$14,899.00).

M: Then you have some of these other items. Can you tell me what some of those are?

R: Sales tax of \$899.99. Dealer processing charge for \$99.00. (Inaudible) of Maryland something fee of \$375.00. I'm not sure what that is.

M: Was the \$99.00 for the dealer processing charge, was that something you negotiated? Or, that was just the price they gave you for that?

R: That was just the price that I was told.

M: So then, the total cash price which is those line items comes to what?

R: Fifteen, nine zero one, sixty-three (\$15,901.63).

M: As we continue to go down...

R: Title fee for \$100.00. Lien(?) fee for \$20.00. Registration Fee for \$135.00. And then the temporary plate fee for \$15.00. And, the extended service contract.

M: You said that for the extended service contract, that was not something that you negotiated at all. So, whatever they told you it was going to cost is what you...

R: Well, they had different options. That was the one that I chose.

M: Do you remember what it covered?

R: I covered, actually, a lot of stuff. I don't remember exactly. I remember it was up to 125,000 miles. I figured I had an extra 100,000 miles worth of warranty if I went with that one.

M: OK. Let's see if there's anything else on this contract. I think we're good. Let's go to the next one. You have the [REDACTED] motor vehicle purchase contract. Let's look at that. I always like to look at these different papers and see whether the numbers match or don't match. Looking at the number on that, were there any additional fees on this that you didn't see previously?

R: No. It looks like they combined that \$375.00 with the registration.

M: So, the numbers look the same.

R: Yes.

M: Alright. And, the extended service contract is what you got. That was \$1,689.00 and yes, that appeared on the other one, too. So, you got it. Let's see if there's anything else. Here's your credit report. That's straightforward.

R: I even have the sticker from the window.

M: Good for you. It's great to have all the paperwork. Let's look at this buyer's guide, which is the warranty. Is this the warranty that comes with the car or is this a different warranty? Which one is that that I'm looking at?

R: That was the one that came with the car. This paper is actually [REDACTED] so I think you got a copy of it in there.

M: Oh, I needed that. (laughter)

R: I stuffed it in there.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

R: I went and had my brakes done at a different company.

M: I don't need it. Did they cover it under your warranty?

R: My dad said to check and I didn't. I probably should. I don't know. I was thinking that anything that was normal wear and tear is my responsibility and anything with the powertrain or, you know, will be under that warranty.

M: Right. Right. Any other comments about your normal warranty or your extended warranty?

R: No. I probably need to read through it a little better. I mean, it's just brakes. I think that things like brake pads and things would be my responsibility.

M: There's also the [REDACTED] limited 30-day warranty. But, you've had your car for longer than that, right?

R: Yes.

OVERALL EXPERIENCE

M: Let me see if my colleagues have any additional questions they need to ask you. I will ask you to bear with me and tell me, overall, if you were to summarize your experience buying, pricing, financing and getting what you needed for your car at [REDACTED], how would you describe that experience overall?

R: Great. It was so easy and low stress. It was very nice.

M: If you had to do it again would you buy from [REDACTED] again?

R: Yes.

CONCLUSION/FINAL COMMENTS

M: You would. I see the [REDACTED] service contract says [REDACTED] months, [REDACTED] miles. And, the warranty that came with the car was for how long? That's only [REDACTED] days.

R: I want to say it was more than that after the [REDACTED] days but it was not (inaudible) for that.

M: Yes. Right.

R: Maybe it wasn't. Maybe that's all there was.

M: Your extended warranty relative to your service contract, it's not really a warranty, the service contract.

R: Right.

M: OK. I have everything I need, I think. So, we're good. You're done.

R: Alright.

M: I appreciate you coming in and I so appreciate you bringing in all the paperwork on your deal. It's great.

R: Mountains of paperwork.

M: Yes, I know, really? It's always like that. I actually appreciate that you were thorough so I got all the paperwork I did need and I'm happy to give you back the other paperwork. We are done. Thank you so much.

// end of recording //

[REDACTED]

AUTO BUYER STUDY
46034 (Corrected)

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Can you please tell me what was the most recent car that you purchased, what kind of car was it and when did you purchase it and where?

R: A [REDACTED], in [REDACTED], [REDACTED].

M: In [REDACTED], but where was the car purchased? At what type of...?

R: A dealership.

M: Which dealership?

R: The [REDACTED] dealership.

M: The [REDACTED] dealership in [REDACTED]. OK. What factors influenced your decision both which car, so the [REDACTED] and where, the dealership, to purchase?

R: I was looking for a new car, so I just drove from [REDACTED] all the way. And, I went to the dealer and I asked for the price. I didn't know if you want to hear about my [REDACTED]. I purchased [REDACTED]. Do you want me to just talk about [REDACTED]?

M: So, you went to other car dealerships and considered other types of cars.

R: Yes. I like the style and size of the [REDACTED] and the price. I wasn't really going to buy a car but I liked it so much I decided to get it that day.

M: You weren't really going to buy a car. Were you looking just for fun?

R: No. I wasn't going to buy at that time. I was going to wait a couple of months. The reason why is, my air conditioning broke and I wanted to buy a car before it got hot. So, I had just started to look and when I saw it I liked it. I test drove it and I decided I wanted it that day. The same day.

M: Did you go to any other [REDACTED] dealerships or just that one [REDACTED]?

R: Just that one.

M: That's sort of why you ended up at that particular dealership, because it had the car you ultimately...

R: Yes, because like I said, I started [REDACTED] in [REDACTED] and I worked my way...I went to [REDACTED] and I went to [REDACTED] and then I ended up at [REDACTED]. I was just going to drive around. That's what happened.

M: How long did the entire process take for the [REDACTED] once you got to the dealership and then until the time you walked away with the car?

R: Well, I had special circumstances because I was going to a wake that day. I went in the morning...I forget...like, 10:00 AM? And, I said I wanted it but I had to come back. I don't know if you want to count that time or not.

M: Approximately how many hours, minus that, do you think it took?

R: Probably, I would say, 3 hours. No more than 4.

M: What, if anything, about the shopping experience and choosing which vehicle you wanted to purchase did you particularly like or dislike?

R: I was looking for a certain size. And then I wanted it...I wanted to sit above. I didn't want one of those cars that you sit...you know. So, that's what I was looking for. That was the main feature that I wanted. I test drove it and the salesperson was really nice. I was really impressed by the sales person. I really liked the car and I bought it.

M: Was there anything about the process that you didn't like?

R: No, because I figured that was the standard process.

AGREEING TO A PRICE FOR THE CAR

- M: Let's talk a little more specifically about some of the other parts of the process. So, getting the price for your car. Tell me about that. What was the original price? What was the price you agreed upon? How did you get to it?
- R: Oh my gosh. I can't really remember. I think it started out at like...do you want the specific price?
- M: If you can remember, yes.
- R: I think it was like [REDACTED] and I haggled for a while.
- M: Tell me about that process. How did you do that?
- R: I said, "Well, what's the best price you can give me?" Then, I got \$1,000.00 for my car. I got a trade-in. So, that brought it down to like \$17,000.00. The guy talked to, I don't know what they call it, the manager? I think they got it \$16,649.00. And, I said, "I don't think so. I'm really looking at \$16,000.00." So, he went back then he came back and he said something like \$16,300.00 and I said, "Well, I don't really need to buy it today and I'm really busy today. But, if you can give it to me for \$16,000.00 I'll buy it right now." And, they hemmed and hawed and I started to walk out and then they said, "OK" and it was settled.
- M: So, it went from \$18,000.00 something to \$16,000.00.
- R: Yes.
- M: How did you know that what they were offering was essentially a fair price? Did you do any research before that?
- R: I didn't do any research, but I thought that price was a great price because I bought my [REDACTED] 10 years ago for the same price, for like \$15,000.00. So, it was in my price range. I didn't want to really spend more than \$20,000.00. But, I could leave. I could go car shopping elsewhere if I didn't get the price, and I think they knew that so they gave me the price.
- M: OK. Tell me a little bit more about the trade-in. How did the trade-in process work? How did you get to a price on what they offered you for that?
- R: They said, "Do you want the specific(?) on the [REDACTED]?" It was like 10 years and had 145,000 miles. I had the air conditioning fixed. It cost me \$1,100.00 to get it fixed. Three months later it breaks again. To have that much mileage, it was 10 years, I was afraid that if I got it fixed again it was going to break again. Why put more money into it? Then, there were other things that could potentially could go wrong in the near future.

So, another guy test drove it or whatever and he came back and said, "I'll give you \$1,000.00 for it." So, I said OK.

M: You didn't really negotiate that price at all?

R: No, I didn't.

M: Then, was there a balance owed on that car or no?

R: No.

OBTAINING FINANCING

M: Let's talk about the financing part of the deal. How did you pay for the car?

R: I put \$2,000.00 down and then I financed the balance, which was, I forget, close to \$14,000.00.

M: How did you finance it?

R: They said...they told me that if I financed it through them that I would get a certain rate. I can't remember...2.1% or something. They gave me...well, they had 3 options. If you pay with cash it's going to be \$18,000.00. Or, I could finance it and get it for \$16,000.00. Or, I could defer payments for about 6 months and pay no interest, but it would be \$17,000.00. So, it was \$16,000.00, \$17,000.00, or \$18,000.00. Of course I'm going to pick \$16,000.00. That's why I had it financed.

M: So, you did the financing through the dealer.

R: Yes.

M: Did you ever consider any other financing options?

R: No.

M: Why not?

R: Because I figured it was just easier. I could have gone to my credit union. I don't know, I think even if I got a cheaper rate, I just wanted to do it and get it done that day.

M: What are some of the terms that were discussed during the financing process?

R: It was 60 months and they gave me...they said it was \$248.00 a month. But, what I didn't know was that, depending on when you paid your payments, the interest was a little...you know, like if you paid it early it was only going to be \$245.00 a month. But, if I paid it later, closer to the due date, it was \$248.00. So, it fluctuated and that one thing I didn't know. I've never heard of that. I thought once they give it to you for \$248.00, which it says on the paper it's going to be \$248.00. So, I found that out and I wasn't happy with that.

M: So, they told you that at some point.

R: Yes, after I made my second payment and it was different.

M: You discovered it yourself. They didn't tell you, "Oh, by the way..."

R: Yes.

M: So, you just wanted the monthly payment. And, what about the length of the loan? You said it ads 60 months?

R: Sixty months.

M: Is that something that they suggested to you or did you ask them for that?

R: No, they suggested it, which is fine.

M: The interest rate? Did they discuss that with you?

R: They did. I can't remember what it was. I think it was like 2. something.

M: We'll look at it in your paperwork in just a second. Did you negotiate any of these financial terms?

R: No, I didn't.

M: Are you aware of whether or not you can negotiate these terms?

R: No, I wasn't aware.

M: Is there anything about the financing experience that you particularly did not like?

R: Just like what I said. They said \$248.00 and I thought it was \$248.00 no matter what, no matter when you paid, if you paid early or on time. And then I called them and they said it fluctuates depending on, you know, like if you pay it 2 weeks early or if you pay it a couple days before it's due, it's different. And, I didn't like that.

M: Anything else about the financing process you didn't like?

R: No. Everything was fine.

ADDITIONAL PRODUCTS AND SERVICES

M: At any point during this process, did the dealer offer you any additional products or services?

R: Yes they did.

M: Tell me about that. What did they offer you? For what prices? Did you buy any of them?

R: I knew I went in there not interested in buying any additional warranties or whatever, so I really didn't pay attention too much about them. But, a lot of them were a package to, I guess, you know, if this goes wrong you have...you know, you can pay an extra \$100.00 a month, or \$200.00, to get certain things for the car.

M: They told you it was in the monthly cost?

R: Yes. They include it in the monthly cost. But, like I said, I knew I wasn't going to get anything else so I wasn't really paying attention to that.

M: You knew you didn't want the extended warranty. What else? Did they offer you any GAP coverage do you know?

R: What is that?

M: That was going to be my next question. Have you ever heard of that before?

R: No.

M: OK. So, not aware whether or not they may have asked you about that?

R: No.

M: Any impression of how you felt about them offering you these additional products and services?

R: I figure it was expected. I expected them to do it because that's what they do.

M: You were ready for it. Ready to say no.

R: Yes. And, I did.

M: When did that occur during the car buying process?

R: Towards the end, after I got the financing. When he, you know, I got the \$248.00 and then he went over my options and then he would say, "Well, if you got this package then

it would be \$340.00 instead of \$248.00 or whatever. So, it was at the end after everything was negotiated as far as, you know, my monthly payment.

M: Any idea about whether the pricing for these additional products and services would be negotiable or not?

R: No. I wasn't really interested in it. To me it sounded pretty high and it didn't seem worth it to me.

CONTRACT AND POST-PURCHASE

M: Let's talk about the paperwork process. Did they give you an opportunity to review the paperwork before signing?

R: Yes, they did.

M: Did you review it?

R: Yes, I did.

M: Was there anything particularly difficult or confusing that you can recall in the paperwork?

R: No.

M: No?

R: No.

M: Have you had any contact with the dealer since purchasing the car?

R: Yes. They called me several times asking me how my car was doing. I thought that was really nice. Then they said that my first...I got 1,000 miles maintenance check, which I did, and then my next one is free. The 5,000 miles is free. They were really nice and they said if there is anything they can do, you know, just to give them a call.

M: Anything else they contacted you about?

R: No, nothing else.

M: Any issues with the financing? Completing the process?

R: No, just what I said.

M: With the payments?

R: Yes.

M: Was there ever any discussion about placement of a tracking device?

OVERALL UNDERSTANDING

R: No.

M: Let's look at the paperwork for a little bit. Do you have it with you?

R: I have the originals.

M: Looking at the main contract here, I'm pretty sure you mentioned this to me, but with the monthly payment, you said you called...who did you call when the payment was different and you called to clarify that?

R: I called the [REDACTED] dealership. I called the number on this packet that they gave me for my financing.

M: Was it the dealership or was it the financing, do you think, that you called?

R: I don't know. I think I just...there was a phone number of the place where I got it from. Let me see. It's probably from the financing.

M: The lender? Do you know who the lender is?

R: Just [REDACTED]. I don't...I mean, if there's a bank tied to it I don't know. I just thought it was...this says [REDACTED] so I just thought it was...no, I don't.

M: There's probably a phone number in there for [REDACTED] that you called?

R: Yes, or a letter.

M: Do you know who you make your payments out to?

R: Yes, I do. I have my...here's the paperwork. Make it to [REDACTED] and here's the address.

M: Did they mention anything, is there a late fee for paying late payment?

R: Yes, there probably is but I'm always on time.

M: They never discussed that with you? If you pay late here's the fee. If you pay exactly on time it's the \$248.00. If you pay early it's whatever it is. they didn't go over that with you?

R: No, they didn't go over the late fee but I imagine there's a late fee for anything that you make.

M: When you called them they told you that it's not just if you pay early, anytime early, the payment is X. It's literally, if you pay 1 week early it's X, if you pay 2 weeks early it's Y. It continues to change is what they told you.

R: Yes.

M: Interesting.

R: This is the first time I've ever financed a car. I've always paid cash. So, I'm not familiar really with financing a car. This was my first experience with it.

M: As far as you know, you're dealing with [REDACTED].

R: Yes.

M: We're going to look at the paperwork. They may have some additional questions about that they'll send in. Can you look at this contract and, is there anything you find confusing or difficult to understand on this contract? This is like the main contract that has all your information on it. Do you understand all the information that's presented here?

R: Oh, here's...I didn't read that one. I just saw it now.

M: What?

R: The late charges. If payment is not received in full within 15 days, there's 10%...but see, I don't...I mean, I never pay anything late. So, I guess that's why I didn't really read it. I didn't even really question it, but like "E" government tax is not included. No, other than that.

M: Nothing confusing?

R: Yes.

M: I see there's a rebate here for \$2,000.00. Did you know you were getting...

R: That was automatic. Where is that on there?

M: On number two, other, it says rebate.

R: Yes, they told me about that. They did that automatically right there.

M: Point out to me some of the critical pieces of information. Where is the interest rate located here?

R: Right here, 2.90.

M: The number of payments and the amount of the payment?

R: Right here, 60.

M: And the amount of the payments?

R: Two forty-eight, seventy eight (\$248.78).

M: When you were concerned about price, how important was the monthly payment versus sort of the overall price of the car?

R: I thought it was pretty good. I thought it was low.

M: The monthly payment?

R: Yes. I thought it was, you know, I don't know. I've never had a monthly payment, but I thought that was a good price.

M: Your downpayment? Did you tell me you had a downpayment?

R: Two thousand.

M: Where is that located?

R: It was on the credit card. I wonder if that's the cash. That might be the cash, but it was a credit card.

M: At any point during the process in your conversation did they mention anything to you about a spot delivery agreement?

R: No.

M: Not familiar with what that is?

R: No.

M: OK. I know you mentioned you weren't really interested in the additional products and services, but at any point did they present you with an add-on menu that you could choose from? Do you recall if that's how the information was presented to you?

R: Well, they did offer a lot of different things, but like I said, I wasn't really interested so I wasn't really paying attention.

M: You're not really sure how it was presented.

R: No.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

- M: Let's see if there's anything else on the paperwork. I might have to check with them and see if they want me to ask any other questions. In the meantime, can you tell me, is there anything else about at the paperwork part of the process, feedback that you could share with me about the experience, either positive or negative?
- R: I think I had a very positive experience. The add-on's, additions that they wanted, that to me was expected. That didn't bother me because I figured that's what they were going to do.
- M: If you had to do this over again would you do anything differently? First of all, do you think you would finance the car again? You said this was the first time you ever financed a car.
- R: The reason why I financed the car was because it was \$2,000.00 less to finance it. They said, "Well, if you want to pay..." because I was going to pay cash. And they said, "Well, its' going to be \$18,000.00. But, if you finance it's only going to be \$16,000.00." But, they don't tell you...well, you know, then it's an extra \$1,000.00, \$2,000.00 for the interest.
- M: Did you do the math to see what the interest would be and whether it was equal to, greater than, or less than the \$18,000.00?
- R: It's about equal but I'll probably just pay it off early. They told me that I could do that so I took that option and I was just taking my time.
- M: OK. So, you took the option of financing knowing in your head that you'd probably pay it off and not have to pay the interest over the full length of the loan, so it would come out to be less than \$18,000.00.
- R: Yes. It will be less.
- M: Got it. Do you think you would do that again?
- R: Yes, I would do it again because it's cheaper.

OVERALL EXPERIENCE

M: Anything else about the process, that whole car buying experience, that you would do differently the next time?

R: I probably would have shopped, like gone to another, two other [REDACTED]. But, I don't know. I'm the type that, like with my [REDACTED], I just went and test drove it and bought it. I'm not the type to shop around really. If I go and I see it and test drive it and like it, I buy it. I don't do research on the internet for prices and all. But, if it sounds like a fair price then I'll just buy it.

M: How do you determine whether it sounds like a fair price or not.

R: Well, because I sort of have an amount I want to spend and, I don't know, it just worked out.

M: It's more related to your budget, whether they offer you something that's within your budget.

R: Yes. I don't know if you want to hear about the experience at [REDACTED]. I went to look at cars that were comparable, but they started at \$25,000.00 and \$35,000.00 they started. And, I'm just like, no that's too much. I didn't want to spend that much. So, when I went to the [REDACTED] I really liked the price and I liked the car. So, I just bought it.

M: Would you mind holding on for just a few minutes? We've gone pretty quickly so I just want to double check to make sure they don't have any additional questions. Is that alright?

R: That's fine. Thank you.

M: That's it. You were so helpful. We finished up so quickly.

R: I hope it helped.

M: It did. It was great. Thank you so much.

R: I was thinking like, well they offered the additions...I didn't pay attention.

M: That's OK. Some people were interested in that and we got some information from them, and many others, like yourself, said, "I wasn't interest and I didn't pay attention because I knew I wasn't interested." So, that's a completely valid opinion. Why pay attention to something if you know you're not going to do it?

R: That's what made it faster, too.

M: Yes. That's great that you were in and out of there in 3 hours. I've had people telling me it took them 2 days.

R: What? I don't know. I just like it and I'm getting it and I want to pay for it and get out. Thank you very much.

M: Thank you for your time. I really appreciate it.

// end of recording //



AUTO BUYER STUDY

203180

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So for the purposes of today's interview, could you state your first name only?

R: [REDACTED].

M: Okay. It's [REDACTED]?

R: [REDACTED].

M: [REDACTED]. Oh okay. Got it. I almost named my son that. Okay. What is the most recent car that you purchased and when did that happen?

R: A [REDACTED]. I want to say that, I mean I picked it up on [REDACTED], I believe.

M: Oh. So really recent.

R: Yeah. Really recent.

M: Okay. Congratulations.

R: Oh thank you.

M: That sounds like a nice thing to have. What, if anything, did you like about your experience shopping for and choosing the car you chose? So this is the shopping part of it. So, tell me what you liked about that part, if anything.

R: I really think shopping for a car is an enjoyable experience. It's certainly not an unenjoyable experience.

M: Uh-huh.

R: You know, seeing new cars and all that is fun. But at the same time, I know that it's time-consuming. The dealership that I got it from, I previously got a lease through.

M: Oh.

R: So I knew how long the whole process would take. And my wife was like, you know... We had decided that we wanted a new car. And she's like, you know, we both live in (Inaudible)-[REDACTED]. And our dealership is in [REDACTED]. But it's really [REDACTED], by

the (Inaudible). And she works downtown. So we had to coordinate our schedules. So what we did. It was a Friday that she got out of work early. And she said; well let's go to the dealership. I was like, honey. This isn't just a "go and drive cars." Since we know we want and we want to purchase it, it's going to take a long time. She's like; oh it'll be fine. So we're in there. It's 8:00 PM and we've been there since 2:00. So from that aspect, you know, it's not so fun. But I think seeing the features that cars have.. Granted, I originally went for, I had a [REDACTED] as a lease.

M: Oh you did?

R: I did. I'm sorry. I had a [REDACTED] as a lease.

M: Uh-huh.

R: So it was a larger car. And then we wanted to, since we live in the city, we were like let's get something smaller. And she had a looked at, online, at [REDACTED], which are much smaller, like the ultra-subcompact things. And so that's what we test drove first. And she was unimpressed, after being in our [REDACTED], which of course is this spacious car and it's also a [REDACTED]. So it was brand new. And so that's when, you know, we sat back down with the salesperson. We were like; oh so, let's see something a little bigger. And so we had already done the credit check and everything for the [REDACTED] because she was so dead-set on getting it. Driving it was going to be perfunctory. And we were just going to do it and whatever. And she was like, eh...

M: Maybe not so much.

R: Yeah. I mean she's six-foot and I'm 6'3".

M: Oh. Okay.

R: And so being so compact, you know. It's fine if there's lots of legroom in the front. But there wasn't for the passenger. So we ended up getting in a [REDACTED] and driving it around. And if you've ever been in an [REDACTED] or [REDACTED], you've been in a [REDACTED] most likely.

M: Actually, my daughter owns one.

R: Yeah. And so it's a very standard good car. And we didn't want the [REDACTED]. So we were getting it. But I mean I think the most fun part about the whole experience was looking at the features. And, I mean her dream car is a [REDACTED]. So eventually, one day. But just choosing which one was right for us, choosing the colors, all that stuff.

M: Okay. And so what, if anything, didn't you like about the process? You said it's very time-consuming. You said you got there at 2:00.

R: And left at 8:00, after 8:00. It was really time-consuming.

M: Right.

R: I mean given the fact that there's the paperwork, you know, paperwork takes a certain amount of time.

M: Uh-huh.

R: But the actual financing, I mean it took about 15 minutes to come back. So the rest was, you know, going out, trying the car, going for the test drive, coming back, sitting and waiting for the next person to come along, etc. etc.

M: Do you mean the next salesperson to come along?

R: Yeah. Well, because the salesperson then turns over to... You know, once you're going to purchase, then they turn it over to different people. And they come in and do checks. The floor supervisor comes over to make sure that you made, that you're set on your decision. You discuss price.

M: Uh-huh.

R: And that goes back and forth for a while. Then the quality assurance person comes over to make sure you know the features of your car. So all of that stuff. So, you know... And my wife doesn't have a license. So to her, once we made the decision to buy, she was like, I don't know.

M: So your wife doesn't drive.

R: She doesn't.

M: Oh. Okay. So for her, it's just being a passenger in the car.

R: Yeah.

M: Okay. That's interesting. Okay. All right. So can you tell me was there anything else about the experience of shopping for and choosing a car that you didn't particularly like, other than the time it takes to do it?

R: I don't know. I mean my experience with, especially the dealership that I got my car through, has been very positive.

M: Okay.

R: So in this particular respect, you know, my experience of getting a car was fine.

M: Okay.

R: But having gone with my parents before, some dealerships are very pushy.

M: Ah.

R: Especially if you're not a regular customer there or you're coming in, you know, that aspect. But I haven't experienced that at my dealership.

M: Okay. Good.

R: I have an established relationship.

M: You did, have an established relationship?

R: Yes.

M: Because of your...

R: Because of previously I had a lease. Yeah.

M: Okay. And what influenced your decision to buy the car you bought and to buy it from that dealer?

R: Yeah. So, again, knowing that we had the [REDACTED], which was far too large and terrible on gas and for two people is ridiculous, and then going in for an ultra-subcompact and realizing it was probably far too small.

M: Uh-huh.

R: This was kind of a good middle ground, a good compromise. It was still technically still a compact car. Though the amount of legroom it has on the inside is more like, you know, a standard car, I guess I would say. So in that respect, you know, that compromise on interior space is what ultimately made our decision.

M: Okay. And that dealership? How did you land with that dealership? I know you said you leased from them. But how did you start with them to begin with?

R: Yeah. So given where I live in the [REDACTED], [REDACTED], there are no dealerships. Most dealerships are either in [REDACTED]... Well not [REDACTED] actually. They're either in [REDACTED]. And there are only a few dealerships that are kind of in [REDACTED]. And we are in [REDACTED] often. We go out to eat. And we're familiar with that area. So I did some research on them. And they were really well-reviewed. They said they had excellent customer service. They're used to dealing with, you know, I guess I could say demanding (inaudible).

M: (Inaudible)

R: And that they were easy to get to.

M: Right.

R: Which is to me, the primary thing.

M: Okay.

R: So I mean good reviews and ease of access. Because I mean I could drop my lease off at a different dealership for them to detail because my dealership, the day that I had to return was the same day that they were doing my car, didn't have room. And I was fine with that. But I had to go all the way down to [REDACTED] and then comp my ride all the way back up. But I mean my house to [REDACTED] during rush-hour is an hour and half. To [REDACTED] is 20 minutes.

M: Right.

R: To (Inaudible) is 20 minutes. To here is 10 minutes.

M: Right.

R: So I mean it's a no-brainer.

M: Right.

AGREEING TO A PRICE FOR THE CAR

M: So tell me, how did you go about getting a price for your car? And did you negotiate? And this is a particularly interesting question because you went in for a different car than what you ended up getting.

R: Yeah.

M: So how did this work? How did the price, you know, how did you obtain the price? What did you do? How did that whole process work?

R: Yeah. Sure. So I went in knowing the value of my [REDACTED].

M: How'd you get the value of your [REDACTED]?

R: I looked up Blue Book. But I actually called local dealerships to see what the value is of that [REDACTED], given its mileage and what it would be on a lease, just so we could have a comparison.

M: Uh-huh.

R: I told my wife, know that a [REDACTED] valued at \$28,000 brand new, on that lease was \$24,000. [REDACTED] was \$16,000. Then the tax, title, fee, and all that stuff, was like \$18,000-something. And then a [REDACTED] was around \$20,000, give or take. So we went in and we had actually negotiated our price for the [REDACTED]. And we got between \$400 and \$500 off their advertised price.

M: And when you say "their advertised price," where did you find their advertised price?

R: Online.

M: Online. Okay.

R: Yeah. So as I'm sitting there, they're pulling up their prices. But my wife of course is sitting next to me, pulling up their advertised prices on their website. And I'm just comparing, to make sure that they're, you know, keeping them honest.

M: Yeah.

R: They were. And once we did all of that and then we made the decision not to get the [REDACTED], that's when we looked at [REDACTED]. And so we made the determination of our particular car based off the fact that 1) I don't like dark colors for cars, mostly because my parents live in [REDACTED]. And that makes you want to die.

M: Yeah.

R: So knowing that [REDACTED] summers are also terrible, I wanted a lighter car, which for some reason are cheaper. And so the particular color of my [REDACTED], which is super-white, was \$1000 off of the price.

M: Hmm.

R: Versus a, I think black or blue was normal price. And they had one other color, maybe like a red or beige, those are \$500 off. So it was really the choice between the beige and the super-white. And of course, it's a no-brainer, the difference in price.

M: I didn't realize that they...

R: They did things like that?

M: Yeah.

R: Yeah. I guess it depends on the models. Particular colors that don't sell well.

M: Oh.

R: I mean I guess white cars aren't common in [REDACTED]. But they're very common in [REDACTED]. I mean I just recently drove down to [REDACTED] and every car was white. But around here, I guess it's not common. So they needed to move that inventory.

M: Uh-huh.

R: So that was a strong factor. And then, I negotiated with them to get the price of our [REDACTED] for the advertised price of the [REDACTED] I wanted, with tax, title, and fees. So, it would have been \$18,000. So they took off another \$1000.

M: Ah. So you negotiated that. You said they gave you \$1000 off for the color.

R: Uh-huh.

M: Because you need to get rid of the inventory.

R: Right.

M: Then I come in looking at a [REDACTED], which is less expensive than a [REDACTED].

R: Less expensive. And it was all about what our financing would be per month.

M: What do you mean it was about what your financing would be per month? When you went in there, what did you say to them? I want...

R: Well, my wife and I had agreed that we wanted to keep our car payment below \$300 a month.

M: Okay. Got it. So you went in with that target.

R: With that target, yeah.

M: Okay.

R: And so by them knocking another \$1000 off, it brought it up to the advertised price of the [REDACTED] with tax, title, and fees, which would have been \$300 a month.

M: Ah.

R: So that was, you know, very perfect to what we wanted.

M: Right.

R: And so, you know, I've been sitting there. It was only \$40-\$50 more. I was like, listen. I'm either going to buy a car, or I'm not. It has to be this price, per month. So, you know, it's based on obviously our financing.

M: Uh-huh.

R: And, you know, whether there would be interest or not on financing. But also on what it costs for the car total. So (inaudible) any type of add-ins that they wanted me to purchase and things like that. Because all of them, they're like; oh it's \$5 a month. Well again, we're talking about around \$300. And that's the agreement I have with my wife to purchase a new car. And we're getting out of my agreement. So they were flexible.

M: So, did you buy any of those add-ons?

R: Well, one was the interior like sealant.

M: Oh. Okay.

R: Which they warrantied, thankfully. Because when I got my [REDACTED], within two weeks, I had a friend that I was actually taking home from brunch. And they threw up partially in my car.

M: Oh.

R: It has a tan interior. So thankfully, you know... But this one has a black interior, which would obviously show everything, right?

M: Right.

R: It's a good thing I got it. Because when I was down in [REDACTED], we went shrimping. And my grandma put it on the seat of my car without thinking.

M: Oh.

R: And of course, I had the shrimp smell. So then I took it to the dealership when I got back. And they cleaned it and everything for free, honored the warranty. So it ended up working out.

M: Okay. So you pretty heavily negotiated and you went in with a target monthly payment that you wanted.

R: Yes.

M: Did you also know what kind of interest rate you wanted?

R: Well, so they were doing the [REDACTED] financing. And (inaudible), what we (inaudible) purchase by [REDACTED] 1st because of the title thing I guess. They process on Friday or Saturday or whatever, in [REDACTED]. So it was the 30th. But their incentive was until the 1st. But in order to do that, you had to have a certain credit score.

M: Uh-huh.

R: And so, we ended up being three points away from the prime, of course. But that was fine because we had built-in some flexibility with our budget. Our real budget was going to be \$350.

M: Ah.

R: In the end, with the financing or any additional add-ons.

M: Right.

R: Of course, we're not going to tell them that.

M: Yeah. Right.

R: And so that's where I was about, with the price of financing, whatever the interest rate ended up being, as long as it gave us within that, you know... As long as we were between \$300 and \$350 with financing, then we were comfortable.

M: Okay. Got it.

R: And yeah. Our financing I think ended up being \$29 a month, which isn't terrible.

M: Did the dealer indicate at any time that you could get a better price if you agreed to certain conditions? Do you recall?

R: No.

M: Okay.

R: I don't think so.

M: All right. And because you had a leased car, you didn't have a trade-in.

R: Right. We didn't have a trade-in.

M: You didn't have a trade-in. All right.

OBTAINING FINANCING

M: So let's talk now about how you paid for your car and what that process was like. Okay?

R: Uh-huh.

M: So how did you end up paying for your car?

R: So the agreement with my wife was that, and of course, it's like, you know, the most unlikely car-buying situation. No trade-in and no down payment. That was her conditions. Because we have a lot of money in savings and we could put money down, but ultimately... Well if we had 0% financing or low financing, it's, you know, it negates it.

M: Uh-huh.

R: It's better to have it in savings in case something happens. So that was her conditions. So we walk in and they said something like, oh okay. Well it's a good thing you came in this month because you can have zero money down until [REDACTED] 1st. And I was like; that's great. So we applied through [REDACTED] Financing.

M: Okay.

R: So we didn't even go to third-party banks or anything.

M: So what kind of interest rate did they...?

R: Ultimately, I think it was 1.9%.

M: Okay.

R: Over, I think it was seven years.

M: Seven years. So it was 72 months?

R: Yeah.

M: Okay. All right. And did you negotiate that at all, the number of, the length of the payments that you were...?

R: Yeah. So, they wanted us to do I guess 60 months. And that would have been I believe \$339 or \$340, including the interest.

M: Uh-huh.

R: And, you know, we're not actually planning on having the car for more than two years before we trade it in.

M: Oh. Is that how you typically...?

R: Yeah.

M: Oh.

R: We typically do. And so the only reason we really had a lease before was because since my wife didn't drive and I was mostly traveling for work. I wasn't really using a car as much. So the value difference of having a lease with not putting miles on it just made more sense.

M: Uh-huh.

R: But we decided that in order to stay most close to the line to our lower number, that it made far more sense to do that, if we had any add-ons, if there are any unexpected expenses, etc., to not go into our savings. And ultimately, I guess it was between a \$20 and \$30 difference when it was all done.

M: Uh-huh.

R: But it was still, you know, that per month. And then knowing that we're going to trade it in, it didn't matter whether it was five, six, or seven, with the \$30 difference. So we might as well have it lower now because that's what we're paying now.

M: Right.

R: Rather than higher, you know, when ultimately we're trading it anyway.

M: Right. Got it. It sounds like you really thought it all out, between you and your wife.

R: Yeah.

M: Okay. So overall, when it comes to the pricing and then the financing part of the part of the car, what would you say were the best parts of that experience and what were the worst parts of that experience, when you think about those two areas?

R: Yeah. I would say with pricing, I mean I tried to be as informative as possible. But then, you know, the curveball like my wife suddenly not wanting the car that we went in for. I looked at every possible permutation of price difference and everything.

M: Right.

R: And only had done like cursory research on the other models that they had. To kind of just looking on my phone, pretending that I'm just responding to something, trying to read through to make sure that I was getting the right value and make sure that everything the dealership was doing was above-board. And also at the same time, trying to look as informed as possible to my wife, who's looking at me like, hmm. And the financing, I mean, you know, I guess the only thing that was frustrating about the financing is of course, they don't tell you in advance what their target number is. And the fact that we were three points away from the target number for 0% financing. Granted, it's a \$30 difference a month. But had it gone outside of our \$350 upper limit, she would have walked away, which means I would have walked away. So I guess that was frustrating. And, you know, but it was quick.

M: Uh-huh.

R: I mean I think that aspect, you know, the pricing aspect I think that's not quick. You have to do your research. That takes time. Even if you're sitting there doing it while you're purchasing, it still takes time.

M: Uh-huh.

R: And the negotiating part, you know, it's definitely long. I did that without my wife present. Because she, she wants \$1000 off or something crazy-crazy, that she knows maybe they would agree to.

M: So you're saying she's a tougher negotiator than you are? Is that what you said?

R: Hmm. Yeah. I think that's the right way to put it. I try to go in with what my goal is, typically do double that, and then eventually land to it.

M: Uh-huh.

R: She goes in with her goal. And it's her goal. And I don't think that's negotiation. (Inaudible) Sometimes it works. Sometimes it doesn't. (Inaudible), you know, when you're trying to achieve something.

M: Right. So it's good that she has you to temper that.

R: (Inaudible). She's a tough cookie. I think the financing aspect was, I mean it was so instantaneously. Not just price. But about given...

M: Did you know what your credit score was before you got in there?

R: I had a rough idea.

M: Uh-huh.

R: And they said that they would take the best or the average.

M: Okay.

R: Which I mean, so I was like; oh okay.

M: Right.

R: And then my wife's like, well that's not my best. And they were like; well sometimes we take the average. And she's like; I don't think that's my average either. And she has her [REDACTED] app open that shows your credit score. And she's like; well, it's not. But if that's what you want to go with, that's fine. So (inaudible). But again, it's their financing, ultimately their...

M: So you mean their score was higher than what her score was on her [REDACTED]?

R: No. It was lower.

M: Oh. It was lower.

R: It was lower. So I think that that was through Equifax.

M: Oh.

R: I think hers was through Transunion.

M: Uh-huh.

R: But of course, we thought that was the best or the average.

M: Yeah. Right.

R: And of course, she's sitting there, well, it's three points. So my guess is they just want to have us pay that interest. I'm like; okay, okay. So we went through them quickly. And he actually got the, in insurance terms, the actuator. I guess in banking terms, I don't know what it is, on the phone, from [REDACTED] Financing. And they were like; that's what we go with.

M: Ah. Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Can you tell me, you mentioned this, but let's explore it a little bit, about the dealer's offer for additional products and services?

R: Uh-huh.

M: Tell me all the different products and services they brought up during your visit with them.

R: Ah. It was extensive. Let's see. There's the windshield sealant, the paint sealant, which you could buy a combination like \$1200. There's the interior sealant.

M: How much was the interior sealant? Do you remember?

R: It as \$465.

M: Uh-huh.

R: But they ended up giving it to me for like \$100.

M: Ah. How did that happen?

R: Because I had, in my [REDACTED], the full suite of like the [REDACTED] mats on the inside. And the trunk liner, which apparently was like \$400 total. And since I was giving up my [REDACTED], obviously, and I had bought all of that from them less than six months before, when I got my lease, you know, that they can turn around and resell that. So I did quick negotiation where it's like; well, you know, I know these are worth something to you guys. So and then the lady was very quick to be like; okay, yeah. You know, because they're brand new. So I'm sure they sold them for almost brand new, you know.

M: Uh-huh.

R: Or send them back and have them refurbished very quickly and turned around. So then they ended up giving me, I believe, with tax, the sealant was like \$125-\$130. But their advertised price I think is \$465 or \$475. Let's see what other... There was like a brake warranty, an extended dealership warranty on the manufacturer's warranty.

M: Uh-huh.

R: Powertrain warranty.

M: What did you say to those?

R: My question was; what does it cost per month. Because I'm looking at my target price. And they're like, this one's only \$15, only \$5, only \$10. And so I'm just sitting there

doing the quick math in my head. So we're looking at \$425 if I get everything. So I was like; that blows my budget.

M: Okay.

R: Well we can combine different things if you buy this. And I'm still doing the quick math. Okay, so that's \$375. It still blows my budget. So that's... And I'm sure they were not too thrilled that I kept just saying no to everything.

M: Uh-huh. Did they tell you, like the extended maintenance warranty or the extended service... I guess there's an extended warranty. There's a service warranty.

R: There's a service warranty.

M: And all of that. Did they tell you what the costs of all of those packages were?

R: Well I mean, let's see. Hmm. I want to say the service one was like \$2200, over the life of the car.

M: Uh-huh.

R: And so, they didn't know I was going to trade it in in two years.

M: Yeah. You didn't tell them that.

R: I didn't tell them that. So they were trying to convince me, you know, this is a seven-year... They were saying you're going to have it for seven years, maybe longer, da, da, da. And of course, my wife is looking at me like; if we have the car seven years, I'd probably divorce you.

(Laughter)

R: So, I'm just listening and being very polite and letting them do their whole spiel, because I know that's what they're there for. And then, you know, just say no. And of course, they're like; well why would you say no?

M: Uh-huh.

R: And, because, you know, chances are, of these things failing within the young lifespan of a car. Let's say you put 20,000 miles on it per year. With a [REDACTED], if at 100,000, you're having issues, then that's going to be recalled because it's not like, you know, a [REDACTED] or a [REDACTED] or something that requires fine tuning all the time. [REDACTED] are really great cars. And they last sometimes, you know, over 200,000-300,000 miles. So maybe at 150,000, I'm going to be doing maintenance. But that 150,000 might be eight years down the road, seven years down the road, at seven years.

M: Uh-huh.

R: So, why would I pay for all of that now? I mean that's one of those, you know, things where if you sit down and do... If you set money aside per month, by the time you need to fix your car, you'll have more than enough to do it versus paying for a warranty for the things that should not break down during the time that you have it, type of thing.

M: Uh-huh.

R: So I gave them whatever my reasoning. And they're like; oh okay. And they seemed, again, less than enthused.

M: Did they mention anything to you about something called "gap insurance?"

R: Yep.

M: Tell me about that. What did they say to you? And what was your reaction to that? What do you know about gap insurance? Was that something you considered getting? Did you get it?

R: No. I didn't get it. So, you know, I guess gap insurance covers the non-powertrain, the non-█ warranty. I mean I'm not really sure because I remember sitting there. And so we had gone through like the powertrain. We had gone through the brakes and the tires. And they wanted to upgrade our tires and all of that. And so by that point, it was around like 7:45. And then they mentioned gap insurance. And my wife looked at me and was like, oh my gosh. And she actually walked out. She was fed up. So I mean I couldn't tell you what it is right now, off the top of my head.

M: Okay.

R: They did, you know, they did mention it.

M: Did they (inaudible) the car? Do you remember?

R: So again, knowing that I ultimately purchased my car, the \$301, my financing was \$29, my total thing was \$330... Every extra combined equaled \$425 per month. So, it would have been most likely with their reasoning something between \$10 and \$15 per month for the seven years.

M: Uh-huh. Okay.

R: So that's what, \$140 a year. Maybe \$1000.

M: Uh-huh. Okay. Did you...? Do you know what you ended up paying for the car that you bought, the █?

R: With tax, title, and fees? Hmm.

M: Or just what the final price was that you decided, before you added the tax, title, and fee?
Do you remember?

R: No. I don't.

M: Okay. Okay. And with tax, title, and fee, do you remember what that was?

R: Maybe \$21,000, \$22,000.

M: Okay.

CONTRACT AND POST-PURCHASE

M: All right. So one of the other areas of questioning I have before we look at the paperwork is did you have an opportunity to review your paperwork before having to sign everything?

R: Yes. So if I actually look at it because that'll help me remember the process.

M: Sure.

R: So we go over the odometer disclosure, which was, you know, cute.

M: What do you mean, "Cute?"

R: Because it's on this ridiculous paper. Everything else was done on normal printer paper.

M: Right.

R: But of course, this was done on something from like 1932.

M: Right.

R: So they brought this out. And I was like, okay, 17 miles, etc. But then we actually did the retail installment contract. And so that's when they actually presented me with... It wasn't in printed form yet. It was kind of... It was not like this, but it was like where you write your name, write the info. And then he turned around and typed it all in.

M: Oh.

R: And then created this.

M: So when you reviewed the paperwork, were you reviewing hardcopies? Or were you reviewing it digitally on the computer?

R: I reviewed it digitally.

M: Digitally.

R: And he handed us hardcopies as we walked out.

M: Oh okay.

R: Yeah.

M: And so when you signed, were you signing digitally?

R: Yeah.

M: Oh you were? Okay. Yeah.

R: They had a little digital pad.

M: Yeah, yeah, yeah, yeah, yeah. Okay. All right. Very interesting. Okay. So what I...

R: So we financed kind of like \$240 and the taxes were \$2000.

M: Okay. So what I've been told a couple of times is that some people when they reviewed the paperwork, you know, they scan through the paperwork.

R: Uh-huh.

M: Some people read line for line for line. Some people just focus on certain pieces of information. When you think back on what you did at the time, how did you review the paperwork, especially because it was digital, you said, until the end?

R: Uh-huh.

M: So tell me, how did you review your paperwork?

R: So...

M: Do you remember?

R: Yeah. So, we're sitting there. And the actual one where you fill out, you know, he had marked. So before I did it, I mean I...

M: (Inaudible) you actually filled out the information?

R: Yeah. But then he did it digitally. And then I signed the digital one.

M: Oh.

R: Because I have a weird name. So he was like typing it and he was getting stuff wrong.

M: Ah.

R: So I wrote it all out.

M: Okay.

R: So where I have my name [REDACTED], I put my full name.

M: Right.

R: And then the mark for my wife's name.

M: Right.

R: Then the mark for our address.

M: Okay.

R: Etc., etc., etc., etc., etc.

M: Okay. And then the information on the deal? Who filled that out? Did he fill that out? In other words, when you were talking about the price and the APR?

R: It was like, I don't know, like a 1990s computer program. It had a blue backscreen and then kind of a white font.

M: Right.

R: And so it had the purchase price, which the supervisor is the one I negotiated with. So he came in with a key, turned it, changed the price. And then it showed, you know, the add-in that I bought, the lack of trade-in, and our APR. And then it showed your monthly price, and then your total purchase price.

M: Ah. So you worked initially with a sales rep?

R: Uh-huh.

M: And then you had some supervisor step in?

R: Yeah. The sales rep is the one who did the test driving with us. He is the one that did, you know, the initial paperwork. But the financing was done with their finance agent.

M: Okay.

R: So it was a hand-off. So he then said, okay, now you have to go to our finance person. And we sat down in an office. That's where we did the paperwork. That's where the supervisor came in and negotiated the price with me.

M: Ah.

R: That's where we signed everything. And we didn't actually go back out and see the salesperson until the very end.

M: Oh.

R: When he gave us like our, like a folder with all the paperwork in it, shook our hands, and gave us the keys.

M: So when the supervisor came in, at that point, what was he negotiating price-wise? Because did you agree to a price with the sales rep?

R: So the agreement with the sales rep was for the [REDACTED]. But then I told him I wanted to negotiate on the [REDACTED]. And he was like, because we had already done our financing for the [REDACTED], we went in there, filled that out, and came back out. That's when we made the decision we wanted to get the [REDACTED]. So then we had to go back in there.

M: Uh-huh.

R: And he was like; I'll send a supervisor.

M: Oh.

R: Because, you know, I asked him... I asked him about meeting us at that price-point.

M: Oh I see.

R: And he was like; I don't know if I can do that. I'll send a supervisor in.

M: Ah.

R: So that's where we ended up.

M: I get it.

R: Okay?

M: Okay.

R: So when we were sitting in the financing room, the financing guy left, got the supervisor. He came in and we talked about price, talked about our reasoning, all that stuff. And then when he agreed to it, he went out and got the financing guy, had him change the price on the paperwork and resubmit it to [REDACTED] Financing. He came back and the supervisor left. And it was just the financing guy. The financing guy is the one who went through all of the add-ons with us.

M: Got it. Now I got it down. Thank you. Since you purchased your car, have you had any contact with the dealer?

R: Let's see. So I purchased my car on a Friday. Was supposed to pick it up on Saturday, but ended up picking it up on Monday. Got it. I was supposed to have my new mats in

it, you know, all new mats. But they forgot to put them in. So I ended up having to go back two weeks later to get them put in.

M: Ah.

R: So that's the only real contact, other than going in to get the upholstery detailed.

M: So let me get this straight. You went in on Friday at around two o'clock. Finished the deal by around eight o'clock?

R: I think. Well, I say 8:00. They were closing. So it was like 8:15.

M: Okay. But you didn't leave with the car.

R: Right.

M: And why was...?

R: Because it had to be washed and the interior detailed and sealed.

M: Ah. Got it. So then you came back for the car.

R: On Monday.

M: On Monday. Okay.

R: I was going to come back the next day, but we ended up running errands.

M: Okay.

R: Because I had to return my lease. And so my lease had to be returned. When I called, because my lease is through the dealership, but because it's a [REDACTED] car, it has to go through a certain inspection when you return it, because it's a lease.

M: Right.

R: And so it couldn't be returned after 5:00 PM because that's when the people in the maintenance part of the garage left.

M: Oh okay.

R: So it had to not just get like a service check for things normal, but it also has to have the hood opened, everything checked to make sure you didn't like file off the VIN number or any of that stuff.

M: Ah.

R: So, the mechanics had to go through it and get its whatever checked.

M: Blessing.

R: Right. So in order to return it, we would have been out of a car. But if I returned it Saturday and the car wasn't going to be ready until Monday, then my wife was like; this is stupid. We can't be without a car for the weekend.

M: Right.

R: So that's why I ended up doing it on Monday.

M: Okay. Cool. All right. And has the dealer contacted you at all since you purchased the car?

R: Yeah. I guess I enrolled for [REDACTED] New Owners, type of thing. So they contacted me to come in for kind of like a, you know, not a meet & greet, but like a "come in and learn about all of your features." We'll provide light refreshments.

M: And did you do that?

R: It's coming up.

M: Oh.

R: So I'm going to. Yeah.

M: Okay.

R: Because actually, there are more features on my [REDACTED] than I expected.

M: Okay. Can you tell me at any point in time when you were in discussions with the dealer, with any of the people that you came in contact with, did anybody mention placement of a tracking device?

R: Yes.

M: Ah. Tell me about that. What did they say?

R: So, LoJack, I think it's called. It's a security-type thing, where you can have it placed in your car. And it tracks your car all the time. And it's under the guise of security. I don't think it's very expensive. And it's in case you get your car stolen. You can give I believe either a LoJack number or your VIN number to the police. And they can look it up. And they find it, like this.

M: Ah.

R: But, I had read previously or had been told by someone, I can't remember, that third-party... The company gives third-party access to [REDACTED] about driving habits.

M: Ah.

R: So I was like, hmm. That's something on the level of... I mean we live in an incredibly safe area. And there hasn't been a carjacking [REDACTED] in our neighborhood for years. So, I don't think someone's going to still a [REDACTED] when there are [REDACTED] and [REDACTED] around. But, also, I just didn't know if I wanted that level of privacy invasion.

M: So you said no.

R: I said no. Yeah.

M: And they didn't say; well you have to.

R: No.

M: No. Okay.

OVERALL UNDERSTANDING

M: Okay. I think that's everything I needed to go over with you, except for the paperwork. So let's spend some time going over the paperwork. So the first thing we should look at I think is the retail installment contract.

R: Uh-huh.

M: So let's pull that. And the first thing I'd like for you to do when looking at the retail installment contract, is point to the monthly payment and read to me what it is? What is your monthly payment? Where is it on that document?

R: It is...

M: How much is it?

R: 72 regularly monthly payments of \$331.85.

M: Okay. So your monthly payment is \$331.85.

R: Correct.

M: Okay. So now, looking at that, tell me was that what you expected it to be? Or is it different than what you expected it to be?

R: So again, I think the purchase price was like \$301 and change. And then the financing was like \$29 and change. So that's what it came out to, yeah. It's like \$333.31.

M: Okay. All right. So what you're saying is the purchase price of the car with the 72 months put it at \$301. But then when you added the interest rate, it bumped it up 20-some-odd, \$29.\$

R: Yeah. Almost \$30.

M: Okay.

R: Again, that's what we were looking at as the monthly payment amount, which is why, you know, I can see my total purchase price, but not totally unimportant to me. It's ultimately what's divided. I kept looking at the things, kept making sure that I had that. The other reason that we got the car on Monday was because I had to get insurance. And my [REDACTED] agent was gone for the day.

M: Oh.

R: So I, in order to drive the car off the lot, if you drive in [REDACTED], you have to have it insured immediately.

M: Uh-huh.

R: So I had to have proof of insurance. That was the other reason, too, why it was Monday.

M: Uh-huh.

R: I just thought of that.

M: Can you tell me, point on that retail installment contract, point to the APR?

R: Sure. So the APR is 3.9%.

M: Okay. So tell me, is that what you expected it to be? Or is it higher or...?

R: It's higher. It was supposed to be 1.9%.

M: Ah.

R: And they came back and told us, and this was the only aspect I guess of the financing where, not that I had frustration, but in order to do 1.9%, we had to do 60 months. And that would have been \$343 a month versus \$301. So then it would have ended up being like \$370 I guess with the finance charge. We wanted 3.9%, which would have put it at \$301 plus the financing to make it \$331. So that's where we did the whole, you know, we asked for five minutes. And we crunched the numbers and said okay. If we're going to trade this in, if we end up paying \$50 more a month over a couple of months over 24 months for nothing. So that's where we made the decision to pay the higher interest, have it longer, with the lower payment.

M: Uh-huh. Okay. But that number was on the retail installment contract you signed. It's not a surprise.

R: No. It's not a surprise. The original... So they did our paperwork multiple times. First for the [REDACTED], which was 0%. That was great. But then, of course we didn't get that. So then we did I'm guessing 1.9%. And that's when, we had originally asked for 72 months. So it put it at 60, which we didn't see. So we got this back. We signed the thing. We got this back. And my wife looking and she goes; it says "60." And I go; oh, we wanted 72. And he goes; oh. So he put in 72. And it changed to 3.9%

M: Ah. Got it.

R: And so he called and it was like, you know; what can be done about this. He said, no. That's just the way it is, which they don't advertise. So that was, again, frustrating. But understanding how credit works, I wasn't surprised.

M: Uh-huh.

R: Do I want it longer or do I want a lower loan rate?

M: Right.

R: Long-term, just higher interest, because they need to make the same amount of money.

M: Right. So that's interesting, though. So it was your wife who noticed that it said 60 months.

R: Uh-huh.

M: But did you notice anything about the monthly payments when it said 60 payments? What was the monthly payment?

R: It was like \$373.

M: Okay.

R: So even I noticed. She noticed the 60. I noticed the monthly payment. And I was like, hmm, this seems a little high. And but the first thing she says, you know, hon, it says 60 months. So I said; why does it say 60? And that's when he told us; because that's the introductory. That's what that interest rate is connected to.

M: Right.

R: So when I said, you know, let's do 72 so we can get our payment down, again, because that's what I'm focusing on, getting it down. Right?

M: Right.

R: Then underneath, you know, have our loan term, underneath, it went 1.9%.

M: Hmm.

R: He put 60 back in and it went to 1.9%. He put 72 in, it was 3.9%. We were like; okay. So he just picked up the phone, called, put it on speaker. The guy at the [REDACTED] Financing said that's the rate that's linked to that. Because they have to get the same amount of their finance charge.

M: Uh-huh. Got it.

R: So, you know, a higher finance charge, lower term. Or lower finance charge, but they make more on it in that term. Higher financer charge, longer term, lower monthly payment.

M: Uh-huh. Okay. All right. So, you told me what the APR was. We've talked about that. So that's good. And when... Can you tell me...? So you talked about the length of payments. And you had stipulated you wanted the 72 months.

R: Correct.

M: Okay. All right. Now was there a down payment on the car?

R: There was not.

M: No. Okay. All right. And at any time, did the representative that you were dealing with at the dealership suggest that you put money down on the car?

R: Yes.

M: Okay. And what did they suggest?

R: So they were talking about the interest rate. I mean again, it was all very quick because we had already made a determination we didn't want to put money down. But he said, you know, if you put 5% down, because 10% would be \$2000. If you put 5% down, which is \$1000, it would lower your interest rate. So my wife and I were thinking, you know, we have \$1000. We could do that. But at the same time, we own a condo. We live in another apartment. And we know that our tenants are coming up for renewal in May. And in the event that they choose to move out, we need to make sure that we have enough in savings to pay the mortgage on that and the cost for a realtor to do anything, plus any unexpected expense that we would have. And we ended up having to go to [REDACTED] because my [REDACTED] was having a (inaudible) problem and needed the entire family to be there. So we were just like, sure we have that \$1000. But ultimately, again, we're talking about \$30 a month for the loan. Plus, being out that money in the event that we have an emergency. So it just isn't wise to do.

M: Uh-huh.

R: So it was a very quick discussion.

M: Got it.

R: And we were like; no thank you.

M: Okay. Can you tell me at any time... I guess I should look through your paperwork for a sec. Did they give you something...? I see there's a note to cosigner. Who is the cosigner on your loan? Being asked to guarantee this debt. So did somebody cosign your...?

R: I did. I mean technically I guess I'm the cosigner on it.

M: Oh okay. So this car, your wife was buying the car?

R: So my wife bought the car.

(Door opens)

R: And it was on her...

M: Thank you so much, [REDACTED]. It was on her credit?

R: Yeah.

M: Oh.

R: The combination of her credit, but they process it... And this is... I have to be very specific, only because they were not so specific. And I asked them multiple times.

M: Uh-huh.

R: I ended up purchasing the car. It's in my name. It's deeded only to me. Because she can't purchase a car because she has no license. So you can't purchase a car if you don't have a license and are unable to obtain insurance.

M: Ah.

R: So, I purchased the car. To finance it, we went with her interest rate, and based off of her credit score in combination with mine as a cosigner.

M: Oh. I see. Okay.

R: In order to get a better rate. Otherwise, I would have had like 6.9% or 7%.

M: I see. So in order to get the 3.9%.

R: Right.

M: Okay. All right. So I got a note in here. Okay. So apparently, there's text in bold at the very bottom. Tell me about that.

R: So, the annual percentage rate may be negotiated with the dealer. The dealer may sign this contract and retain its right to receive a part of the finance charge. So that's where they said that if you want a lower percentage rate, you could put money down.

M: Ah.

R: And again, we chose not to do that. That was the only way that they would let us negotiate the APR.

M: Uh-huh. Okay. So did you intend to negotiate the APR beyond what you already mentioned about the 60 versus 72 months?

R: Hmm. So we were sitting there. And we got it back. And then he made the call about it being 3.9% versus 1.9%. So then my wife said to the guy, here's my Transunion or whichever credit score that's higher.

M: The higher one.

R: Can we go with this one? So that's the average. And she had me pull up my [REDACTED] one, which is also a few points higher than [REDACTED]. And that was instead of what you currently are using. And the guy was like; well maybe. We'll see if it makes a difference. And so he called up [REDACTED] Financing. And they were like, we reserve the right to decide which one.

M: Ah.

R: So they went back to it. And I was like, again, we're talking about \$30. I don't really want to sit here. By then, it was like 7:15-7:20. We hadn't even got to all of the extra add-ons that then took another, you know, almost hour to discuss, my wife got up from. Really? Fine. Whatever. We're fine with that rate.

M: Okay. All right. So let's see if there is anything else. Okay.

(Door opens)

M: Thanks, Mary. Oh. Do you know what your wife's credit score is?

R: Yeah. It's right here, [REDACTED]

M: Oh, [REDACTED].

R: Yes.

M: Okay.

R: And it was 30 or 40 points higher with whichever other credit reporting agency she had, which is why she was upset.

M: But they couldn't use hers because she doesn't have a license. Is that what you're saying?

R: No. So, they wouldn't use the other one because they reserve the right to choose the average or best.

M: Uh-huh.

R: So they chose I guess the average. So this was Equifax. And her Transunion was higher. So they reserved the right to choose the average. I don't know. We didn't have access to whatever the third one is. I can't remember what the third one is.

M: Okay. So the Equifax one here says [REDACTED].

R: That's mine.

M: That's yours.

R: Uh-huh.

M: Okay. And you were buying the car.

R: I'm buying the car.

M: Okay.

R: So, I'm buying the car. And she is supplying the financing with an average of hers and mine.

M: Ah. So the average of the [REDACTED] and the [REDACTED] is what they used?

R: Is what they used.

M: Okay.

R: In their determination. But they don't show me that. Do you know what I mean?

M: Oh. That's what they said.

R: That's what they said.

M: Ah. Okay.

R: So I don't know how they did that.

M: Okay. All right. Sounds complicated.

R: Yeah. I mean, you know, when he was sitting there, he was like, you know, we'll choose the average or the best. We'll make sure the scores are together. We'll go with one or we'll go with the other. We'll just let you know what we were doing.

M: Ah.

R: So in order to go with one, it would just be in her name only. To go with both of us combined, then I was the cosigner on it. And then to go with just me, it would be me only.

M: Uh-huh.

R: So, you know, they said we're doing both of yours combined. I was like; so what is that? And they were like; there is no like actual thing that just shows both of yours. So, yours is on it. Hers is on it.

M: Okay. All right. Okay. That's the credit score. That's the note to cosigner. Okay. I think that's it. I don't see any add-ons. Let's look at the...

R: Yeah. So...

M: I see your interior protection was \$439? Is that what it was? That's what it costs?

R: Yeah. So that's the real cost. And then when I did my trade-in, they gave it back to me.

M: You mean when you...?

R: No. When I did my, the rubber all-weather mats.

M: Oh. Okay.

R: So when I brought them in on Monday, then they gave that back to me on my credit card.

M: On your credit card, did you say

R: Yes.

M: Okay. Okay. And then total titling and registration charges were \$1657.

R: That sounds about right.

M: It's amazing. Right?

R: Yeah.

M: That's on the buyer's order I think.

R: Let's see. Do I have that? I don't know if she gave me a copy of that back. Oh wait. It's this one.

M: Right.

R: Yeah, yeah. It sounds right, which is exorbitant

M: Okay. Looking at the numbers on this page, anything that surprised you at all?

R: Well they had a dealer processing charge of \$300.

M: Is that pretty standard? Or is it higher or lower?

R: You know, honestly, that is one of the only things... And by the time we got to this point, I was like; whatever. It's only \$300.

M: Uh-huh.

R: But I didn't really research to know whether that's standard or not. So I couldn't give you an answer.

M: Okay. Got it.

R: But all of these things on the title and registration were like instantaneous on their system. So when he was done, he linked to [REDACTED]... Well I guess not [REDACTED]. [REDACTED] unified car-purchasing website or whatever. And he put in my temporary tag number. It generated it. Put in the purchasing price. And then it generated each of these tax amounts.

M: All right. So it was automated.

R: It was automated.

M: Okay. Can you look at this page right here in front of you?

R: Uh-huh.

M: Tell me what this page is? What are they telling you here?

R: So, hmm. This is you're aware that you are under a buyer's order, dated on [REDACTED], with [REDACTED] dealer, to purchase or lease the following vehicle; [REDACTED]. And then you saw a party from a third-party institution other than the dealer. See, the reason I'm confused about this is because I got my financing through the dealer. But this just seems to be their standard page, pursuant to [REDACTED] transportation code, whatever. Because the financing is obviously through [REDACTED], which is this. But I think this is just your disclosure that you, it's not final until you actually pick up the car. Not purchase it until you pick it up. Then you can't revoke it.

M: Uh-huh. Can you tell me who do you make your check out every month to?

R: We haven't made our first payment. But we actually just got our... Our first payment is [REDACTED].

M: Okay.

R: Is what we just got a letter from, letting us know that we can do automated payments.

M: Uh-huh. Okay.

OVERALL EXPERIENCE

M: Okay. So those are all the questions I have except for you to summarize for me overall what the car-buying experience was like for you, after we've discussed it every step of the way now. If you could make a summary statement. And while you're doing that, if my team has any other additional questions, they'll send a note in.

R: Yeah. Sure.

M: Okay.

R: I would say that overall, my car-buying experience was positive. I think we made it suddenly complicated going in to purchase a particular vehicle and kind of going through all the motions to do that and then having to go back and purchase a different vehicle.

M: Uh-huh.

R: Which is why I think 1) it may have been two hours longer than when I got my lease. But also, added levels of complication in describing how things were done because once our paperwork was done, then they had to redo it. And then we had to negotiate the price again. So they had to redo it again.

M: Ah. So essentially, your paperwork was redone three times.

R: It was redone three times.

M: One, because you were buying one car that you ended up not buying.

R: Right.

M: The second time, because the negotiated price was not what you wanted it to be.

R: Right.

M: You wanted it to be the price of the [REDACTED].

R: Correct.

M: Got it. Okay.

R: And then the third time, on the loan term, 60 versus 72.

M: Right. Right. Got it.

R: But I think that the dealership was above-board the whole time, was very transparent about the cost of things, how much they would be, total how much they would be per

month, the add-ons, knowing our finance arrangement. Very flexible about knowing when I had to return the current lease that I had and everything that was involved with that, picking up the car, and coordinating that whole thing logistically. I mean I think I had a very good car-buying experience.

M: Okay. All right. I really appreciate your time today. Thank you so much.

R: Absolutely.

M: You were very informative. And it went really well. And I appreciate the time you gave me. So don't forget. Take all your paperwork. And I'll show you where you need to go to get your gift. Thank you so much. And enjoy your car.

R: Thank you.

// end of recording //



AUTO BUYER STUDY

204361

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Just for the record, if you would give me your first name?

R: [REDACTED].

M: Thank you, [REDACTED]. What's the most recent car that you purchased?

R: A [REDACTED].

M: [REDACTED]. What year was that?

R: I believe it was [REDACTED].

M: When did you buy the car?

R: [REDACTED].

M: Do me a favor and speak up just a little bit more.

R: OK. Sorry.

M: You're kind of soft-spoken and I am myself so I have to work at it, otherwise I'll go back into my soft-spoken mode. When did you say you purchased the car?

R: [REDACTED].

M: What did you like about the experience of shopping for a car? What things did you like about it?

R: Well, this was actually...the location I was shopping was [REDACTED] after I actually visited a bunch of traditional dealerships as well. I guess what I liked about ultimately deciding on [REDACTED] was that you have a plethora of brands and models and options that are all there and you don't necessarily have to go to a bunch of different places. So, that was kind of a nice benefit that I could walk down a line of cars and see 20 different cars that would fit within what I'm looking for, midsize or smaller size sedan, but all there and when it's with a more reputable brand name, not like, you know, a buy here pay here place, you know you can trust that, yes, it's a used car but it should be a relatively dependable used car and it's harder to get that many options at a traditional dealership. So, that's where [REDACTED] comes in. It's kind of a new, 10 years kind of like?

M: Anything else that you liked about the experience when you're out shopping for a car, choosing a car?

R: I enjoy getting to see new vehicles that I've never...other than my girlfriend actually drives the same car, a few years older than mine, I had never owned a [REDACTED] before. I had never driven a [REDACTED] before. So, that's always kind of a new thing and kind of enjoyable about the car buying process as well, getting to see and test new vehicles that I might not have any experience with from prior vehicles.

M: What, if anything, did you not like about your shopping experience?

R: The paperwork is always hard(?) and kind of a bit, you know, irritating. One thing I did notice the difference between [REDACTED] and other experiences is the haggling is removed from the process, so that's kind of usually an annoying process. I've done it so much in my life that I can script how it works. You know, I make an offer, they make an offer, I make a counter offer, they come back with a piece of paper that shows me why this is too low for what they can do because this is what they paid. So, that's always an aggravating process. For me, I guess, the most annoying or challenging...annoying might be too brash...was just getting the financing stuff worked out. Partially, because this is the first time I've shopped for a vehicle since the [REDACTED] that added some challenges into my process as far as credit score and whether or not downpayments are required or needed to meet certain requirement. So, that was a bit of a headache for me. I don't know how many people face that, but it was the first time I've done it since [REDACTED] so that kind of added a little extra layer of stress to the process.

[REDACTED]

[REDACTED]

M: When did you last purchase a car before this one?

R: [REDACTED] Actually, I guess three years ago. I had moved into a vehicle...because, I had a coupe before that so I had room because [REDACTED]. I had that for about 2 ½ years. Obviously, the timing, but to the point where I think downgrading in size and cost was a valuable move, which is what made me shop in [REDACTED] to reduce the monthly cost, basically go to a smaller car that can still [REDACTED] but not quite as much of a financial burden.

M: You mentioned one of the things you didn't like about the car buying process is the...I think you used the term, onerous paperwork. Just to clarify, is it just the sheer quantity of the paperwork or...what about the paperwork is it that...this may seem like silly questions, but what about the paperwork is unpleasurable or not likable?

R: It is a lot of paperwork and, if you're a new buyer and even not necessarily familiar with now to read paperwork or contracts, to not have to literally read every word and realize

what you're signing, odds are lots of people are signing documents they don't really know what they're signing. It's kind of interesting to me in the sense that the first time I did this was almost 15 years ago and the amount of paperwork is still pretty much the same. You would think, in the advances of technology, the advances in consolidation, that we would have made that process easier by now somehow one way or another, and it's not. By the time you get through everything you've still got at least half an hour or forty-five minutes of sitting down and signing, and signing, and signing, and signing, and signing and signing some more. That's a bit daunting. And then, I've got a background in reading legal contracts, so it doesn't necessarily...I know what to look for so it's not hard for me to kind of scan through and know what I'm seeing and see what I need before I sign something. But, if I were anybody else, that would be frustrating as well because...I think we've all seen them time and time again, it's so much to try to absorb and then all but sign your life away because this is a 5-year, 6-years commitment. A lot of people wouldn't understand what that brings with it.

M: What influenced your decision on what car to buy and who to buy it from? How did you go about that process deciding not only which car, but where to go buy that car?

R: I probably went to 4 different dealerships and looked at what options they had that were kind of certified pre-owned so I knew I was getting a dependable vehicle, but also within a specific price range. The end of the day it was a matter of who could offer financing. When dealing with challenging financial times because of the way my credit score is not that great right now because of the [REDACTED] and things. So, it's hard to find someone that's actually capable of...or, not capable. They're all capable. But, willing to finance and do so without \$5,000.00 out of pocket down payment kind of deal. So, that ended up being the bigger factor. I found the car I preferred most at [REDACTED] anyway, but by the time I got to the point I was leaning that direction anyway because they offered the best options as far as financing, given the circumstances and parameters I was working with.

M: Did you see advertisements from difference places or from [REDACTED] that kind of helped you in that process of deciding where to go? Or, any ads about the car buying process during that time when you were looking around and deciding what to do that...

R: No, not really. It was kind of self research.

M: What kind of self...

R: Websites and checking out various...because, I knew, alright, in these areas I knew what dealerships were in the area that I live and kind of looked at what their inventory so I could narrow down...OK, I want to go to X, Y, Z and kind of got my game plan and mapped it out from there and then just went and visited and and talked to and explored all those options just from that.

M: That process for you was pretty much scoping out dealer websites and checking to see their inventory and going from there.

R: Yes.

M: Once you actually got to the dealership and you kind of honed in on that car, how long did that entire process take, from the time you arrived at the dealership to the time you walked out of there with everything signed, sealed (inaudible)?

R: Once I decided on the car?

M: Yes. Well, let me go back. Assuming when you got to [REDACTED] if you weren't specifically (inaudible) on a car. So, once you got to [REDACTED] how long did that process take, the shopping for the car, getting the car, and leaving the dealership?

R: OK. That actually happened over a couple of different days. The first time I went I kind of narrowed it down to a couple of cars that I liked. One specifically that was the preferential option. Then, thought about it a little bit, compared it to some of the other dealerships as well, and then went back 2 days later and then...by the time I went back 2 days later that was definitely where I was going, the car I wanted, 3 hours probably.

AGREEING TO A PRICE FOR THE CAR

M: OK. How did you go about getting to a price for the car?

R: With [REDACTED], they give you a price and that's it. There's no haggling in the process.

M: None at all. I'm not that familiar with different car dealerships and how they work. So, with [REDACTED] the price that's there on the car is the price you're going to pay.

R: Yes.

M: Got it. So, no negotiation.

R: No.

M: Got it. OK. What did you like about that with [REDACTED]? Because there's no haggling, is that something that appealed to you in general?

R: A little bit. I've always enjoyed the haggling to an extent. One, because that's the way I know for sure I'm getting a good price. But, I could do research to compare what I was being offered from [REDACTED] to know if this is just an absurd price I'm going to go somewhere else, and if it fit pretty well comparatively to all the other areas. I always kind of enjoyed the haggling process. Like I said, I've done it enough times that I can script how it works and how you get to the best price and what you can get them...but, taking it out in this particular instance was actually kind of nice because I really just wanted as smooth and easy of a process as possible, partially because the longer it drug out the more painful it was going to be because I was giving up my baby, my [REDACTED], in the process of this. The goal was just to downsize and get that under control. So, anything more expeditious and less painful was good in this circumstance so I didn't have to rehash that I was giving my baby away.

M: Giving up the [REDACTED] for you was a little painful.

R: Yes. It's still a little painful.

M: We've got tissues right here. You told me a little bit about that. You told me you kind of enjoy the haggling process, but anything else that you...what did you not like about getting that final price for that car or the way that car was priced and that situation there with [REDACTED]? Did you go in and that price was on the car and that was that? Take it or leave it?

R: Yes.

M: Anything about that you didn't like?

- R: Under a different circumstance maybe I wouldn't. But, this time it was kind of a nice easy process. Under a different circumstance, maybe if I hadn't had the ability to do some research, had a couple of days to think about the price and the decision before actually doing it, I would have felt like it maybe didn't give me enough control or flexibility to feel like I was getting a good deal. If I had just gone in on one day and made that decision and didn't have any ability to research, or as much time to, then I would have felt definitely like, "I'm not sure I'm getting the best deal here." But, they give 3 days, once you get your initial offer for your trade-in, this is the price we're looking at for this car, as well as this is what we can finance at, you've got 3 days to make a decision. So, given that it was kind of enough time for me to feel comfortable that it was a good deal, a reasonable deal, but if I didn't have 3 days to make that decision then I would have felt pressured, like maybe I'm not getting the best deal possible, or at least I don't have time to verify that I'm getting the best deal possible.
- M: Again, forgive my ignorance about [REDACTED], but is there any part of the process where [REDACTED] said to you you could get a better price on a car if you agreed to certain conditions or anything like that? Was there any negotiation in there at all?
- R: Not on the car. They offer other things you can add in and they claim that you get certain better deals like extended warranties, service plans, they offered a lot in the car buying process that you can cover it for 20,000 miles, 75,000 miles, 125,000 miles. Don't quote those numbers, but roughly something like that. And, of course, they lean on you to be like, "The 100,000 mile is the best package." Most likely, because that's the most profitable package for them. But, that part is kind of the only area where that was kind of a created circumstance.
- M: We'll come back and talk a little bit about those things, but those specific things didn't affect the actual price of the car.
- R: Right.
- M: There was some negotiation on what those things cost. Those add-ons cost.
- R: Right.
- M: Got it. You told me, you might have mentioned that you had a baby that you were trading in. A [REDACTED] you mentioned. You traded that in. How was the trade-in price on that [REDACTED] determined?
- R: They do a valuation of the [REDACTED] or whatever vehicle you're trading in and give you a wholesale value of what they'll offer for your trade-in.
- M: OK. You walk in, they check out the car, run the numbers, then make you an offer on the trade-in.
- R: Yes.

M: Did you owe money on the trade-in?

R: Yes.

M: How did that work? How was the balance that you owed paid off in this process?

R: I actually ended up...there was about \$2,000.00 of negative equity in the [REDACTED] and that actually was a factor in the process of deciding what car, because they can only put in a certain level of negative equity depending on the level of loan that you're going into in this new purchase.

M: Speak up a little bit for me.

R: So, that \$2,000.00 negative equity had to kind of reasonably fit within, I think it's, 125% of the value of the car I was looking at. So, \$2,000.00 I had to look at a certain price range or it wouldn't fit that. So, that was put into the calculations of financing for the new purchase and then also to factor in as far as how much needed to come out of pocket because of some of that negative equity.

M: Who actually pays off the remaining liability on that car? Did you pay it off? Or, did [REDACTED]...

R: [REDACTED] paid it off.

M: You mentioned that your balance left on the old car effected kind of the price range of the new car.

R: Yes.

M: So, did you have to kind of get an idea of what the trade-in versus the balance? Did they give you a specific price range you could work with or is that something you had to figure out on your own?

R: Yes. They kind of helped with that process. They basically tell you, if you've got \$2,000.00 negative equity, you've got to probably look at a car that's between \$11,000.00 and \$12,000.00 to have enough value, versus if I saw a similar car for more mileage but would be cheaper for \$9,000.00, most likely they wouldn't be able to get that approved with the \$2,000.00 negative equity because that's a huge chunk versus an already under appreciated car. So, they basically point you, "This is the area you need to be in in value so we can get that approved."

OBTAINING FINANCING

M: OK. How did you pay for the new car you just purchased?

R: They ran the numbers and came up with several different financing options through their partnerships. I think there were 3 or 4 different ones. They showed me, these are your options, this is what the downpayment will be on each of the individual options, this is what the interest rate is, this is what the monthly payments will work out to be. And, I picked one.

M: It's all done through [REDACTED].

R: Yes.

M: What did you like about the financing experience working with [REDACTED] and getting the financing finalized?

R: It seemed to work pretty well. The only kind of challenging part of it was, I initially went in later in the evening so the bank that owned my prior vehicle, as far as the lien was concerned, wasn't open in operating hours. So, they couldn't finalize the numbers until they got a firm confirmation of what the outstanding balance on the trade-in was. So, that made it a little more of a challenging...had to wait until the next day to get them to confirm on the phone when they were actually open. Otherwise, the rest was a fairly straightforward simple process.

M: Anything else you liked about it? Any good experiences through that process?

R: I liked them presenting several options that I could pick. Which financing option I would want to go through. I don't think that's anything I'd ever seen before or typically, like, "Alright we can give you this car at 60 months for \$400.00. This is going to be your interest rate." And, that's it with any of the other cars I've ever bought. Seeing I could go with 4 different options and compare all of them and choose one that may be better. Maybe one has a lower monthly payment but it has a higher interest rate. Or, one has a lower downpayment but it's stretched out a little longer. Being able to compare those and make a decision on my own without them deciding for me, this is the one you're going to go with, like most dealerships do, it was actually kind of nice to be able to do that.

M: How did they present those options to you? On a computer screen when you were sitting there with them...

R: Yes.

M: ...and looking at the options? Or, did they print out different options?

R: It was on the computer screen.

M: What, if anything, did you not like about the financing experience and going through it?

R: Just having to wait a little bit to get the final OK on the payoff for the trade-in, and that may have been more on my side than it was on theirs, but that was a little frustrating to have to wait until the next day to figure that out. But, otherwise I can't think of any major problems that were difficult.

M: What time of day? You said you were there closer to the end of the day. Just out of curiosity, roughly what time of day were you there and working on the financing? Was it after 5:00 PM?

R: The first day I went, when we were trying to get the confirmation, it was after 5:00 PM. When I went back to finalize the deal it started earlier in the afternoon. By the time we were done it was like 6:00 PM.

M: Did you have to wait a while to find out...how long did you have to wait to find out if the financing or the payoff approval going through the other bank and everything?

R: About half an hour after they got the actual number.

M: How did you decide to finance the car through the dealer?

R: For me, the biggest thing is they typically have more flexibility because they've got access to multiple different financing options versus knowing that my credit score was shot to heck and back from going through [REDACTED] and trying to deal with that and all that stuff because of the [REDACTED] that going to a bank myself was not going to necessarily work. So, that's why I decided to go through the dealer.

M: Did you even consider going to a bank?

R: No.

M: But, you were aware...were you aware that you...obviously you mentioned going to a bank. You were aware that that was a possibility, at least in general.

R: Yes. I have in the past before.

M: But, you didn't feel like it was a good option for you?

R: Right. I didn't think I would get approved.

M: You didn't think you would get approved and that's why you didn't want to do that.

R: Yes.

M: OK. What was the process for obtaining financing at the dealership. Literally, once you decided on a car and you were working with that salesperson, what was the literal process of going through the financing process from there? (Note comes in from outside the room.) A question came up about when [REDACTED] had to wait for the bank to open to get the payoff amount, was that literally the next day? The second day?

R: Yes.

M: Did you have to go back to the dealership and get the information at that time, or the decision and all the other information, or did they call you and tell you what's going on?

R: They called me and told me what was going on.

M: You left there the first day knowing they were going to have to talk to the bank who was holding the lien on the [REDACTED].

R: Yes.

M: Then, they called you back the next day. Tell me a little bit about that conversation.

R: They said, "We got the confirmation of the payoff for the trade-in" and what the negative equity is going to look like. Put that specific...because, we did rough numbers with what I thought was the payoff and this changed the numbers slightly. They explained to me what the various options would be, how much that's going to estimate I'd be putting down, and basically said, "You've got 3 days to choose one of these. We'll hold the car you're looking at as well. Come in within 3 days you can accept any of these offers."

M: So, they gave you the options on the phone. Said that you've got 3 days to make it. They offered to hold the car for you during that time.

R: Yes.

M: Then, you went back that same day, the day they called you, which was the second day, you went back that afternoon and you finalized the financing with them.

R: Yes.

M: But, they had the hard numbers there ready to go for you.

R: Yes.

M: Got it. We were talking about, literally, what was the process? You decided on the car, you were working with the salesperson, tell me...just take me through the steps of once you decided on a car, you don't have to agree on a price, you've got a price there. So, what's the financing process there with [REDACTED]?

R: Then they bring it up digitally.

M: Who?

R: The salesperson. So, the salesperson plugs all the information in, brings it up digitally with me on the computer screen to basically watch the whole process. Then, I chose an option with the salesperson and submitted it. And at that point, once it's submitted, it goes to the finance guys in their back office and they get the definite final approval and start drafting up the paperwork. So, most of the time is spent with the salesperson until all the paperwork is done and then, like a half an hour at the end, then you actually sit down with the finance person with the paperwork. That's it.

M: Take me back. Once you pick the option they click submit, that salesperson clicks submit, it's going back to the finance person. Roughly about how long did that take before you were then taken back to the finance person?

R: It was probably about an hour.

M: Then salesperson took you back to finance person, finance person came up, kind of what was that process? You go to a different office? Tell me about it.

R: Yes. They take you to a different desk to do the closing part of it at the delivery side of the house for the dealership and, while you're waiting for them to get the paperwork ready they're cleaning up the car for you. I cleaned out my trade-in and got things moved over. Then they come out with the whole (inaudible) forms that you have to sign and sit down and start going through everything with you, from odometer read measurements to registration to financing contracts to extended warranty contracts and all these things. You know, go through that whole process of signing your life away. About half an hour later you're done with that and give them the money for the downpayment and they give you the final paperwork and that's it.

M: For you, that's all on day two. On day one you pick out the car, go through the financing options, you know what you want, got to wait for confirmation from your lien-holder on the first car.

R: Yes.

M: They call you the second day and you go back in and you finalize everything.

R: Yes.

M: What terms did you discuss when talking to the dealer representative about financing? What terms were discussed with you, what questions did you ask them, what options did they offer you?

R: Basically, they presented the 4 different options, each one what the downpayment would be for each of them, what the interest rate for each of them would be, and then how many months each of these circumstances broke out to as far as payment plans.

M: So, 4 options.

R: Yes.

M: (Note from outside the room) Who presented the extended warranty information to you? We're going to talk about that again a little bit more in a minute. Was it the salesperson or the finance person?

R: The salesperson.

M: Did he do that up front in that process before you ever got back to finance?

R: Yes. In the process of submitting the request, this is the option you want, basically what they do is, they show you the 4 options as far as financing just on the vehicle itself with the trade-in factored in. Next step is, "These are extended warranty options, extended service options that you can also purchase" and if you choose to...I did not choose to...but if you choose to they add that to what the financing option you agreed to was, and they show, "this increased your payment \$20.00 a month" and then submit it for final approval.

M: OK. Let's go a little back. You helped me visualize this process with you. You're working with the salesperson and they're presenting to you 4 options. Tell me about those 4 options. Roughly describe what were the differences in the 4 options.

R: Three of them were fairly similar in that they were all \$400.00 or \$500.00 downpayments. Each interest rate was slightly different. One might have been 13%. One might have been 10%. One might have been 12%. Then, all of them for a 60 month term. So, that was the major differences in those. And actually, the downpayment was probably slightly different. They weren't the same exact one like \$400.00, \$800.00, \$1,200.00 downpayment difference, and then the interest rate, but all fairly close in proximity. Then, the fourth option was a major, you know, \$7,000.00 down for 24 month financing at a 9% interest rate. So, it was drastically different where these were all structured at 60 month terms, very within a point or 2 interest rate, and this last one was a huge chunk down for a very short term loan, you know, 2 years instead of 5, and then a lower interest rate.

M: So, pretty much the terms varied by downpayment, although you said they were all pretty similar except for that last one.

R: Yes.

M: And then, the length of the loan, the length of the financing, and it was all pretty much 60 months.

R: Yes. Pretty much.

M: And then, the interest rates potentially were varied some on there?

R: Yes.

M: And then they would give you the options of what your monthly payments would be?

R: Yes.

M: Got it. Did you negotiate any of those financing terms at all?

R: No. Not really.

M: So, these are your options.

R: Yes. Basically, giving you the options is the point where I felt like I had the opportunity to choose.

M: Were you aware, or did you feel like you could, negotiate on those terms at all?

R: I don't think so. I didn't feel like it was really negotiable. It was, these are the options. Pick one.

M: OK. Did you discuss the possibility of refinancing the vehicle or renegotiating the APR or the monthly payments after the purchase? Did that ever come up at all talking to them?

R: Yes, it was mentioned. Since, like I said, my credit score is not where I'd like it to be because of the [REDACTED] process, they did say, "It's something you could probably do and consider doing. In a year or two after steady payments for those year or two, then it may be worth looking at refinancing to get a lower interest rate.

M: Did they bring that up to you or did you ask them about it?

R: They mentioned that to me.

M: What was that conversation like? Did they just kind of like, they brought up the possibility? Did you have more questions for them? Did you discuss that more? Or, what the process was at all?

R: Just that it was an option, basically.

M: If that option came up to you, roughly how would you go about doing that? How would you initiate it?

R: They basically made it sound like it's something I would do independently. Not through them. Like, I am now with a specific bank. I guess they have a partnership with them. There's 4 I assume, that they offered. Now that I've got an established relationship with that bank and if I've had a year or so paying early every month, I could talk to that bank about refinancing with them and getting maybe different options because of that.

M: Who brought that up to you within the process? Was it the financing person or the salesperson?

R: The salesperson.

M: At the beginning before you ever went back to finance?

R: Yes.

M: If you were refinancing, if that option came up to you, would that be just refinancing the current car or would the option be that you are trading in and getting a new car?

R: I'm not getting a new car until this one is completely paid off. And then, hopefully, just paying cash. I'm going debt-free here once it's all paid off.

ADDITIONAL PRODUCTS AND SERVICES

M: Did the dealer offer you any additional products or services to purchase?

R: The extended warranty, extended service contract.

M: Any others?

R: That was it.

M: Extended warranty, extended service. So, those are 2 different things or are they the same thing?

R: Same thing, basically. It's packaged together.

M: What did you like about getting offered those additional options, the extended warranty, extended service?

R: I didn't like any of it. I didn't choose one. But, with(?) consider it, having the option, I just didn't want to have to think about it when I got a longer coverage on the vehicle as well as, if it comes to the point where I want an oil change, it's already paid for, it's in the extended service contract. That is somewhat appealing, but ultimately I didn't choose it for many different reasons, one of which is, I'm going to be then financing this and paying interest on something that I otherwise would be able to...like, I just got the oil changed 2 days ago. I was able to pay for it. I didn't have to pay any interest on that. Why should I pay interest on this for 5 years, basically. It's just throwing good money after bad, basically. So, that's why I chose not to end up going with that.

M: Anything else that you...what other things that you may not have liked about being offered these additional products or services?

R: They put some pressure on you and make you feel like you're almost making a bad decision if you don't do it.

M: In what way?

R: In that, "this protects you. It protects the car. Gives you more peace of mind." In my opinion that's not necessarily true. It's more of a profit mechanism for them. I get it. It's a sales tactic that I don't particularly appreciate. It doesn't really necessarily protect me. It's just as much, if not more, a benefit for the dealer. In fact, I think it's like an 88% profit margin on those extended contracts for the dealer and they don't tell you that if you don't already know that. I know that because I'm a geek. I read too much. And a little paranoid about trying to get out of debt.

M: It sounds like you did a little research on that.

R: Yes.

M: What kind of research did you do when you were doing that?

R: I'm a big Dave Ramsey guy lately.

M: Who is that?

R: Dave Ramsey, the financial advisor guru. He does baby-steps-to-get-out-of-debt kind of things and that's one of the things I was able to search with my girlfriend and I, on his input to such contracts and such financing and that particular financial tool is used a lot in car buying. Never buy it. It's literally 88% profit for them and that's one of the highest things you're ever going to see out there on the market. You don't go buy a shirt that you're paying \$100.00 when the shirt only really cost them \$12.00. That's absurd.

M: Got it. When did the conversation about those additional services, like extended warranty, extended service, when did those conversations about those things occur in this process?

R: Once everything was chosen. I chose the vehicle, I chose which of the financing options I wanted to use, and the last step before they submit it to the finance guys is to offer the extended service, extended contract.

M: And, that happened before they submit it to finance.

R: Yes.

M: OK. What information, if anything, did the dealer give you about those extended service, extended warranty?

R: They basically gave me a pamphlet that compared each of the different options, which differed just by number of mileage, basically. One covered up to 50,000. One covered up to 75,000. One covered up to 100,000. And, showed you a chart in this pamphlet comparing them to each other and the cost.

M: And the cost.

R: Yes.

M: So, it's a physical printed pamphlet.

R: Yes.

M: That pamphlet covered not only cost, it covered the different items covered under those warranties or those service items. Is that correct?

R: Yes.

M: You chose not to purchase any of those.

R: Correct.

CONTRACT AND POST-PURCHASE

M: Did you have the opportunity to review your paperwork before you signed it?

R: Yes.

M: Did you review it?

R: Yes.

M: What did you like, if anything, about the paperwork signing process?

R: I hate the paperwork signing process. There's nothing I like about it.

M: Nothing at all?

R: Nothing.

M: That leads me to my next question which is, why did you not like about the paperwork signing process?

R: It's long, you get literally dozens of long, very small legal documents put in front of you and, even though I know how to read legal documents and what to look for, it's a lot of small print that most people don't actually read and that just annoys me in principal as a business practice. I would honestly...it's not good ecologically, but I would prefer they give me 50 pages of things that are very large, very easy to see, highlight the things that are going to impact me, versus 25 pages of small print that I'm not likely to see half of it if I'm just an average car buyer. Then, on top of that, the number of places you have to sign is annoying. If you've got sign in 50 different places on 25 different forms you get writer's cramp by the time you're done.

M: Have you had any contact with the dealer after you purchased the car?

R: Once, actually.

M: Tell me about that.

R: There was a recall from the factory. A recall that they informed me of when I bought the car that this is...they tell you if there's any recalls on your item(?) you can take it to the brand. So, that's a [REDACTED]. So, I could take it to the [REDACTED] dealership and they would take care of that for free. So, I took it to get this taken care of and, while it was there, the [REDACTED] dealership says, "You need an oil change." "You've got to be out of your frigging mind. I literally just bought this car 2 days ago. There's no way I need an oil change. They're supposed to give you this fresh with all the services done after the purchase. They're like, "Yes, you're basically to the bottom of the pan in oil. You need an oil change." And so, "Don't do anything to that car before I call [REDACTED]." "I've got the

dealership that's doing the warranty stuff that you told me to make sure I got done, telling me that you guys didn't put oil in my car that I just bought from you. What the heck?" And they said, "Well, it should have been done. Either it somehow got overlooked in the process, which is rare and unlikely, or that might mean there's a leak. That it's leaking oil." Like, "I don't care which of these is the problem, it's a big problem and you're about to get a car back." So, I told the dealership to go ahead, "You do this. Put the oil in it." But, I told [REDACTED], "I'm bringing this back to you as soon as I pick it back up from [REDACTED] and you're going to verify there's no leaks, there's no problems, and reinspect this vehicle or you're getting vehicle back. Also, you're paying for the cost of the oil being done at [REDACTED]." Did that. They reinspected it. Seemed like it just got overlooked with the oil when they did the final sale inspection and oil change and all that. They paid for it and I haven't had a problem since.

M: OK. On that recall [REDACTED] initiated the recall notice to you?

R: Yes.

M: [REDACTED] sent a recall notice to you? Called you? Emailed you?

R: They looked it up on the spot once you made the decision to purchase the vehicle and they inform you on the spot.

M: They informed you on the spot.

R: Yes.

M: [REDACTED] hasn't reached out to you since purchasing the car? Since you finalized that?

R: No.

M: Question for you. Was the placement of a tracking device required or discussed with you ever?

R: No.

OVERALL UNDERSTANDING

- M: We're interested in whether the paperwork in car sales and car financing is easy or hard for consumers to understand. How would you describe the paperwork you received from the dealership? Do you think it's hard or easy to understand? And, what, if anything, is easy or hard to understand? If you want we can pull your documents out or we can use the ones we've got here. You've got a lot. What, if anything was easy or hard to understand about these documents? Do you want to refresh your memory. This is a buyer's guide that mentions what? A warranty?
- R: Yes. Basically saying I've got 30 days that the car is covered. I didn't really have a problem understanding that.
- M: Anything going through here that you found difficult to understand or confusing?
- R: I don't think there was anything really confusing or difficult to understand. Partially, because I've bought plenty of cars in the last 15 years. More than I think most people of [REDACTED] years old.
- M: Give me a rough estimate. What's plenty?
- R: Oh, 15 years, I've bought, between myself and other people, 10 cars.
- M: Ten cars in 15 years. Just trying to figure out what "plenty" is. That means different things to men.
- R: Those weren't all for me, thank God. Numerous were (inaudible) for other people. So, familiarity with the various forms and process isn't really difficult for me to understand or even to be able to read through and know what is important for me to get. What I would say is a good thing and helps to make it better for me and anybody, that hasn't always existed, is the block that explains the difference between what your APR is, what that means in finance charge, what you pay for the car and the trade-in versus what you're actually going to pay if all you do is make the monthly payments over the 5 years or whatever the term of the car is. That's good to understand. Meanwhile, hopefully to most people like me, I look at this and I'm like, there is no way in Hell I am waiting 5 years to pay for this car because I'm going to lose \$8,000.00 that I shouldn't have to lose because of interest. That's a nice thing that hasn't always existed. I think it's probably a regulatory thing that's been added in the last several years that's required similar to...if you look on a credit card thing they have to show you how much you're paying minimum payments how long it's going to take to pay off. I'm guessing it's a very similar purpose. That's a nice thing that's added into these that hasn't been there more than the last couple of cars. But, the rest, as far as I'm concerned, isn't hard to understand. Nothing very difficult. Something that did stand out to me with this was, they explained to me GAP wasn't available. GAP Insurance. I don't know that if that's specific to just [REDACTED] doesn't offer GAP insurance or certain models of cars or whatnot, but they explained, like I said, it's not a (inaudible) in here. That's something I always look for in car

financing. That part was different to prior experience, but not really something I didn't understand.

M: GAP insurance is something you typically look for when you purchase a car?

R: Yes.

M: Did you ask them about that when you were there?

R: Yes.

M: That conversation came up.

R: Since I knew I was rolling in some negative equity from another vehicle.

M: When you asked them about the availability of GAP insurance, what was their response?

R: They didn't offer it.

M: They just don't offer it.

R: Yes. They advised, at that point, your insurance probably offers GAP riders so you can add it to your car insurance most likely, which I have done.

M: This document itself, what is this document here?

R: It's basically the breakdown of what the car purchase offer was with the interest rate agreement that we came to and what that looks like over the 72 month life of the loan and what I'll expect, over those 72 months, what I will have ultimately paid if all I do is pay the monthly payment each month. It breaks it down, all the cash price of the car, the sales tax, escrow, trade-in, downpayment, all of those things, so I can know what each and every one of those meant.

M: When they presented this document to you was anything left blank?

R: No.

M: Can you find on here, point to me where your monthly payment is.

R: Right here.

M: OK. And, find on here and point to me what your APR is.

R: Here.

M: How about your length of payments?

R: There.

M: How about your downpayment?

R: There.

M: Were all the things you pointed out and we looked at, what you expected on this document when you got it?

R: Yes.

M: Did you review all these things on this particular form when they presented it to you before your final purchase? You went through it all?

R: Yes.

M: OK. How did you get to the monthly payment amount? How did you decide on that or did you arrive at that?

R: My goal in making the decision to downgrade and get into a smaller vehicle was, I wanted a certain set monthly payment. I wanted to reduce at least \$200.00 to \$250.00 a month. That's what I wanted to get to. I was paying \$550.00 a month before so I told them I would pay no more than \$350.00 however we've got to get to that.

M: You gave them that information. Like, this is what I want.

R: Yes.

M: How about the APR?

R: The APR was basically, for the most part, dictated by my credit and there were 4 different options that varied with a point or two. I think this was the 13.9 offer here was right in the middle. I think there was one that was 12% but it included a larger downpayment than I was comfortable with doing. And then, a couple of others that were larger interest rates.

M: Those, you said, were dictated by your credit. So, they presented you the APR. There was no conversation back and forth from you. Or, did you ask them...what did you ask them about the APR? They just presented it to you and that was your options? Or, anything else? That's it?

R: Yes, that was the circumstance. In other circumstances, if I knew I was going...like when I bought my [REDACTED], I knew my credit was impeccable at that point and so I could haggle on the interest rate a bit and argue with it. This, I ultimately didn't feel like I had the place to argue or question because I knew I was just hoping to get financing.

M: What about your monthly payments? I'm sorry, the length of the payments. How did you...was that a decision you made? They presented it to you? How did you come up with...

R: That was kind of a...the choices were between 60 and 72, maybe 48 but that would make the monthly payments go up more and my major goal was to get monthly payments into a certain spot. So, that was chosen to get the monthly payment as low as possible.

M: You said the choices were between 60 and 72. Were those your choices or their choices or their options that they gave you?

R: They showed me what those numbers would look like. I could have done lower as far as amounts of months for higher monthly payments.

M: What about the downpayment? Is that something that you went in knowing exactly what you were going to put down or was that something the dealership suggested to you?

R: That's something they came back with, the 4 options that you can accept any one of these 4 options. These are the downpayment that go with those if you choose those options.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

- M: I'm going to look through these. There's this retail installment contract. Purchase agreement.
- R: They're agreeing to buy my [REDACTED].
- M: It was them agreeing to buy your [REDACTED]. OK. You've got a lot of paper. Agreement to provide physical damage insurance. What's his form?
- R: That's car insurance requirement. Basically, you can't drive the car off the lot until you prove you've got insurance.
- M: Limited power of attorney for motor vehicles. So, that's...
- R: For them to take over ownership of my [REDACTED].
- M: OK. Recalls. Motor Vehicle stock(?).
- R: Yes.
- M: Odometer. More recall.
- R: Oh, it's [REDACTED]. Not [REDACTED]. I'm sorry.
- M: The current model is a [REDACTED]. Got it. All this paperwork here is related to, it looks like, your AutoCheck vehicle history report.
- R: Yes. Basically, it's the history of the vehicle I'm buying. That there's no major accidents on the record or on the title of the car that would show structural damage. They're required by law to explain to you so you know what you're buying. As well as, if it's ever been repossessed before. So, that's what those were.
- M: What is this here?
- R: This is the privacy questionnaire, basically. What they can and cannot do with your information since they now have all my personal identifiable information, according to privacy act laws.
- M: Looks like information about contacting manufacturer (inaudible) the car.
- R: What the payoff is in regard to...they make an offer...if [REDACTED] would buy your car whether you buy one of their cars. So, my [REDACTED], they offered me what they would offer for my [REDACTED]. That offer is good for 3 days whether I buy a car from them or not.
- M: OK. What is this document that says Motor Vehicle Purchase Contract?

R: It is just the breakdown of what buying the car before, not just talking about the finances. What the cost of the car, all the tax, tag, trade-in, downpayment information. So, basically breaking down the numbers before the financing. And then, this is turning it into the financing.

M: Are there any add-ons on here at all?

R: No.

M: No add-ons. So, we've got the price of the car and (inaudible). No credit app in here at all?

R: They did that all electronically.

M: OK. That process of applying for the credit app electronically, tell me about that process.

R: We sat down at the same computer, basically, to do all these processes. They ask for your information, they put it in with you sitting there with them and digitally acknowledging that they're going to pull your credit and giving them the authority to do so. I'm pretty sure I signed digitally, as well, to give them that authority.

M: How long did that process take?

R: A couple of minutes.

OVERALL EXPERIENCE

M: Any other final views on the overall experience of purchasing a car, going through the process of purchasing, getting the contract, financing and everything?

R: I think we kind of covered virtually everything.

M: Everything? You think I was thorough enough?

R: Yes.

M: OK. Thank you very much for coming in. I think that's everything. I agree. I think I've got everything here from there. I guess at this stage I'm going to go ahead and take you up to the front and we're going to get you out of here. I appreciate you taking the time to talk to me today and go through all my questions. I got you out of here on time.

// end of recording //



AUTO BUYER STUDY

460023

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of today's interview could you just state your first name?

R: [REDACTED].

M: So nice to meet you. What was the most recent car you purchased and when was the purchase made?

R: [REDACTED]. It happened...let's see the date... [REDACTED].

M: Recently. Can you tell me...now I want you to focus just on the shopping and the choosing of the car. If you think about that part of the experience, tell me about that. What was good about that part and what was not so good about that part.

R: With that particular dealership or any dealership?

M: Just in general. You start out, you say to yourself, what...you need a car, and then what do you do...and then tell me about the shopping experience.

R: Start from the beginning, [REDACTED] says you need an asset to make your credit go better. We got letters from everywhere, so you qualify for this amount for a car, that amount for a car. Go to dealerships, same thing, no car, or they want at least \$3,000/4,000 down for a car. I can't afford that [REDACTED]. You go and they run your credit, credit is not good enough to get a car. Took a look on Craigslist for cars on a Sunday, just happened to call a dealership, and he's like come down, we'll check your credit, if you have at least \$1500 down you can make your own monthly payment. The other places want the same thing, they want more than \$1500 down, they want more than \$400/500 in car payments. I go down, take a look at a few cars, and he's like how much do you have? I said \$1500. He's like, okay, we can do \$1500. What do you want the monthly payments to be? I thought he was joking. I said around \$300. He said can you do \$325/350. I said, that's fine. He's like, okay, if you've got the money down we can do the deal now. It's like, I was surprised.

M: Which dealer was this?

R: It's called [REDACTED] in [REDACTED]. The car was [REDACTED] inspected, went to straight to [REDACTED] inspection. We already have a [REDACTED], but we needed a second car to get back and forth to work [REDACTED]. I needed my credit to be better.

M: Can you tell me, the best part of that experience was what?

R: The best part of the experience was not getting turned down.

M: The worst part of that experience?

R: Car shopping...two or three hours in a dealership for nothing. You could tell me upfront, hey, we can't do anything for you. It's like a waste of time.

M: Okay. How many dealerships would you say you actually spent time at in this whole process?

R: In the past two months, seven.

M: All right. Can you tell me, I guess you answered this question pretty straightforward, which is what influenced your decision on what kind of car to buy?

R: I needed a vehicle that was safe and reliable, didn't have much miles, and was at least above a [REDACTED], and something I could afford.

M: Did you see any ads for cars? You said you looked on Craigslist, but did you see ads for cars when you were going through this shopping experience, and if so, what do you recall about what you saw?

R: See plenty of ads for cars...bad credit, bankruptcy, no credit, come down, fill out the application...go fill out the applications, nothing. I went all the way down to [REDACTED], [REDACTED] to [REDACTED], to [REDACTED], and nothing.

M: You're spending a lot of effort to do this.

R: Yes.

M: All right. Once you reached this dealership, you said you saw a truck?

R: Yes.

M: How long did the entire process take from the time you arrived at the dealership to the time you left?

R: An hour and a half.

M: When you say an hour and a half, that was sign, sealed, and delivered, you drove off the lot with the car?

R: Yes.

M: That sounds pretty good.

R: It was quick.

AGREEING TO A PRICE FOR THE CAR

M: Let's talk about the pricing of the car. How did you go about getting a price for the car that you purchased? What was the price of the car that you saw? You said you saw a truck that was of interest, where did you see that, online?

R: Online. Yes.

M: What was the price of the truck that you saw?

R: It was \$6500.

M: Was that the car you purchased?

R: No.

M: Tell me that story. You got to the dealership, how did you find the car you ended up with, what was the price of it, and did you negotiate it at all, or how did that work?

R: After talking to the guy on Sunday, me and my wife looked at the website and she saw a couple cars in a similar price range. We decided to go and look at it. She's like a truck won't really fit our family because [REDACTED], and she's scared to drive a big truck anyway. It was a big truck, [REDACTED]. She's like, let's get something that will not be bad on gas. So, we went down and took a look at the truck. It had too many miles on it, so that was out of the picture. We looked around the lot and she saw the [REDACTED] and she's like, it's small, an economical car, good on gas, so she liked it. We ended up leaving with that car.

M: Okay. How much was that car when you saw it?

R: That was \$6500.

M: Did you negotiate the price of that car, or no?

R: No, we didn't.

M: Was it your impression that you could do that, that you could negotiate the cost of the car, or no?

R: We could have. The only reason I didn't negotiate the price of the car is because there is no interest on the car. I figured that \$6500 is a pretty fair deal.

M: There is no APR? You don't pay any interest on the car at all?

R: No, you just straight pay the \$6500 and that's it.

M: At any time did the dealer indicate to you that you could get a better price if you agreed to certain conditions?

R: We could have got a better car if I agreed to certain conditions.

M: What do you mean? Give me an example of what he talked to you about?

R: He said you can get a [REDACTED] if you put another \$1000 down, and it's safe, reliable, and only has 50,000 miles on it. He's trying to upsell me another car, but I didn't have the money to put down, plus the payments would have been a little bit more.

M: How many miles did your car have?

R: 110,000.

M: It was what year did you say?

R: [REDACTED].

M: All right. Did you have a trade-in at all that was part of this deal?

R: No.

M: All right.

OBTAINING FINANCING

M: How did you end up paying for the car? You said that he told you or you told him how much money you had to put down?

R: I told him how much.

M: You said you had?

R: \$1500.

M: The rest of it, how are you paying for it?

R: It was financed through their dealership.

M: You're saying there is no APR on it at all?

R: No.

M: What are you paying a month on your car?

R: \$350 a month for 13 months.

M: Okay. Tell me about that whole process, talking about the financing. What happened in that situation, you just went in and you said what to this person?

R: He said how much can you afford for monthly payments. First payments were \$250 then he was going down in years on the car, and I was like I don't want anything less than this year. For \$1500 for \$250 it would have been a [REDACTED] or [REDACTED] car. I said I can do \$300. He said, can you do \$350. I said I can do \$350 and that's all I can do for month. I am trying to get my credit back up, I am not trying to get it repossessed or anything to screw my credit any worse than it is. He said if you can move to \$350 we can do the deal. He says it's monthly payments, we take it out of your bank account.

M: It's automatic deduction.

R: Automatic deduction per month and we do report to the credit union every month. At their dealership they do their loans in between 12 months to 20 months, so they want you to pay it and get it over with and don't drag it on for three or four months.

M: Are you paying the dealership directly or do you pay a credit union or what do you pay?

R: Dealership.

M: Are you having it automatically deducted; is that how you're doing it?

R: Yes.

M: Okay. Did you at any time consider getting financing from someplace else?

R: I did and everywhere we went it was a no. I even had my brother cosign and he has good credit and they just wanted too much money down because [REDACTED]. A lot of banks don't want to take that risk.

M: What banks did you check out, do you remember? What were other places?

R: They did [REDACTED], [REDACTED], a couple other banks.

M: All right.

ADDITIONAL PRODUCTS AND SERVICES

M: Now I want to find out from you when you went to this dealer and found this car and decided this was the car that your family was going to have, did the dealer at the time offer you any additional products and services?

R: Yes, a warranty.

M: Tell me about that whole experience. He brought up a warranty and what did you say to him and did you buy the warranty and why did you buy the warranty, that sort of thing.

R: He did bring up the warranty and he says that the warranty would be as-is. I said I can't do an as-is warranty. If you want my business it has to be for the year of the car, or 13 months of the car. He is like, the warranty would be an additional \$100 a month. I said I can't do it, either you put the warrant in or I don't take the car. So, he agreed to the warranty of the car.

M: The warranty on the car is for 13 months?

R: Yes.

M: That's the length of payments that you have on this car; is that what you're saying?

R: Yes.

M: For those 13 months your car is covered by this additional warranty?

R: Yes.

M: Did he explain to you at any time what the warranty covered?

R: It covers pretty much drivetrain and engine, transmission...oil changes you have to do on your own...brakes, struts...that sort of stuff.

M: In the end you've got this warranty and you didn't pay anything for it?

R: No.

M: That's pretty good on your part.

R: Yes, he wanted my business.

M: Did he offer you anything else, any kind of GAP insurance, or anything like that?

R: No, my insurance company did that.

M: You're saying your insurance company gave you GAP insurance?

R: Yes.

M: Do you remember what you paid for that?

R: It's included in the insurance, I believe.

M: All right.

CONTRACT AND POST-PURCHASE

M: When you purchased your car did you have an opportunity to go over the paperwork before you signed it?

R: Yes.

M: People review paperwork in very different ways. Some people, because you've been there for a while they just went through it, signed their name on each page, and that's it. Some people read only certain things. Some people read it line-for-line. How did you go about reviewing?

R: Well, me and my wife read pretty much every page.

M: When you looked at the paperwork was everything filled in at the time that you looked at the paperwork?

R: Yes.

M: Did you review the paperwork on the computer or in writing in front of you?

R: It was a writing in front of me.

M: Was there anything...did you catch anything when you were reviewing the paperwork that was either left blank or the number was different than what you anticipated, and if so, did you discuss any of that?

R: I did. I recall the warrant still says as-is and I made him email my wife the guarantee of warranty for the car, for the 13 months.

M: When you signed the paperwork it said as-is or before you signed it?

R: Before I signed it.

M: You made him change it when you caught that?

R: Yes.

M: All right. Since you purchased the car have you had any contact with the dealer?

R: Yes, I actually spoke to him today before I came.

M: That's interesting. What did you contact him about?

R: I am waiting for the title to the car because I have to get the title and the tags for [REDACTED]. I was calling to see if the title came in to the car yet.

M: What did he say?

R: He said not yet, if it doesn't come by the time the 30-day tags end, we'll give an additional 30-day tag.

M: All right. Is that the only reason why you've spoken to him since then?

R: No. When I went to get the car inspected I noticed that the car had the wrong tags on it.

M: What do you mean wrong tags?

R: The tags said [REDACTED]. I really didn't notice it until the inspector person said it. I had to go all the way down to [REDACTED] to get the right tags on it. He said he printed out two tags at the same time; he must have put the wrong tags on the car.

M: That's interesting. That must have been annoying that you had to...

R: Well, he filled my gas tank up.

M: That's good at least. That's good. Okay. Other than that have you had to bring the car in for any reason up to that point?

R: No.

M: Okay. At any time when you were talking to this person at the dealership did they suggest putting a tracking device on your car?

R: No.

M: Okay.

OVERALL UNDERSTANDING

- M: Now let's spend some time talking about the paperwork. The first document I want to go to is the Motor Vehicle Retail Installment Contract, which is this one...says it on the top. The first thing I'd like you to do is point to me on this page your monthly payment. Where does it show your monthly payment?
- R: If you go down to the third block down here it will say \$350 a month.
- M: Okay. There is one more...
- R: It's 15 payments. I am sorry...14 of \$350, and one final payment of \$100.
- M: Was that number what you expected it to be when you were reviewing your paperwork, was that what you expected the monthly payment to be based on your discussion?
- R: Yes.
- M: Looking again at this Retail Installment Contract can you show me where the APR is?
- R: Second block down, zero percent.
- M: Going in on this, that's what you expected it to be?
- R: Yes.
- M: There was no surprise of any kind?
- R: No.
- M: All right. Now what I would like for you to do is show me where the information is about length of payments.
- R: That would say schedule of payments, monthly, and it says number of payments, and it will tell you how much you pay per month.
- M: Your number of payments is a total of what?
- R: Fifteen.
- M: So far these three pieces of information, your monthly amount, your number of payments, and your APR, did you find those terms easy to understand or difficult to understand?
- R: Easy to understand.
- M: Can you point to the down payment on your Retail Installment Contract?

R: It will be under total sale price. You've got \$1500 down and the total sale price is \$6500.

M: Again, was that what you expected or different from what you expected?

R: It's what I expected.

M: To the best of your knowledge when you were buying this car did they also give you a document called a spot delivery document?

R: I don't think so.

M: Spot delivery agreement?

R: No, I don't remember that. I don't know what that is.

M: A spot delivery agreement is where they basically tell you, you can drive off the lot with the car, but the sale is not final until the financing comes back...the final numbers on the deal. Did they say anything to you about that at any time?

R: No.

M: Did you have to fill out a credit application at all?

R: No.

M: Let's go through the other numbers on here. The cash price of the vehicle was \$6,301; is that what that says?

R: Cash price, yes. I think they added something for tags and title or something like that...yes, processing fee is \$199...so it came up to be \$6500.

M: What's the difference...it says unpaid balance of cash...number 3 down at the left-hand side. It says \$4,801.

R: Which one are you looking at?

M: The same one you are, the Motor Vehicle Retail Installment Contract. It goes from \$6301, then it shows your cash down payment of \$1500.

R: Yes. Then it's unpaid balance of cash...that was before he added the administrative fees.

M: Okay. What is the amount financed on this car?

R: \$5000.

M: All right. Any other questions or comments about this particular piece of paper?

R: No, not really.

M: Okay. Let's go to the Bill of Sale, the Buyer's Order, and take a look at that and see if the numbers all coincide. Take a look and tell me do all the numbers seem to make sense to you?

R: Pretty much making sense. They're selling it for \$6300, plus the processing fee, equals \$6500. I put \$1500 down and the balance to be financed is \$5000, which is what's left on the car.

M: All right. Let's go to Bill of Sale Buyer's Order, additional conditions of the sale. What's this document, do you know?

R: It's pretty much saying that...says with no guarantee or implied warranty, pretty much that the car is as-is, and if you're out of state you have to get it inspected.

M: What did you do with this because you decided not to buy the car as-is, you wanted an additional warranty in there? How does that affect this document, do you know?

R: Pretty much it doesn't affect it, that's why I didn't sign it. Did I sign it?

M: Yes, you signed one of them.

R: I've got two.

M: Why do you have two?

R: That's a good question. My wife was supposed to sign one or...

M: Do you know whether or not you actually agreed to buy the car as-is?

R: I have an email where it states we have a warranty for the car. That's something I make sure we have.

M: What's this repossession agreement?

R: If we don't pay and don't have insurance on the car they do send you notices or give you a phone call saying you're late on payments or there is no insurance on the car so you're not agreeing to the purchase of the car and they have the right to repossess it.

M: This document says I understand that you're not required to give me notice before you take back said vehicle. Do you know what this document means?

R: Yes. They don't have to give you notice like, hey, obviously I am coming this time to take the vehicle back. They can just show up anytime and take the vehicle.

M: All right. Do you have a copy of a document that shows you have a warranty?

R: My wife has it. I told her to send it to me, but she didn't. I couldn't print out my credit report, but I do have something on my phone that shows my credit scores.

M: Did they ask you to sign a document?

R: Yes, they did. I said to forward it to her email because she keeps everything and her phone, which is easier for her.

M: The Buyer's Guide here says...

R: The warranty is an additional \$25 per month. We didn't agree on that.

M: You're saying that you do in fact have something that says you have a warranty?

R: Yes, we do have a warranty.

M: Is it possible for you to send me a copy of that?

R: No problem.

M: Can I give you my email and send it to me?

R: Yes, I think so.

M: All right. Whatever the email was that your wife got, I would appreciate your forwarding that to me or whatever.

R: Okay. That's no problem. She can do that.

M: I really appreciate it. Thank you.

OVERALL EXPERIENCE

M: Those are all the questions I have other than a last overall question about if you were to summarize the overall experience of having shopped for or purchase and financed a car, what would your overall reaction be about the experience?

R: This dealership was excellent. They gave me an opportunity when nobody else did. I actually referred somebody down there and they went this weekend and got a vehicle from them.

M: So that paid off for them, right?

R: Yes.

M: All right. Very good.

CONCLUSION/FINAL COMMENTS

M: I think we're done for today. I really appreciate your time very much.

(Question brought in)

M: You said you didn't have your credit score documented but you signed something? When they asked you for your credit score, what did you do?

R: I sent it over to the person I was speaking to. They had me forward it over. It was [REDACTED]

M: Okay. You sent it to her?

R: Yes. Let me see under my sent.

M: I just want to make sure that we have it.

R: It sends you to a website and then you have to send it over to...

M: Yes, it says you sent it in, so I don't know why they're asking. Okay. We're in good shape. Thank you very much. Appreciate your help.

R: It was the [REDACTED] I believe, which was a [REDACTED].

M: Okay. We're in good shape. I really appreciate it. Thank you very much.

R: I definitely have my wife send this to you.

M: Thank you very much for coming in. I really appreciate it. It was nice meeting you.

// end of recording //

AUTO BUYER STUDY

163042

INTRODUCTION / SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So, we're interested in today in hearing about your most recent experience purchasing and finding a car. There are absolutely not right or wrong answers, we simply want to learn about all of your experience, both the positive and the negative. We will go through some of the different steps that are often involved in purchasing a car and talk about each of these separately. We will conclude by reviewing the paperwork from your car purchase, and so, I appreciate so much that you brought it in, and you see that my staff has redacted all of your personal information. So, for the purposes of today's interview, can you please state your first name only?

R: My name is [REDACTED].

M: Welcome, [REDACTED], thank you for being here. Can you tell me, what is the most recent car that you purchased, and when did you purchase it?

R: It was [REDACTED].

M: And when did you purchase it?

R: I'm sorry, I'm blanking out.

M: Was it this year or [REDACTED]?

R: No, it wasn't [REDACTED]. It was I think in [REDACTED], [REDACTED].

M: And you have the paperwork.

R: Yes, I'm terrible with dates.

M: That's okay, I am too. Let's focus on the shopping of the car and choosing the car. In thinking of this process, what did you like and what didn't you like?

R: Shopping for the car, we were trying, my wife and I, [REDACTED]

[REDACTED]

R: Thank you. So, we were trying to find a vehicle that was safe, had a good safety rating, so trying to find that was a little bit hard, on the Internet, trying to find ratings about safety.

M: And where did you look?

R: We looked in Consumer Reports and whatnot, but every time we would look for feedback about this vehicle, which we previously had thought about, because we really like the design of the car. We think it's pretty futuristic. It looks very nice. So, we were actually interested in the car because of its design. Most of the reviews we could find were about mostly the performance of the vehicle, and the overall quality of the product, but we couldn't find much about its safety record. We thought maybe it was because it's a new vehicle, but we just couldn't... We eventually, you know, compared notes with other friends who also have cars similar to the one we're interested in. So, that was part of the challenge. And also trying to find, because they have two similar models – one is [REDACTED] and the other one is [REDACTED]. So, we were trying to figure out what were the differences between the two. Then, we finally chose the [REDACTED].

M: Tell me, was that the only make or brand of car you considered, the [REDACTED] and the [REDACTED], or did you consider other brands of cars?

R: Yes, we considered, we even looked at a [REDACTED]. We just wanted a small SUV, because you know, we realized with the snow situation here, in the area, and also the fact that I work in [REDACTED] and my wife works in [REDACTED], we needed a reliable vehicle [REDACTED]. And we already owned a SUV, a [REDACTED], but we didn't want to buy another [REDACTED] because we already had one [REDACTED] and we wanted to explore other... I mean don't get me wrong, I love my [REDACTED], it's a wonderful car, but we wanted to explore other brands, and like I mentioned, my wife and I were very fixated on the design of the [REDACTED], we thought it was great.

M: So, how many dealerships did you shop?

R: Three.

M: Which ones?

R: [REDACTED], which is where we eventually bought the vehicle. The other one was in [REDACTED], which I don't remember the name but was on [REDACTED], which was a [REDACTED] dealership. And, we went to [REDACTED] to also see if we could get a [REDACTED]. So, we went to those three, but once we went to [REDACTED], we decided not to go the [REDACTED] route because we realized you could get a newer car for cheaper.

M: Was there anything you didn't like about the experience you had shopping and choosing a car?

R: Well, you know, no, I mean I think it was pretty straightforward once we found the information we were looking for. I cannot think of anything now.

M: Okay, and if something comes up, just say it.

R: Yes, I will mention it.

M: So, once you reached the dealership that you bought your car from, how long did the entire process take from the time you arrived until you left?

R: It took about six good hours.

M: And did you leave with the car that day?

R: I did.

M: All right, and we'll talk about that in a minute.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting a price for your car?

R: Well, you know, I drove to [REDACTED], I parked there and I requested to see a person. I asked if they had any of the [REDACTED]. And the reason I went there on that particular day is because I had received a mailer to my house about they having this vehicle and having some specials at the end of the year. I supposed they wanted to get rid of the leftover [REDACTED]. So, I went there to check it out. And also at this point we had sold our other vehicle. We had a [REDACTED] before and we sold it and my wife needed a vehicle to get to work. So, we shared the [REDACTED] for one week and it was a menace. So, I went there and a gentleman came to assist me, and he mentioned that they did, indeed, have two. So, I decided to test drive the car. He came with me where I took the car from [REDACTED] to my house. My wife was at our house. She drove it around too. She liked it and she decided, you know, can we do business today. So, I went back to the dealership.

M: So, did you walk into the dealership and say this is what I want pay for the car, or did they say to you, this is what the car cost? Did you negotiate it a bit? Tell me how that worked.

R: Well, I went to actually look for price. My wife and I, we had made calculations, and what we could afford was around \$25,000, that was our maximum. We went there and we found that he had a vehicle that was less than that. That really caught my attention right there, because he was below the ballpark figure.

M: And how did you know the \$25,000 was what you could afford to pay?

R: Well, you know, because it's similar to what we paid for the [REDACTED]. Our budget was already...I mean we had already made the payments of the [REDACTED], the [REDACTED] is paid off, so now with our income, we can accommodate that amount.

M: So, how did you figure that out? Did you go in and say I only want to pay this much a month?

R: No, I just went in to inquire about the prices. So first of all, I went in to inquire if they had the vehicle, and second, how much they were.

M: And what did the guy tell you?

R: He said yes, we have two. Do you want to see them? I said sure. He showed me both. One was white and one was gray. So, the gray was the one that had the price I was looking for, the price range I was looking for. I said, okay, let's look at this one

M: Where did it go from there? Do you say anything to this person about terms, what you had in mind in terms of how you wanted to price this vehicle? What did you say?

R: I said I wanted to see what type of financing, but I guess my first order of business was to know what the interest rate was going to be.

M: And what did he say?

R: He said, you know, we need to run your credit, of course, but again, because this is a yearend sale, you're more than welcome to offer your bank or credit union, but the internal financing company is doing a special, so it might be a bit more lenient because they wanted to get rid of the cars.

M: So, what did they say their special interest rate was?

R: I don't remember. I mean it will come to me.

M: Don't worry about it.

R: It will be on the paperwork somewhere.

M: Then what happened in checking with your credit union or bank?

R: I said sure, but it was a Saturday, so I said why not tell me what they have right now, you know, let me know what you have. So he said he could make a couple of phone calls. He made the phone calls. And my wife at home, she made a couple of inquiries of her own, then we realize the financing they were offering us were way better in terms of the interest rate. Let me take a look at this. I should have looked at this before.

M: That's all right. Do you recall when you call your banks and credit unions, what they were?

R: Yes, they were talking of an APR of about 12%.

M: And what was the dealership giving you?

R: I think it was 10.9%, so it was a much better deal.

M: Did they talk to you about putting any money down?

R: No. But they give us an incentive actually.

M: What was that?

R: 2,500-bucks.

M: So, they gave you the price of the car, and...?

R: They said with 2,500-bucks down. So, we ended up financing about \$23,000, which was about what I was looking for.

M: Did you give a down payment?

R: No.

M: Did you mention to them how long you wanted to make your payments for, or did they tell you?

R: They told me.

M: What did they tell you?

R: They said they could do it for four years at this interest rate at this amount. And my wife and I said, you know what, we did the [REDACTED] for five, and this was much better. So we said, yes, of course, let's do it.

M: So, how long did you tell them you wanted to make your payments for?

R: I said no more than five years.

M: No more than five years.

R: Yes.

M: And why did you come up with five years?

R: Because five years was what I paid for in the amount of time for the [REDACTED], so I didn't want it to go any longer than the [REDACTED].

M: So how many months is it?

R: 60-months, I think.

M: All right. We'll take a look. At any time did the dealer indicate you could get a better price if you agreed to certain conditions?

R: No.

M: Did you trade in a prior car when you bought this car?

R: No.

OBTAINING FINANCING

- M: How did you end up paying for the car? Tell me exactly how it worked. You said you didn't put any money down.
- R: No. He said to let him call [REDACTED] to see if they approved me for the loan. I said okay. So, he called. At that point, my wife came in to sign as well. They told us, yes we were approved. These are the terms.
- M: And what did they say the terms were?
- R: Oh yes, it was the interest rate and however long. They asked if we accepted it. We looked at each other and said sure. Let's do it. So, we did it. So, we signed all of the paperwork.
- M: Tell me about that. How was that experience when you had to sign all of the paperwork? Did you have time to review it? Did you have to rush through it?
- R: No, no, not at all. The person, credit person there, they said, you know, she's also not public...
- M: How?
- R: I mean if I'm not mistaken, he did something to the terms of you know, I think we are required by law to explain to you exactly what you're going to sign before, and if I'm not mistaken, they give us a paper that we signed that said, yes, they did explain to us the conditions of the law. So with that, I remember that he said while you do this, I'm going to have this paperwork ready, like with full tank of gas, washing, whatever. So, she sat down with us and she said this is what you're going to sign – these are the terms, this is the paperwork for the terms of the loan, the title, the insurance, the title transfer, the lean. She asked us to make sure our names were spelled correctly.
- M: Did she ask you to check anything else on the document besides your names?
- R: No. She asked us to read through the whole thing to see if there was any things that we thought were not correct.
- M: Did you find anything?
- R: No. My wife and I read it; they gave us two sets of papers – one for her, one for me. We read through it, but at the same time, she had other customers as well that were also buying cars. So, while she was tending to them, we had time to go through it. And like I said, it took a good six hours. And my wife is a lot more thorough than me, like when she reads documents, but I was the one who would eventually make the payments, I did the same.

M: Did you notice while you were looking over the paperwork any boxes or area on the paperwork that were left blank, or was everything filled in?

R: No, there were some that were left blank.

M: Were they supposed to be left blank?

R: Yes. I mean there were some that I don't think applied to us. Like for example, there was something that said minus trade-in, if we had a trade-in, or money down, or if we were paying out of pocket, so no, those weren't for us.

M: But for the most part, everything was filled in?

R: Everything was filled in.

M: And when you signed the paperwork did you notice anything that was incorrect that you had to bring to their attention and have them correct?

R: No. The only thing is that I sign on the place and so they had to reprint the form, but that was my fault.

M: So you took the incentives they gave you, applied it to the price of the car, and then you financed the rest.

R: That's correct.

M: And you financed it through the dealer.

R: Yes.

M: Any comments about that whole experience and the process of arranging for the financing of the car?

R: No, it was pretty straightforward. My wife and I recently request two more space steps, which I have with me. I took them with me when I left my house because I knew we were ready to do business, yes.

M: Right.

R: And they asked me for it, because sometimes I do work and get a 1099, they asked me to see that. So, they asked me to bring in a couple of my bank statements, so I did. And that was it.

M: So overall, when you think about the financing experience, was it generally positive?

R: Yes, it was positive. I mean it took a long time, but I guess it was because it was a Saturday, and because we had to do all of the paperwork, and my wife was at home, so we had to actually drive to my house, have her look at the car, then we had to drive back and do the whole thing. And, she had to come in to sign. So, we went through the whole shebang.

ADDITIONAL PRODUCTS AND SERVICES

M: When you were doing this deal, did the dealer offer you any additional product and services, and if so, what did they offer you?

R: No. No, they didn't.

M: So, any additional service contracts or GAP coverage or extended warranties or any of that?

R: They did offer us an extended warranty, but we turned it down, I think. I think we did get the thing where we get free oil changes for the duration of the vehicle, but that was it.

M: Extended maintenance?

R: Yes. Thank you. Yes, but that was it.

M: And what made you get that one?

R: Because the vehicle is going to be used mostly by my wife, and she really likes the situation where she goes, drops the key, and gets the car back, so she doesn't have to do anything else.

M: Did they tell you at the time what that extended service contract is going to cost you?

R: Yes.

M: What did they say?

R: I think it was like \$12 or \$13 a month and it was going to be part of the payment that we deal with monthly. I think that was it. And she agreed to have it because, like I said, it was convenient for her. And so, every time she needs an oil change or anything, it's free. All she had to do is go sit down and wait for them to do all the maintenance of the car.

M: At any time, did you think, or have the impression that you could actually negotiate the rate of the contract or no? Or, did they just say it was going to cost xyz, and that was it?

R: Yes. I think it was the situation where it is going to cost xyz.

M: Do you remember what they told you it was going to cost?

R: They said it was going to cost about \$24,000.

M: What do you mean by \$24,000?

R: The car.

M: The car.

R: Yes.

M: Did they tell you what the service contract was going to cost you?

R: Yes.

M: And how much did they say the service contract was going to be?

R: I don't remember. It should be here somewhere.

M: We'll look in a moment. But, you don't recall what they said?

R: No.

M: Not at all. Okay. All right.

CONTRACT AND POST-PURCHASE

- M: Since you purchased your car, have you had an opportunity to have contact with the dealer?
- R: Yes.
- M: And for what reason?
- R: For an oil change.
- M: And did that go as you expected?
- R: It went excellent. I had a great time. They even locked you in the car and washed it for free. I mean it was great.
- M: Is there any reason the dealer has contacted you since you purchased the car?
- R: They contacted me once to make sure that I thought the car was doing fine. It was a courtesy call.
- M: Now you've been paying on this car.
- R: Yes.
- M: Since [REDACTED], so you've made a couple of payments.
- R: Yes.
- M: Are the coupons that you're paying off, is the amount that you're paying, is it what you expected to pay?
- R: Yes.
- M: No differences, no changes. Since you have purchased the car, is there any paperwork that suggested any part of your deal is different than what you signed when you were there?
- R: No.
- M: Okay. Can you tell me, is there any point in time when you were at the dealership, did they mention that they were placing a tracking device on your car?
- R: No.
- M: So, nobody said any word about that.

R: No.

M: All right.

OVERALL UNDERSTANDING

M: Now, together we're going to go over your paperwork. First, if you could pull out what is referred to as the retail installment sale contract, which looks like this. That's it. Okay. Let's look at this now. This is one of the many pieces of paper you needed to review before you signed. So, just give me a general sense of how you reviewed this paper.

R: The first thing I checked was that our names and addresses were correct and spelled correctly, because we have had problems with the spelling in the past. I checked that the vehicle was new, the year, the name of the vehicle, the amount financed. The first thing I was looking for was the percentage rate, the number of payments. It's 72, not 60, my fault.

M: And when you say that, it's very interesting. You say it's your fault, meaning your fault you didn't remember...?

R: Yes, I didn't remember.

M: And that's okay. 72 is very different than 60. Tell me about that. How did you end up with 72 months?

R: I don't remember. I don't know. It's one more year than 60. But it guess it's in the five year again, right? Oh even more. So, I guess I should have paid more attention to that. But anyway, I looked at that. Then I started signing my initials.

M: What was the monthly payment you said you wanted to pay?

R: It was around \$450, then \$448, but it also includes the charge, because we were paying \$475 for the [REDACTED], per month, so this is much better.

M: So, let's go over these number a little bit. First what I want you to do is point on this retail sales installment contract to the monthly payment. What does it say?

R: \$448.17.

M: And when you saw that number, was it what you expected to see?

R: Yes.

M: Was there any confusion about that term?

R: No.

M: Now, point to the APR and what does it say?

R: 10.9%.

M: And is that what you expected it to say?

R: Yes.

M: So far, the monthly payment and the APR, there were no surprises, you saw those numbers and that's what you expected them to be.

R: Yes.

M: At any time while you were talking with the finance person, or the sales person, whomever, did you think to negotiate either of these numbers at all?

R: No.

M: Now, point to the length of payments and it says?

R: 72.

M: And that's the one number that you didn't expect to see?

R: Yes.

M: You expected to see 60.

R: Yes.

M: So, what is your reaction to the fact that you're actually paying for this car for 72 months?

R: Yes, I was under the impression it was for 60. Maybe I forgot.

M: Does it matter to you?

R: Well yes, it's another year of paying all of this money, but I guess I could refinance later.

M: Did anybody bring that up to you?

R: No.

M: Nobody said you could possibly refinance?

R: No. Nobody said that. Because I guess I could. I mean I could bring this to my credit union to my bank and ask if they could help me and get it down to the 60 months that I want.

M: Did the dealership at any time indicate to you that your annual percentage rate was at 10.9%, and you might be able to do better if you had money to put down?

R: Yes.

M: They did say that?

R: Yes, they did say that.

M: And what was your reaction to that?

R: Oh well, we had no money to put down.

M: So, your reaction is that you need to pay this rate then?

R: Yes, because I didn't have any money to put down, and I really did need the car.

M: Okay. Got it. I don't know if I mentioned this or not, but sometimes when you're at a dealership and you're purchasing a car and you want to drive the car off the lot right then and there, they give you a document that is called spot delivery document. Do you know whether you got one of those or not?

R: I don't know.

M: Okay. Take a quick look through your paperwork and see if you find a document in there called spot delivery.

R: Spot delivery, here it is.

M: All right. Very good. Thank you very much. Take a look at this document and tell me what you think it means.

R: Okay.

M: What do you think this document means? They made you sign it, and so what do you think it means?

R: In case my finance was not approved I have to return the car and in good condition. And if I refinance, they will expect full payment of these terms.

M: Did they explain this document to you? Do you remember them going over this document with you?

R: No. They did say this was required and they did say it was in case we weren't approved for the credit, we would then have to return the car. But since it was after the fact that we were approved already, I thought, okay, whatever, so I signed it.

M: So, they said you have to sign this in case you're not approved, but you had already been approved.

R: Yes. Well, she said, that you know, you need to sign this in order for...it's a document to release the vehicle to you. But, now that I read through it, it says that you know, if we were not approved...but, we were already approved when we signed this.

M: And that's a bit confusing that they made you sign this.

R: It is sort of confusing. Yes.

M: Interesting. Okay. Let's go through the retail install contract line for line so we can take a look at it. First, over the course of the term of the loan, we now know that you're going to be paying for this over 72 months. What does it tell you the cost of the car is going to be over the course of this time?

R: \$34,768.24.

M: Was that something you were aware of at the time?

R: I was aware it was going to be service charge because of interest rate, yes.

M: And you said at the time you did not negotiate the price of the car.

R: I did not.

M: Okay. Here are all the itemization of the amount financed. Let's go down this list and you tell me what you think all these numbers are. Start at the top.

R: There is the price of the vehicle, the processing charge, which I guess they charge because they're the dealership and they need to make money out of you. Then other charges that apply to me. Then the total price of the vehicle is \$23,707. Then I didn't have a down payment. I didn't have a trade-in. Then I got the manufacturer's rebate for \$2,500. So, the price of the vehicle was \$20,607. Then after that are the taxes. Then the lean, the e-filing, whatnot, the title fees, and...this is something I don't know. It's \$800 for option GAP contract.

M: Tell me what you mean?

R: I don't know what that is.

M: They didn't mention anything to you about that?

R: No.

M: They didn't ask you if you wanted it?

R: No. I have no idea what that is. Oh yes, this is the thing that if the car is damaged, then we'd get the GAP insurance. So, if the car depreciates in value and it gets totaled, then we'll get the GAP money. They did explain that.

M: They did explain that.

R: Yes.

M: So, did you question at all the price of this GAP insurance?

R: No, I didn't question it.

M: So, you didn't try to negotiate it?

R: No.

M: All right. Then, there is another charge of \$386.

R: I have no idea what that is for.

M: Okay.

R: To [REDACTED], [REDACTED] to pay for normal schedule payments, I guess, PPM, I don't know what that is. I have no idea what that is.

M: All right. To the total additional charges are?

R: \$2,902.62.

M: And that was explained to you?

R: Yes, except that normal schedule. I do remember she mentioned the additional GAP contract, the GAP insurance.

M: Okay. And at any point in time did you think to yourself, I don't need that, or did you just think it sounded like a good idea?

R: I remember my wife saying, you know, let's do that. My wife's sister, her car was totaled. She had an accident in Texas and I remember she said the GAP insurance really helped when it was time for her to pay for that car and get a new one, take care of the payments she had left on the other vehicle. So yes.

M: Okay. I want you to take a look at this document called the [REDACTED] customer incentive with [REDACTED] acknowledgement. Take a look at these numbers and tell me what you think they are.

R: They are showing here what are the incentives that [REDACTED] is offering us to purchase this vehicle.

M: So, this is where the \$2,500 came in that was subjected from...

R: The price of the vehicle.

M: What is this page?

R: The vehicle sales contract.

M: Yes.

R: (Inaudible).

M: Yes. And what are the numbers on this?

R: It has the MSRP, the discounts we were receiving, which here they have a different amount.

M: Yes, tell me about that.

R: I have no idea about this. First of all, look, they have a freight amount, but we're not supposed to have that because the vehicle was there.

M: Right.

R: Then there is \$78 for some reason that they added finance.

M: And these numbers don't quite match those.

R: They don't quite match the numbers from before.

M: Which is interesting, right?

R: Very interesting.

M: Especially the \$925 freight charge.

R: Which is not supposed to be there.

M: What's interesting is the \$22,807, on the top here, was the same thing that was on the itemized list at the top for \$22,807, but I don't see that \$925 listed anywhere.

R: I don't either. And also, we have the freight charge that says not available, it has NA.

M: Right.

R: And also the MRSP of the vehicle is wrong too, because it says here \$25,385, then it says here the price of the vehicle is \$22,807. So, something is fishy here.

M: And you haven't gotten any notification from the dealership?

R: I have not. Then again, it say, the mathematics here goes to the amount of \$23,509.62, which is on here.

M: Yes, I see it.

R: That's weird.

M: Creative numbers, right?

R: Yes. Creative accounting. Oh, here we go, now we have an explanation for the \$386. It's the extended service contract.

M: Let me see.

R: It's on the purchase paper here. See, it says extended service contract for \$386.

M: Okay. And that's how your wife gets free oil changes.

R: Exactly.

M: And that's what you said got added to the price of the car and is financed over the course of the 72 months.

R: Yes, correct.

M: And how do you feel about that?

R: I think that's great, because really you know, she really needs to have that, because I don't necessarily have the time to go and do that.

M: All right. Are there any other, besides the \$800, the \$386 extended service contract, the only remaining kind of weird number is the freight charge for \$925 that appears on your documentation.

R: I'm trying to look here. If I'm not mistaken here, they're giving me two discounts. See they gave me a discount on the MRSP of \$2,578 and then everything adds up to \$26,009.62 and from that they're subtracting \$2,500 to \$23,509.62. I see.

M: So, there is a document in here that says [REDACTED] prior use acknowledgement document. Can you tell me what that is?

R: Oh yes. That is because they used to use...this vehicle that we purchased, even though it was new, it has been used by them as a showpiece.

M: As a loaner, do you mean?

R: No, no, no, like to show around the [REDACTED] dealership, like a publicity thing.

M: So, the number of miles on the car was...?

R: [REDACTED] miles.

M: And you knew that?

R: Yes, we knew that.

M: Okay.

R: And that's why it was on sale a little bit.

M: Okay. Prior to going into that dealership, had you done any research to find out what the price of the car should be, this particular car?

R: Yes.

M: And what did your reading tell you?

R: It was between \$27,000 all the way to \$32,000.

M: All right. Now I'm looking at your [REDACTED] GAP coverage, guaranteed automobile protection addendum. And this cost you \$800.

R: Yes, I have it right here.

M: So, when you were signing your paperwork, did you read this document too? Or, did you just assume they told you what it was?

R: Yes. Yes, I assumed they told me what it was.

M: Okay. Then there is the prepaid maintenance, registration pay. Explain this to me.

R: There is a lot of paperwork here. Here we go. Yes, this is pretty much the paper that we signed that was through... Oh, it says [REDACTED] miles, I didn't know that. But, we can go there and have the car serviced for free, pretty much.

M: So, up to 60,000 miles.

R: Yes.

M: And that cost you how much money?

R: \$386. But we thought it was a good deal because it was for the life of the loan, and we didn't have to pay anything to have the car serviced, so why not.

M: And the life of the loan, or...

R: Or, [REDACTED] miles.

M: Any other comments about this? Did they explain to you what was included and what wasn't included?

R: Yes.

M: They did.

R: Yes.

M: Okay.

R: They explained the number of services per mileage, and they did say if we didn't bring... Because the vehicle is also covered by a guarantee on top of this, so they said if we didn't bring in the vehicle to service when we should, we could lose the guarantee. And also, they asked us to download the app on our phone, it will tell us, send us an alert when we have to take the car in for service.

M: And did you do that?

R: I did.

M: And did they say what wasn't covered in this agreement?

R: Major like body part, body collisions, like if somebody hits the car they don't have a body shop, I will have to deal with insurance for that. But after the guarantee is over, any major mechanical issues, that I have to be, if any, I have to look out for any recalls or anything else and they will let me know through the app.

M: All right. I also noticed there is a place for a co-signing in there, but it's not signed. Do you know what that is?

R: Yes, it's in case we needed a co-signer, but since we didn't, they just put it like that. I guess they have it all in a package.

M: Together.

R: Yes, together.

M: Okay. Those are all the questions I have, so I'll ask you just one last question, and if my colleagues need to ask you anymore, they'll come in with a note. Can you tell me overall, describe your shopping experience with pricing, financing, and all the added options, all of that together, your overall experience in shopping for a car.

R: I would say it could be a little less traumatic in a sense that things could have been explained to us a little better. If I had not gone through this paperwork with you today, even though they did explain it to me to a certain degree while I was there, I wouldn't have noticed some of the discrepancies...

M: So, they didn't spend as much time as we spent here?

R: No, they did not. And part of it I will have to say is because in our hast, you know, we really needed the car, that maybe we should have paid more attention.

M: And when you say we really needed the car, you mean?

R: Yes, like said, we have [REDACTED], we needed a vehicle, and we were presented with the opportunity to take the vehicle right then and there, so yes. I mean even though things have an explanation of what those number are there... For example, the two incentives, and the surcharge for the freight, when it's not supposed to be there, believe me, I'm going to inquire. I'm going to ask about those.

M: Interesting right?

R: It's very interesting. So, I think there's got to be more education when it comes to purchasing a vehicle. And I understand that it varies from state to state, and mind you, there are 50 states in this country, but it should be a bit more streamlined. There's got to be a way to make people understand the process that goes with the financing, because in the end, it's your credit that is on the line, that you're obligated to pay. But I have to say with this experience, now that I've been through this, now I can say that I've been better educated for the future to read through all the paperwork and make sure everything matches.

M: So, you dealt with a sale rep and you dealt with a finance person. Was it all in the same place?

R: It was in the same place.

M: Was it in the same office?

R: No. Different office, but in the same building.

M: Did you deal with a supervisor at all?

R: No.

M: So, just the sales rep and the finance person?

R: Yes.

M: All right. You have been more than generous. I want to thank you for spending your time here today.

// end of recording //



AUTO BUYER STUDY

437175

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For today's discussion, could you state your first name only.

R: [REDACTED].

M: Okay, [REDACTED], welcome and thank you for being here. Can you tell me, what is the most recent car that you purchased and when did that occur?

R: Like the make and model?

M: Just tell me what make and model car you purchased and when you purchased it.

R: I purchased a [REDACTED] in [REDACTED]. I don't know the date, but I'm sure it will be on the paperwork. [REDACTED].

M: Okay. Can you tell me – we're going to break this down into lots of different parts, as I mentioned, of the whole process. The first part we want to talk about is the shopping for the car – like choosing the car, shopping for the car. Tell me about your experience. You decided you wanted to buy a car. How did you go about doing this? Where did you go to buy the car? How did you decide on the [REDACTED]? How did you decide on what particular dealer you picked? That sort of thing.

R: Okay. I actually purchased a car from them years before this. My [REDACTED] had a car that I actually co-signed, so we had had a [REDACTED] before that several years ago. So I already knew the dealership just from being in the area. So, I just figured, hey, I knew they were a [REDACTED]... that's what I wanted to purchase, was a [REDACTED].

M: And why a [REDACTED]?

R: It's small. They're affordable. They're good cars from what I've known by having one and people I've known to have them. And it's just dependable. And that's what I wanted.

M: Um hmm, okay. And you went to [REDACTED], right?

R: I did.

M: Where is that one?

R: [REDACTED].

M: Okay. How did you choose them? Did you go to other [REDACTED] dealerships besides [REDACTED]?

R: I didn't go. I did some research online.

M: Tell me about that. How many dealerships did you check out?

R: I looked at a few – well, it's not that I looked at any dealerships per se, but I kind of was just googling random things and my email, my phone, everything got flooded. I had dealerships calling me: oh, we think you want a car, this, that. And I was like, oh my gosh, I didn't even submit any paperwork. I don't know how they get all that information. And it was surprising that it was all [REDACTED]. Everything was in [REDACTED]. So I got on a few of the websites and I looked to see what they had, but I was looking for something specific, and everyone was always like, well, we can order it or we can get it to you – and I'm like, I don't really want you to have to do that. So, if I'm coming into the dealership, they have what I want there. I don't want to have to look at a car that looks like it and then...

M: What specifically were you looking for?

R: A four-door, a [REDACTED]. And for some reason, I guess everybody and their mothers want the same car, because every place was like no, I have it on the lot, but they have it somewhere else.

M: Um hmm.

R: I'd rather not pursue anything like that. I thought about [REDACTED] because I'd been there years ago, so I figured I might as well go back. I had a good experience with them, and I really didn't do anything besides signing my name on the paperwork.

M: What do you mean, you didn't really do anything; you just signed your name on paperwork?

R: I just co-signed for [REDACTED] then, so that's why I went back this time to them.

M: Oh, okay.

R: I wasn't really familiar with going through the whole process of buying a car. He did that. I just kind of showed up for finance.

M: Okay. Did you find the black four-door [REDACTED] at [REDACTED] that you were...?

R: I did. Actually because it's local to me, I just showed up one Saturday, just randomly to kind of see what's going on, and they had it. So I didn't even ask anybody or check their website out. That worked out okay.

M: Can you tell me, what was the best part of that whole shopping experience?

R: They had the car that I wanted. The gentleman I worked with was really great. So, I walked in and told him what I wanted and before we even – he asked me to come inside and said let's talk about da-da-da. But he already had the car pulled up, so I didn't even have to wait. That was efficiency. Is that right?

M: Yes.

R: That was really good.

M: And can you tell me, what, if anything, was not so good about the shopping experience?

R: All the paperwork – the whole running of credit and waiting. You have to wait for the bank, and then you have to wait for the – the woman who was – the processor. You had to wait for them to be done with somebody else. I was there for four and a half hours, so it was a really long day. And that was probably the only thing that I can say was...

M: Okay. Alright. Can you tell me – did you see any ads for the [REDACTED], do you recall?

R: No, because I wasn't really looking for them, or anywhere?

M: Anywhere.

R: No, I wasn't looking for any specials, so not really, no.

M: Okay. Again, tell me how long the entire process took from the time you arrived until the time you left.

R: It was probably between four and five hours.

M: Okay. Did you actually leave with the car or did you have to come back?

R: I did leave with the car.

M: Okay. Had you gone to any other dealer before [REDACTED] where you had done some shopping for a vehicle?

R: No.

M: Okay.

AGREEING TO A PRICE FOR THE CAR

M: Let's talk about how you went about getting a price for your car. You walked into [REDACTED] because you were in the neighborhood and it's Saturday, I'll just check it out.

R: Right.

M: Tell me, did you go in knowing how much you wanted to pay for the car, or how much the car should cost you, or did you know any of those things?

R: No.

M: Okay. How did you arrive on a price for your car?

R: Well, I had a trade-in vehicle. So, basically my whole thing was if I can get this vehicle paid off so that I'm walking into the new vehicle without having any rollover. We can get my payment at a certain price. The amount of the vehicle wasn't as much my concern as the monthly payment, because I knew what the average was, but I'm not experienced in dealerships. So you see what the price tag is and you know what they're really paying and you know what they can actually let it go for. That, I'm not educated in. So it was more – I knew that it was not a \$60,000 car, but I'm also looking at more of the payment and I put all this work into things that I needed done.

M: So, let's talk about that. You said you had a car that you were trading in, is that correct?

R: Yeah.

M: Tell me about that car. What kind of car was that?

R: It was a [REDACTED], the one that I had with my ex-husband.

M: So you bought it from [REDACTED]?

R: He did, yes.

M: Okay. Did you price that car to know how much the dealer would give you for that car?

R: That I did. I did a Kelley Blue Book to see what a price for...

M: What did it say the price was?

R: They say not to do "excellent condition", so "good condition" it appraised for I think – I want to say \$14,000.

M: Okay. Can you tell me how old was the car, do you remember?

R: I don't remember what year it was.

M: Did you check out various different places with respect to how much you could get for the car? Or you just went to [REDACTED]?

R: I just went to [REDACTED].

M: Okay.

R: Yeah, it all happened that quickly. I was like, oh, let me just look this up, and I'll just kind of swing by. So I didn't do research. I didn't say this is what I want to do today, so it was very sporadic.

M: Okay. Was that the first thing you did when you walked in there? Did you say to them what will you give me for this car? And you thought to yourself if it's somewhere close to \$14,000 or something, which is what the Blue Book said, then that's good? Or how did you do that?

R: When I first walked in I just said this is what I'm looking for – do you have it? And the answer was yes. And then once we sat down I got a credit application and then I said this is what – because they want to know what I'm putting down, what I'm looking at – all that. And then we did the financial, just touched over it. So, then I said, this is the car. They took my keys and appraised my other car.

M: Okay. Had you arrived at a price for the new car before they actually appraised the car you were trading in?

R: No. Because there was a lot of back and forth with this is the price of the car, this is what we'll give you for this car. So I think what they were doing with bringing the price down on the car was so that they could give me more for my trade. I don't know how they worked that all that out with their numbers – that's their area. I think that's where they kept going back and forth with the bank and with their financing to see how we can get my payment here and if they had to take from here or take from there.

M: That's really of interest to me. At some point in the conversation did you say to somebody I want my monthly payment to be XYZ?

R: Yes.

M: Okay. What did you tell them?

R: I told them that I would not be at a payment... I didn't want to be over \$450, was what I said.

M: Okay. Not over \$450. What did they tell you that you would have to do to get your payment in at \$450 or below?

R: I would have to have, I think it was like \$3000 to \$5000 down on top of my trade-in.

M: On top of your trade-in. And so was that a possibility for you?

R: No.

M: So what happened, then?

R: I said I can't do that. And they said let me check with other banks.

M: So they checked with other banks, and what were they checking the other banks for?

R: To see if they could get me – because I was putting no money down for myself. Just the trade-in, but I didn't have any cash out of pocket. So they were checking with other banks to see if they could get me a better interest rate, because my credit was so bad they said that everybody was denying me. And I didn't have a really hefty down payment so it would have to be a really big monthly payment, which couldn't be where I wanted to be. So they kept trying to run numbers.

M: Um hmm. I actually have a very – what I think is an interesting question to ask you and maybe you can help me understand. You were very kind when we asked you to give us your credit score, because that's part of the requirement for this study of what we're doing, but I also found in the paperwork that you gave me back in [REDACTED] that it was higher than it is now. Can you explain this?

R: I did notice that, too. When I went and bought the vehicle, I hadn't purchased anything, I hadn't gotten anything, my credit had been a lot better. Since I bought the vehicle I had to take out a loan. They also ran my credit, which I looked at on [REDACTED] like 12 times to try and get financing for this particular car. And that brought my score down. That actually, when I walked out of the dealership, brought my score down the most from this purchase.

M: Um.

R: Between that, I had to apply for another loan, I got rejected; had to apply for a loan for personal stuff. So I applied of other things after that, and that's what affected my credit.

M: Okay. Have you, through your history – like you said, you were married. I guess you're not married now? Okay. Through your history, have you noticed whether or not your credit score has fluctuated a lot?

R: Well, I had to [REDACTED]. I bought a [REDACTED] when I was about 20 or 21, and [REDACTED] came down and was like, I've never seen someone at this age with such great credit. My credit was perfect. It was amazing. I was 20 and I got a special custom [REDACTED]. [REDACTED]

[REDACTED]

M: Oh, okay.

R: That's where my problem is.

M: Okay. Can you tell me when – I'm just curious as to when this all happened to you. Not your personal issue, but when your credit started to...

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

M: Do you know how you ended up with the credit score you ended up with in [REDACTED] when you were looking to buy this car? Because at that point, your credit score was much higher than it is currently.

R: I just had never paid any bills late. I always paid my bills on time, and I don't think I've had any inquiries in that time, so I was actually really shocked that it was that high when I came in. I was like, wow.

M: Okay. That's really helpful to me. I appreciate you going through that with me. So, with the exception of the term you didn't want to pay more than \$450 a month, you didn't stipulate anything else? You didn't say how long you wanted the payments to go for, or how much interest you wanted to pay, or anything like that. It was just I don't want my payments to be more than \$450 a month.

R: Right.

M: Okay. Did they tell you, well, here is what we're going to have to do in order to get your payments at \$450 a month?

R: Oh, yeah. This thing said you would have to have this much down. This thing said that we could do it but I think I'm going to have to – there was something else. I think it was a longer loan that I had to take out or something like that.

M: Uh huh.

R: I don't remember what it was. I had a bank loan for half of the down payment. They were trying to work with me to do all these things and I was like – this is like jumping through crazy hoops. Just be honest. If I can't do it, I can't do it, and let me walk out the door.

M: Okay. Alright. Can you tell me at any point during this process did the dealer indicate to you that you could get a better price if you agreed to certain conditions?

R: I don't know if I understand that question.

M: He didn't say, like, I can get you a better price if you agree to do X, Y, Z? Or if you agree to do – like financially. He laid an option down for you?

R: A better price, or interest rate? Or?

M: A better price for the car.

R: No.

M: Okay. You said you did have a trade-in, right, when you bought this car.

R: Yes.

M: And the trade-in price was determined based upon their appraisal.

R: Um hmm.

M: Their appraisal, okay. And how did their appraisal compare to the Kelley Blue Book number you got?

R: It was a lot lower. There was damage to the top of it, so it needed a whole new paint job to the top. And I completely forgot about that, so when they appraised it I was thinking, okay, this car has got low miles, I'm really good with it, I take care of it. It's going to appraise to the good to excellent – everybody always thinks that about their cars. When it came back, he was like, your car is pristine, but the top of it is really bad. So then I was thinking, well, I could go get it painted somewhere cheaper. My boyfriend and I were talking about that, and he said, well, I'm sure I can have somebody paint it for you and we could get that done. And I was like, this is just too much. I wasn't coming in to change my whole life right now. So, that was the only thing.

M: Can you tell me, did you owe money on the car that you were trading, or had you paid the car off?

R: No, I owed money on it.

M: You still owed money on it, okay. Do you remember how much the balance was?

R: I think it was – is it in there?

M: I don't know. How was the balance owed paid off?

R: They paid the balance off and took care of all of that. I think it might have been like \$15,000 maybe. I don't remember.

M: Um hmm. Okay. We'll look at the paperwork and see what...

R: Yeah, I think all the information is in there.

M: Okay. I understand.

OBTAINING FINANCING

M: How did you pay for your car?

R: I financed through the dealership.

M: Okay, so you financed it 100%?

R: Um hmm.

M: Okay. Tell me about the financing experience. What was that like? I'm assuming you talked to a sales rep, because you even said that was actually good, right?

R: Yeah. Even the financing, she was great and she was very nice. It's just the process was so long, and they have you sit out in a room and they're back there and I don't know if she's really doing what she says she's doing and she's like, I'm trying to fight for you to get all of these things to do this. And two hours later – or if she's seeing other people in between – I don't know what she's doing back there, but she was very nice. Everybody there was nice. It was just was very stressful. Because I can't tell you how many times I was like, I can't do that. They're coming at me with a \$750 payment. I can't do that. What are you not understanding?

M: Okay, right. Can you tell me – so that is the part that was stressful, the fact that they would come back and say it's \$750 and you said I told you I can't go above \$450.

R: Right.

M: Okay. Was there anything actually – other than the fact that they were really nice – was there anything else that you particularly liked about the financing part of this?

R: I don't really know.

M: Okay. How did you decide to fund it through the dealer as opposed to a bank or credit union?

R: I didn't. They did. Did you see the interest rate that I got?

M: No, not yet.

R: It was like 4% over my credit, and I didn't ask any questions. She came back with that and I'm like, did you make a mistake?

M: Because you thought it was going to be more, you mean?

R: Oh yeah. They were talking like 25% interest rate.

M: Who is “they”?

R: When she came back from... she checked [REDACTED], she checked like every bank, and they were talking to me about all these interest rates, and I’m like, there’s no way I’m going to pay a 25% interest rate. I mean, yeah, I was more worried about the payment, but when you tell me that, I’m like, I’m not an idiot. I may not pay attention to the fine details, but I’m not stupid. And I don’t need a car – like I have a working vehicle. So, but then she came back and said that they pulled strings with [REDACTED] because I guess they can do that, being as they work there.

M: Um hmm.

R: She said they got me a 4% interest rate, which to me is the lowest interest rate I’ve ever had besides when I bought my (unintelligible). I was like, let me jump on that.

M: Um hmm.

R: But the payment wasn’t different, but at that point I think they realized I had been there for so long I was ready to leave, and they had to figure out how to keep me and get this car sold.

M: Okay. Can you tell me – you told me about the \$450. Did anybody at any time say anything to you about the possibility of refinancing at some point?

R: No.

M: No, okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Let's talk about additional products and services for a second. Did the dealer offer you any additional products or services to purchase?

R: Yes.

M: Tell me about that whole experience.

R: They offered me dent, powertrain, leather seats heated – because my car is loaded – the heated seats, the radio, they offered me all of those things, which I denied because I know that that contributes to the payment. And then they actually came back and said because I as a loyal customer they would give them all to me for free.

M: Hmm. What about extended warranty kinds of things? Tell me about those. Like, extended service contract or...

R: Yeah, I have all of those. It's all in there.

M: You have all of them, okay. And again, we'll look at the paperwork and see. Can you tell me when they were offering you these extended warranty products or gap coverage or things like that – did they tell you how much each of those things cost, or what did they tell you about the cost of those things?

R: It's funny you say that, because now that I think about it, it was it will only cost you \$2 a month. This one will only cost you a few dollars a month. But yeah, after 20 things, a few dollars a month is another \$60 a month in payments.

M: Right.

R: But they didn't say how much it was for the entire year or the length that I got it for. It was just – this is only \$1.50 more a month.

M: So when they break it out like that as opposed to saying it's going to cost you...

R: \$4000 more.

M: Right, okay. How did you know which ones to purchase and which ones to say no, thank you very much, but I don't want that?

R: Well, I actually said no to all of them because with the previous car, I never used anything. I never brought it in for a dent. I never brought it in for anything, even the oil changes at the dealership are like \$80 now. So, any services that the dealership provides I don't really want anything to do with it. I have a friend or somebody who can do that a lot cheaper.

M: Oh, so you don't take it to the dealer to be serviced?

R: I did for the first year that I had the car from him, because they gave you free oil changes. So I always had my oil changed for free there. They no longer offer it. That was another reason why I went there, too, because I was like, you guys used to do free oil changes. And they were like, yeah, that was six years ago.

M: Um hmm.

R: But yeah, so I knew that I didn't use any of those and if I was paying for something, it's a waste, so I declined everything.

M: Okay, alright.

R: Except for gap. That's the only thing I knew I wanted.

M: Okay, and why did you want gap?

R: Because I've always been told that if you buy something and as soon as you drive off the lot it goes down, like if somebody hits me then I'm still owing money. So I was like, let me get the gap insurance. And I think that my insurance company might require it. I don't know. Don't quote me on that one.

M: Okay. And can you tell me, did they tell you how much the gap insurance was?

R: I'm sure they did, but they do it so quickly – here's this – sign here, and here's this and this. Sign here. At this point, I'm like if the numbers look good, okay, here's my name. After you've been there for four hours, you're done.

M: Right. You're a perfect respondent.

CONTRACT AND POST-PURCHASE

M: My next question to you is going to be did you have the opportunity to review your paperwork before signing?

R: Yes.

M: People review paperwork like this in very different ways. Some people, just like you said, they're there for four hours, I'm done. I glance, I sign. I go to the next one, glance and sign. Other people are very particular and they read line by line by line by line.

R: Yeah.

M: Other people just scan. They look for certain key things and then they're done. I'm curious, what kind of paper reviewer were you that day?

R: How she presented it to me, she flipped everything over so that I was looking at it. So, she was like, here's your mileage – I don't care, just sign. The car is brand new; I know. Here it's saying that you have gap insurance. Okay, I'll sign. This is saying this is your loan agreement, and that's when I start to pay attention. I'm looking at the numbers and looking at everything she's showing me. I'm like, okay, everything sounds right. I'm listening to what you're saying. Okay, I'll sign it. We go to the paint detail. I'm not paying attention here. So it was more of I was trying to get out of there. I'm not one of those people that reads things line by line. I trust you enough in a place that, if I got that far, that you're not going to, I guess... You know, everything seemed right.

M: (unintelligible)

R: Yeah. I didn't have any crazy fear of it, so it was really just paying attention to things that caught my attention.

M: Okay. Can you tell me – since you purchased your car, did the dealer contact you or did you contact the dealer?

R: Since? It's really funny. He actually just texted me as I was walking in here.

M: Are you kidding?

R: I'm not joking. How is everything? I was like, great.

M: Uh huh.

R: Actually I kind of made a friend out of this guy, because I'm there for so long and he and my boyfriend had stuff in common and knew somebody that worked there together years ago. So we kind of were just chatting and friendly. So, he contacted me actually on my birthday and called to say happy birthday and sent me a little card. Maybe for about a

week he would call and text me, like is everything okay? Do you have any questions about the car? Do you need anything else? So, that was...

M: Okay, so that was kind of a followup.

R: Yeah.

M: Okay. When you recall the paperwork signing – first of all, did you sign it? Was it in paper form or was it digitally online? Did you sign with a digital pen or...?

R: It was a paper form.

M: Paper form. And when you were reviewing the paperwork, were you reviewing it on the computer screen or ...?

R: The paper in front of me.

M: Okay, alright. Did you notice as you were reviewing the paper, were there any numbers that looked different than what had been verbally discussed with you at all? And if so, did you question that and discuss it with your finance rep or your sales rep?

R: I don't think so.

M: Okay. Did your credit terms change at all from the time you started talking about the various terms to the time you signed the paperwork? Were there any changes? Like either the length of payments for your loan or the monthly payment?

R: Once we got to the final one?

M: Yeah.

R: No.

M: Okay. At any point during your discussion of the purchase of your car, did somebody mention to you the idea of placing a tracking device on your car?

R: It comes with my car.

M: What do you mean?

R: There's something in the car that will tell you where you are all the time. I think it's linked to your phone.

M: Like a GPS, you mean?

R: Right. It tells you exactly – like if you run off a ditch or something like that, you can always log in so that they can find you. The sales guy was telling me about that feature.

M: Okay. Did he mention whether it was good for anything else in addition to just locating where you were? Like, did he say anything about the fact that if you had trouble making a payment that you might not be able to start your car? Did he ever say that?

R: No. That's funny, no.

M: Okay.

R: It was more safety stuff.

M: It was safety related, okay.

OVERALL UNDERSTANDING

M: Now let's talk for a moment about the deal itself. Do you have your paperwork with you?

R: Yes.

M: The first paper I would love for you to pull out is what's called the Automobile Simple Interest Retail Instalment Contract, and it looks like this.

R: I think it's this one, yeah.

M: Let's look at this for a moment. The first thing I'd like you to do, just looking at it as a whole for a moment, overall would you say this is a relatively easy or relatively challenging and difficult document to understand? In your personal opinion.

R: Um, it looks pretty easy to me.

M: Okay. Can you tell me, point to me to what your monthly payment is on your document over there, and read the number.

R: \$539.75.

M: \$539.75, okay. You're looking at that number. You tell me, was that a surprise to you when you saw that number, especially because when you went into the dealer you said I need my payment to not exceed \$450 a month? So, tell me what your reaction was when you saw it at \$539.

R: Well, because a lot of things happened in between. When I walked in and said \$450, then they appraised my car. I found out about all the work that it needed on the scratching, and I knew at that point, because I forgot how bad it was, that it was going to cost me to get that fixed. And I had borrowed against the loan – like I skipped a few payments. So when I talked to her she had said, we can make this, this, and this happen, but your payment is going to be a little bit higher. I'm thinking to myself, well, I already pay – because my payment was \$450, and I was giving them \$550, so I already knew that I could afford to do this. I just didn't want to do that. So, when it went up that high I said okay, at this point you're paying off the car, I'm getting what I want. This is all kind of working out in the same thing, then I'll just take it that way.

M: Okay. What's interesting about this, one of the other things that you said since you've come in here is you said I knew I didn't need a car – I have a working car.

R: Exactly.

M: So, help me understand...

R: I just... I don't know. I do things sometimes without thinking about them.

M: We all do.

R: Yeah. I tend to make very big purchases without thinking about them. I'll go out and get a dog without thinking about it. I do things like that. So that's really kind of what it was.

M: So, you mean at that point you were vested in this car.

R: Like I had already committed. (unintelligible) say no, but everything was working out and it really seemed in my benefit.

M: When you say it was working out it seemed like in your benefit – what do you mean by that exactly?

R: I mean their job is to make it look like I'm walking away with a great deal. That's what they're supposed to do. They're salespeople.

M: Right.

R: So, looking at all the numbers and looking at everything that I had going on in front of me, that's actually how it felt.

M: Can you put your finger on what was it that made you feel like they were giving you a really good deal and that you should move forward with this?

R: There were several things. The interest rate was a big deal for me.

M: Okay.

R: The amount of money... that they were going to pay my car off. Now looking at this number, that was not the price.

M: Which number?

R: \$38,000. So I think that's what they did, is they gave me – they did one or the other, and so they must have made the price more of the car, because it was not \$38,000. So that's what they wound up doing, and giving me what I wanted for the other vehicle.

M: Um hmm.

R: What else? Yeah, and I got a bunch of refunds, too, because of all the extras that I had got on the other car. I didn't use any of them but I paid for them, so I got a little over \$2000 in checks back from all of those things. So, I kind of walked away with no money out of my pocket. Now I've got \$2000 cash. I paid off my car. It was at a 12% interest rate. Now I have 4%.

M: Oh, so your car was at 12% interest rate?

R: Yeah. It was high because I had to buy it from him because it was in his name, and then we had to switch it out when [REDACTED]. It was a whole big drama. And my credit was bad at that point because I had [REDACTED].

M: Um hmm, okay. Let's continue. You showed me the [REDACTED]. One of the things I'm interested in knowing now is the APR. Point to the APR and tell me what the APR is.

R: 4.9.

M: Okay. You said that that was the best surprise. You expected it to be more?

R: Yeah.

M: And when you saw 4.9 – how did that make you feel?

R: Good. They made it seem like they pulled strings with [REDACTED]. From what I know about buying vehicles and from co-signing for other people and having co-signers, to get financed through the actual dealership you have to have really good credit. And so I'm thinking that they really tried to help me out there because I couldn't – even when I had great credit when I told you, the [REDACTED] – I still had financing for [REDACTED]. And the other car was through [REDACTED]. And they're horrible. So...

M: What do you mean they're horrible?

R: The interest rates, they're just not great. I just haven't had really good experience with those companies, both of them.

M: Okay. So, when you say the last car, do you mean the trade-in car that you had, you were financing through [REDACTED]?

R: It was financed through [REDACTED], yes. And [REDACTED] paid off my loan with them.

M: Um hmm.

R: So, when she came back with the [REDACTED] and at this interest rate, I was like, wow, they're really doing something for me. Because my credit is not great.

M: Um hmm, okay. And they definitely made a concerted effort, at least in your view while you were there, to imply that they were checking interest rates or APRs in a lot of different places, until they came back with this APR form [REDACTED].

R: Oh, I know that they did, because my credit report showed it all, and I got a bunch of letters in the mail saying you applied for this and sorry we couldn't give you a loan; this is why.

M: Um.

R: So, yeah. It was ridiculous when I looked at the credit... They did it, yeah.

M: Okay. The length of payments – point to the length of payments on your document. Okay. And what does it say?

R: 72.

M: Okay. Can you tell me, is that what you expected, the length of your payment?

R: I think that's the most you can finance available for, so I assumed that I would probably have to be at that.

M: Okay. And are you assuming, then, that you'll be paying this car off for 72 months?

R: Yeah. I plan on keeping this car. This is the car that I want.

M: Um hmm, okay. And did you try at any time to ask them is it possible to finance this for 60 months or for any other length of time or...?

R: No, because I know that the payment would have been so much more and I'm already more than what I want it to be, so I didn't even ask those questions.

M: Okay, fair enough. Now let me ask you this. At any time while you were at the dealership, did they mention anything to you about a spot delivery agreement?

R: I don't know if I remember that. They may have. I don't want to say no.

M: Actually, pull this out. This may be what we're looking at. It's called "Conditional Delivery Agreement." So, they're not calling it a spot delivery agreement. Did you find it?

R: Yeah.

M: Okay, good. Take a look at this document and just read through quickly, skim it, whatever – and tell me what you think it means. And did they explain this to you?

R: No, I don't know what this is.

M: Okay.

R: Is it I have this many days if I decide I don't want the vehicle I can bring it back?

M: Do you think that's what it means?

R: See, she was going through all those and just telling me what it said.

M: Right, right. When we read the first sentence – it says “The financing or lease agreement you entered into with the dealer is not final and must be approved by a third-party financial institution. If the terms are approved, the sale cannot be cancelled. If the terms are not approved, the dealer must notify you in writing within four days of delivery of the vehicle to you, and you and the dealer may cancel the sale. If the sale is cancelled, the vehicle delivered to you must be returned to the dealer in the same condition it was given to you except the normal wear and tear, within two days of your receipt of a written notice of the third-party rejection.”

R: Oh, so I entered into a deal with [REDACTED] and somebody else then has to look at it and approve it? So if that's not okay, I guess is what they're saying.

M: In this case they're referring to it as a conditional delivery agreement, but dealers often have these documents, and basically what it's says is they will allow you to drive off the lot with the vehicle but until the financing is absolutely signed, sealed, and delivered, the car is not yours until the financing is approved, signed, sealed, and delivered approved. Do you know what I'm saying?

R: Right.

M: Did anybody explain that at all, or not really, to you when you were...?

R: No.

M: You don't recall somebody saying to you we're going to let you drive off the lot, but you have to realize that it may take a few days for the deal to actually solidify.

R: And I still had the keys to my old car and the title.

M: So, even though they paid off the car?

R: The payoff didn't go through for however many days, or a week or so.

M: So they allowed you to take the keys and the title?

R: I didn't have it with me because I didn't walk in there thinking I was going to buy a car, so I drove in, in the car that I owned without a title and without my spare key. Because I...

M: Oh. How did you drive away with the new car?

R: They gave it to me. I left the old car there.

M: Oh.

R: I left my car on their lot and took the new car with me, and went back two days later to clean it out, get out all the things I needed to do the title and do all that stuff. And then I couldn't find my title and then I had to request one from [REDACTED] and that took five or six days or something.

M: But meanwhile they let you keep the keys to that car? Or they made you give them the keys?

R: They had one set of keys. I had two keys. You get two keys when you get a car.

M: No, I meant your old car.

R: Right. When we got the car we had two sets of keys.

M: Oh, so you had one and you gave them one?

R: Correct. So, I still had the keys and title and everything to the other car. Technically I had possession of two cars.

M: Okay.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: If you turn the page of the Retail Installment Agreement, which is the first document we're looking at, it gives you the breakdown. Let's go through these numbers. So, starting at the top, tell me what your impression is of the numbers that are listed on here.

R: Do you mean the base price of the vehicle?

M: Yeah, just go through the numbers and tell me what your explanation is for these numbers. What you think they mean.

R: That's the \$27,000...

M: Where are you?

R: Right here.

M: You want to go back to that Retail Installment Contract.

R: These papers are not in the right order. That's why I'm...

M: It's this one, the one that we were going through before where you're finding your payment and your number of months. Got that?

R: Yeah.

M: Okay. There's a second page to that (unintelligible).

R: I didn't go through it all. What does it look like?

M: It looks like this. Okay. I just want to make sure that when we're talking about the numbers that we're talking about the same numbers.

R: So, the one at the top is \$28,809?

M: Yeah, that's it. You're on the right page. So what is the \$28,809?

R: The total price of the vehicle.

M: Okay. And then what's next on the line?

R: Processing charge.

M: Okay, and that's how much?

R: \$300.

M: Okay, and was that a surprise, or is that something you expected?

R: I didn't really think anything. I assumed they had to pay somebody to do all the processing work.

M: Okay. And then what's next?

R: Tax \$940.34.

M: Okay. And the total?

R: \$30,049.

M: Okay, perfect. Let's go down further and it says "down payment" and there was no cash down payment because you said you didn't have that.

R: Right.

M: Then what are they showing you?

R: What they're giving me for the trade-in on the car, what I owed on it. Oh, I thought it was a lot more than that. I thought it was like \$16,000. So, what they're giving me for the car; what I actually owed on it. And then I guess the difference in between.

M: Which was how much?

R: \$870.

M: Okay. And then what did they do with the \$870?

R: I don't know, because – oh, I guess they put it back into the loop, it looks like. Because that's the gap insurance was \$750, trade-in to [REDACTED] – oh, so I guess they worked that back into my lump.

M: Okay. So let's continue going down, because this is perfect. So the \$870 was the difference, and you're saying it seems to you that they put it back in your loan. So then, if you go further down, it shows you an extended service contract called "Performance First." It shows you an amount of \$1595. Tell me about that.

R: Where is that?

M: Right here.

R: Oh, okay.

M: Tell me what you think that is.

R: Is that the thing that they told me that I got for free? Now you're going to make me feel like crap.

M: Oh, I don't mean to make you feel that way. These are the kinds of things that happen, so I just need to know – did anybody explain this to you? This is the classic thing where you said you were going through all these additional products and services, and they're saying oh, just \$2 for this and \$3 for this. So I was trying to find out from you, did they ever say to you that the total cost of the contract was \$1,595?

R: No, they didn't. Because what she told me was that I got – and I have all the paperwork for that, too – she told me that I got all of that for free because I was a loyal customer and they were going to give it to me. So I was like, okay, great. But, in the same aspect, I got a check for a little over \$2000 for this same exact thing.

M: And where is that shown on this?

R: It's not, because it came to me personally because it was on this separate [REDACTED]. So, in my reality, yes, this deal – she may have pulled a fast one on me... She told me that I got it for free and I did not, because it looks like I paid for it, into my loan, but because of the trade-in on the old vehicle I still walked away not paying this and actually getting more back.

M: Um hmm.

R: So, I'm not (unintelligible). She did, she absolutely told me that I would get all of that for free.

M: I still don't quite understand the \$2000 you got back. That was from...?

R: The [REDACTED] trade-in.

M: But how did they give you \$2000 back? Because they...

R: I got a performance... additional stuff that I got – the dent, the powertrain, the...

M: So they reimbursed you for...

R: The companies did. The companies that they work with – they came from different ones. One came from [REDACTED] service, one of them came from [REDACTED] and something or other. So, I guess they sell a package for all these different companies and they somehow make money through each other. So, when I sold them the car I got refunded for all the money that I had paid and not used. So that's why I got all that money back.

M: Interesting. I never heard of that, so I learned something new from you.

R: I had never heard of that either, and when she told me that, I'm sitting there going okay, that's what I'll use for Christmas presents. So do you see where my thinking is now?

M: Yeah.

R: The numbers are adding up as far as my payment. The interest rate is working out. You're telling me now that I'm going to get – she kept saying you're going to get refunds back and they're probably going to be, she said, about \$1000. So it's still in my head, okay, I'm walking out with \$1000. Everything seems right. I'm not putting out any money.

M: So this \$1595 is the Performance First Extended Service Contract? Do you know what you get for that?

R: Yeah, I have a whole book full of stuff in my car. It's dent, paint, heated seats, radio – I think it basically covers everything in the car from normal wear and tear to each, but it's not like engine stuff.

M: Do you have that paperwork here? Did you bring that in?

R: I don't know.

M: A lot of times people will bring that in.

R: It's in my car, which is downstairs.

M: I'm just looking to see if you have any of that here.

R: And this is the cancellation form. I cancelled for the performance trade-in.

M: Cancellation Request and Quote Form. Traded. Sold. Cancellation Request Quote. I don't even know what that is.

R: And here's the actual Cancellation form. So, this is all from the other group? This whole personal performance import stuff, they, I guess, have several different companies that they use. So, cancellation – they're all in here.

M: Okay. You're saying this is an example of what they gave you to get that rebate that they gave you, is that right?

R: She didn't give me anything. With all of this done I just started getting checks in the mail. I didn't fill anything out. I didn't do anything else.

M: Okay. Let's go back to this just for another two minutes. I want to continue. So, that looks like – what I don't see here is the gap insurance, but the gap was \$750. That's on a different sheet somewhere, right?

R: Right here, \$870.

M: I see it. Did you talk to them about the gap insurance at all, like in terms of negotiating the price at all? Did you know whether you could?

R: I had no idea that you could even do that. Is that true, you can?

M: Basically the #1 lesson is that you can negotiate anything.

R: Well, yes. That I pretty much know, but I thought it was based on – I have no idea what it's based on.

OVERALL EXPERIENCE

M: Right. Okay. I'm going to ask you one followup question, and in the meantime if my colleagues have any additional questions for you, they will send a note in. So I will wait for them to do that. My last question for you is going to be when you think about the entire car-buying experience that you've been through – the looking for the car, the pricing of the car, the financing of the car, the additional options, services and so forth, can you tell me overall how you would assess your experience?

R: From 1 to 10?

M: Yeah. Why don't you do that, 1 to 10, where 1 is really terrible and 10 is superb. What would you say?

R: I'd probably say a 9.

M: Okay. So overall you feel very good about your car buying experience. If you needed to buy another car would you go back to the same dealer?

R: Yes.

M: Okay, very good.

R: Except that I would remember that. And now I know I can ask questions on different things.

M: What do you mean you know you could ask questions?

R: Well, I asked questions, but I think you've educated me a little bit more on things that I'll go in and ask, rather than wait for four hours and, okay, I'm trying to get out of here. That's what they do to you. They want you to sit there and be so frustrated that next time I'm just going to walk right into finance and say, here, you and I sit down and then I'll go to savings.

M: Right. Here's another document. Let's look at this for a second, and then we're done. This is the Vehicle Buyer's Order document. Look at that. I'm just curious, because on this we also have – the Dealer Processing Charge is the same, that's \$300, but we also have a freight charge on here. And then you have a tire and wheel charge for \$474.

R: I think that was because I wanted to get the better tire...

M: Oh, that looks like that was part of that [REDACTED] thing. Is that possible? \$474 – but where would that \$15... No, that was just add-in.

R: Are you sure this [REDACTED] isn't – and it might be stupid, but I wanted these certain tires, and they were bigger than what I wanted, and I don't know if that's it.

M: I can't really tell you what it is because you don't have the paperwork with you, so that I could tell.

R: Yeah, I don't know.

M: You said that's in the car.

R: Yeah. I don't know.

M: According to the Retail Installment Contract, the \$1595 says Extended Service Contract.

R: Okay, then that's got it.

M: Through [REDACTED] is what it says is the name of the company. I'm looking in the printed back... I guess we're in good shape, because no additional questions have come in.

CONCLUSION/FINAL COMMENTS

M: You've done an amazing job, and you're a wonderful, wonderful respondent. I really appreciate the time that you gave me today and all the paperwork that you brought in. Thank you so very much. We're good to go. I'm going to show you where you go to pick up your gift.

R: Are you allowed to tell me why you're doing this study?

M: We're just doing a study on auto financing. It's to understand what people understand and don't understand about the auto purchasing, auto financing experience. And it's to understand how more consumer education – how to get more consumer education out to people.

R: Okay, so it's like to better bring people on to understanding more.

M: Right. To make them more informed about what they're going to be doing.

R: Okay.

M: We're in good shape.

R: Who do I get to validate...?

M: They will validate your parking and they will give you a gift. So I am going to bring you there so you can get that. Thank you so much, [REDACTED]. It's been a pleasure.

R: Thank you.

// end of recording //



AUTO BUYERS STUDY

188329 [REDACTED]

Project #FTC1501

RESPONDENT INTRODUCTION

M: Ok, so my first question to you, for the purposes of the record, can you state your first name only?

R: [REDACTED].

M: [REDACTED], ok. Welcome, [REDACTED].

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: Tell me, what is the most recent car that you purchased?

R: My car, the [REDACTED].

M: The [REDACTED] and when did you purchase that?

R: [REDACTED].

M: [REDACTED], this past [REDACTED]?

R: Yes.

M: Ok and can you tell me, now we're going to break it out into the shopping part of it, so I want to hear all about the shopping experience. How did you decide what car to buy? How did you decide what dealer to go to? I want to hear all about how you sort of made those car choice decisions.

R: Ok. Well, a long time ago, I always wanted a [REDACTED], because my best friend, before she moved, she had a [REDACTED] and it was really nice. It was like six-plus years ago, I think they like just, were like a thing back then. And then it switched around between different like ecofriendly cars, so like something that's, say, for like gas mileage. And then when it came down to it, I just Googled the closest dealership and that was the first one that showed up on Google. And I was like, oh, it must be meant to be, should get a [REDACTED].

M: Ok, so did you look at any other brands or just the [REDACTED]?

R: I looked a lot. I looked at [REDACTED], because my boyfriend is a huge [REDACTED] fan. And I looked at [REDACTED] and I think [REDACTED], because they were a thing. The commercial was cute.

M: The commercial was cute? (Laughing) Ok.

R: And yes, because of the hamsters. I think that was cute, yes.

M: Oh, was that a TV commercial or?

R: Yes.

M: Oh, ok.

R: Yes.

M: Ok, all right. So, was there anything not, that you didn't like about the car purchasing experience? So that the shopping part of it, we're just talking about the shopping part.

R: I think it was fun.

M: Yes?

R: Yes, the beginning was fun, like the seeing cars and the new, and then like shininess. That was really cool and test-driving them.

M: And how many dealers would you say you went to or how many cars did you say you tested, would you say you test-drove?

R: I think I went to about three dealers, different kinds of cars, like SUVs and sedans.

M: All right and can you give me just a general, it doesn't have to be exact, but the general sort of timeframe that you did this in? So you purchased in [REDACTED], but can you tell me like when did you start?

R: I think I started looking, I think the beginning of last year. I think, yes, the beginning of last year when I was like, ok, when my tax money comes in, I'm going to get a car. So let me know what I want before it gets there.

M: Ok.

R: Yes.

M: So like [REDACTED] you started looking?

R: Yes, that sounds good.

M: Ok, all right. So, can you tell me what, when you think about when you went into the dealer, at which you purchased your car, can you tell me how long did the entire process take, from the time you arrived until you left?

R: I think I got there at 10:00. I think, yes, I got there at 10:00 and I didn't leave until like the sun was already going down, so I think it was like 6:00 or 7:00 when I left. It was like an all-day thing and then I missed my hiking trip, because of it.

M: Really? And was that the only time you were at that dealer? Like, did you do everything in one day?

R: Yes, I just wanted to get it all done in one day. I didn't want to like span it off for like a week and come back and do this. I just wanted it all done in one day, like everything.

M: And were you by yourself or did you go with someone?

R: I was by myself.

M: You were by yourself, ok. All right, now let's talk about the next step. Ok, so we talked sort of how you decided on the car you wanted and did you tell me how you decided on the dealer? How did you decide on the dealer?

R: I think Google; it was closest to my house.

M: It was closest to your house, right. That's right, you just said you Googled and it came that it was meant to be.

R: Yes.

M: I remember, now.

AGREEING TO A PRICE FOR THE CAR

M: Can you tell me; how did you go about getting a price for your car?

R: Oh man. Well, I always like, in the back of my head, my dad always instilled, like don't go in there and then like let the people like take advantage of you. So I like looked online to see, on like from the dealer websites, I had picked a dealer and it was like let me look through their inventory. So I knew like in the range of what I wanted. Like I knew I didn't want it more than like \$15,000 because I wanted a low monthly payment. But I didn't want a like little cheap car, so. I think I went in there with the mindset of like I know what I want, but I need you to like tell me what my stuff looks like and then let me like, I guess, haggle. But I don't think I did it really well.

M: So, you went in and you said this is the kind of car I want and this is what I want on the car?

R: Yes.

M: And then what happened?

R: And so then they were like, ok well, let's run your credit and then I was like; ok, let's get that over with it. And she can tell me whether or not I can get a car. And then they were like, ok, well...it took like four hours before they could tell me if I could even get a car.

M: Really?

R: Yes.

M: It took you four hours?

R: Four hours.

M: It took them four hours, what do you think they were doing for that time?

R: Well, they told me they were looking at different banks because I was young enough that I didn't have enough credit history. But then, I also had a car and lost it, like a year and a half ago.

M: What do you mean you lost it?

R: Like got it repossessed.

M: Oh, ok.

R: Like a lot of stuff my family went down (?), so. So then that happened and so that like caused, I guess, like bad things to happen. Like, for that bank not to loan me. And so

after the four hours, they finally found like a place, but then it wasn't the car that I first was with. Like, I wanted a [REDACTED], but then it could only get a [REDACTED], like go through is what he said. I'm like, oh. But like they put cars and they like go through to see if the bank likes it or not and that was the only one that they liked.

M: Oh, so how did you feel about that? That you went in for a [REDACTED] and then?

R: I think (inaudible) because it was like, well; I can't even get what I want. And after like four hours, I was like I just want to leave, I was like; just do it. I was like I don't care anymore. It wasn't fun.

M: It wasn't fun, ok. All right and so I need to understand how you arrived at the price of your car. Did they tell you what the price for the car was going to be? Or did you tell them?

R: I told them what I wanted and then like, I wanted to stay below \$450 a month.

M: Oh, so your monthly payment, you told them what you wanted to pay on a monthly basis?

R: Yes.

M: And you said below \$450?

R: Yes. And I was like I understand that it's going to be \$400, but I want to be below \$450. And then he told me like this is the number. And then I was like, can it get any lower? And then he started like adding numbers on the computer or something, and they got it like \$10 cheaper. And I was like ok, whatever. I just want to go now.

M: You just want to go now?

R: Yes.

M: Did you discuss with them any other terms? Besides just the monthly payment, did you ask them at all about the different kinds of APR that you could get or the different amounts, like the amount of time that you would have to pay the car off? Did you talk about any of that?

R: Well, they asked me if I wanted to do sixty-two or seventy...sixty-something or seventy-two, and I was like whatever is the longest. Because I think that means that your percentage is lower or your monthly or something is lower if you go like further out. And so I knew that was probably what I wanted to do.

M: So you wanted to pay longer so that you could get lower somewhere?

R: Yes.

M: But you didn't know what you would be getting lower. Like was it going to be the monthly payment or the interest rate?

R: Yes, I didn't know.

M: Ok, all right. Did they discuss any numbers with you about the APR?

R: No.

M: No? They didn't?

R: I don't even know what it is.

M: You don't even know what it is, ok. That's fair enough; I understand. Let me ask you this. Did the dealer indicate to you, you could get a better price if you agreed to certain conditions?

R: Yes.

M: What did they say?

R: In the beginning, like before they picked the [REDACTED], I needed a cosigner, because I wouldn't even get a bank by myself. So, I needed a cosigner; I was like, well, I don't have one, otherwise I would've brought one with me. So then I called my dad, who lives in [REDACTED], and see if he could. But I knew he was like super old and he has really bad credit, I assumed.

M: You assumed he had bad credit?

R: Yes. And so, I called him and they ran his thing and I guess it was a little bit better than mine, but not too much. So they used him and then that's how we got the [REDACTED]. But I still had to like pay, like, a lot of money down.

M: So they used him to cosign your loan?

R: Yes.

M: Is that what you're saying?

R: Yes.

M: Ok, all right. Did you have a car to trade in?

R: Yes.

OBTAINING FINANCING

M: Ok. All right, so let's talk about how you paid for the car now, ok?

R: Ok.

M: So how did that all work out?

R: Well, I had what I had. I was like I'm bringing \$1,200. Well, it was like I had \$1,100 in cash but I had money on my card and I was like worst-case, like if I can get like a deal, I'll put more money down. But that wasn't the case. I actually needed to put a lot of money down. So I could get like an ok deal.

M: So how much money did you put down?

R: \$1,675.

M: \$1,675, so you had that money then you could put down?

R: I had \$1,100 and then I had to come back with like the remaining amount, like a couple of days later when I got my taxes.

M: A couple of days later?

R: Yes.

M: Ok, so you ended up having to come back.

R: Yes.

M: You didn't do it all in one day, ok. All right, so let's talk about the financing part of this for a minute. You know how you did an awesome job when you were talking about how you shopped for the car and what was good about it and what wasn't good about it. Tell me about the financing part of that. What was good about it and what wasn't good about it?

R: It just, it's just like if I knew more about like my credit and like what I needed to do to get a car, I probably would've been more prepared. But, like going in there, they like build you up, all these hopes and dreams that you can get some nice car, which like you can't, unless you have a lot of money or if you have really good credit. And I wasn't like, I didn't know. Like I knew but I didn't really know.

M: What do you mean you knew but you didn't know?

R: Like I knew that you have to have like, you know a lot of money down. Like and then like something to trade or something to get a really good deal. But I thought that was

really the luxury cars. I didn't know like it was going to be for like this simple, like a basic car. But, so when it happened and I waited, like I had to wait so long just for them to even think that I was going to get a car. And so after all of that, I was just done, I was like I don't care anymore. I was like if they accept me, if they don't.

M: Did you go in knowing what your credit score was?

R: I had an idea of what it was.

M: You did have an idea, ok.

R: Yes.

M: And was your assumption that your credit score was going to be ok enough to get a car?

R: Yes.

M: Yes, ok.

R: Because I was like I have money to put down. Well, I guess I didn't have enough.

M: Ok, all right. So, in the end, how did you decide to finance through the dealer?

R: Because I just thought that's what you do. (Laughing) What you do.

M: Ok, so it's not like you checked the APRs at any banks or credit unions, or anything like that?

R: No.

M: You didn't do any of checking around, you just went into the dealer?

R: Yes.

M: Ok, all right. At any point during your experience when you were purchasing your car, did anybody suggest that you had, that you could have the opportunity to refinance the car?

R: Yes. After I signed everything, they were like, well in a year after you like make your payments on time; then you can like try to refinance and try to get a lower payment. Or, they said I could bring it in and trade it in and get a different car. And I was like I don't want to do this again. I don't want to do it again. So I guess I'll (inaudible) refinance...in there.

M: And did they say how you would go about refinancing?

R: No.

M: No? Ok.

R: I think I just call them.

M: You'd call them?

R: And a bank, yes and they'll tell me.

M: Ok. So, at first when you first went to the dealer, you were dealing with whom?

R: The sales guy.

M: Ok and then when you started doing the financing, did you still deal with the sales guy or did you deal with somebody else?

R: The finance guy.

M: Ok and did you, at any point and time, meet with a supervisor of any kind while you were there?

R: No.

ADDITIONAL PRODUCTS AND SERVICES

- M: Ok and let me ask you this. When you were, at any point and time when you were purchasing this car, did the dealer offer you any additional products and services to purchase? And if so, do you remember what he offered you, or she, whoever?
- R: I think I saw a sign, there was a sign on his desk about like a total package, with oil changes and then I was like, oh, I really want oil changes on my thing. But like those free oil changes you get when you buy a new car? I was like I want one of those. And then, and he was like, oh, well it costs this much more and then I was like, oh, can I just get one? (Laughing) Like the first one free? And he just said that he'll just put it on to, my like envelope, but not put it into the numbers. So, but they wouldn't go up, like my price wouldn't go up and I was like, oh, ok. And so I haven't used it yet, but hopefully.
- M: So what do you mean, he gave you a complimentary oil change?
- R: Yes, so I got like this card and then that I take to the dealership, but I haven't used it yet, because.
- M: And it's for the first one?
- R: I think so. I think so; when I called to make an appointment, the lady said just bring the card.
- M: Bring the card?
- R: Yes.
- M: Ok. So, but he didn't mention anything else, like extended service contract. Did he mention anything like GAP insurance to you?
- R: No.
- M: No, ok. All right, so how was that experience when you were sitting down with whoever it was, was it the sales person or the finance?
- R: The finance guy.
- M: The finance guy, when you were sitting down with the finance guy, and he mentioned like anything about extended service contracts or anything, any other? Nothing?
- R: No. I just signed a bunch of papers.
- M: You just signed a bunch of papers?

CONTRACT AND POST-PURCHASE

M: Ok, so let's talk about that process a little bit, ok? Did you have an opportunity to review your paperwork before signing?

R: Kind of.

M: Let's talk about the "kind of" part of it, because I've learned over the last several weeks doing this that people review things in very different ways. Some people just skim. Some people, by the time they're ready to sign the paperwork, just sign it. And some people read it line by line, by line.

R: That's how my parents told me to do things. But, by the time, it was like kind of...so by the time, I was like (inaudible) read, but then you think like your parents are in your head and you're like; don't forget to read everything you sign. And so then I stopped signing, just signing my name and it was like three papers in. And I was like, oh, what were those papers, like what does that mean? And then I started looking over it. I didn't understand, like a lot of it, but I like kind of understood what it was talking about. And then I just took them, I took them over to my dad and my dad explained it.

M: Did the finance person explain anything to you?

R: He just like said, oh, this is for...this is for your dad's cosigning, this is for...like he just, like this is for this, this is for this, this is for this and then, but that was it.

M: Ok.

R: Didn't really tell me what it meant.

M: And we've gotten to the sales contract, so that's like...?

R: That's the big one?

M: That's the big one. (Laughing) Tell me sort of how you reviewed that paper.

R: It's kind of like the tax form. I mean like all of the like lines.

M: Yes.

R: I just looked...I tried to figure out what my monthly payment was, but I really didn't know. I couldn't find that line. And then I didn't, I saw that what the car cost and how much I put down, and then that was the only two things that I recognized on it.

M: Ok and can you tell me, when you were looking at the paperwork as you were signing, was it in hard form in front of you or was it digital on the screen?

R: It was hard form.

M: Hard form, ok.

R: Yes.

M: All right, tell me about that experience overall. Like what did you think of the sort of signing experience, the contract signing experience?

R: It was ok, I guess, compared to everything else. I just finished, actually still dealing with the finance people at the bank.

M: What do you mean?

R: For the last few months, they've been telling me to call their bank to get like an interview, like the over-the-phone interview.

M: For what purpose? Did they say?

R: To verify my information. And so I've been calling them every day, for two months, they never answer and I was on hold for like ten minutes, fifteen minutes, like thirty minutes. And so I was like I'm not doing this. And so then I called the finance guy and I was like I'm not calling anymore, like I have a job and I'm planning a wedding. Like, I have stuff to do.

M: Oh, congratulations.

R: Oh, thanks. It's not mine; it's my best friend's. (Laughing)

M: Oh.

R: But it's still really stressful. And so, he started calling and he said he called and he was on hold for hours with these people. And then they just called me Saturday to do it.

M: And what did they want you to do? I don't understand.

R: Just confirm my name, my address and then that my monthly payment is so and so. I was like I don't know. I was like I don't know what it is. I was like...get you to tell me what it is. (Laughing) And then that my first payment is due in May, which was incorrect. It was due in [REDACTED], but I never knew it, so.

M: So you were late on your first payment?

R: Yes and I was like, well, that's not...and then so he, the finance guy at the dealer and me both agreed that it wasn't my fault. And I was like so...you know so I was like, now I'm like, screw you because I'm already behind, but I'm not, because like...because I've been

trying to pay them, but. So at least I did figure it out and fix it by Thursday and I was like, good, because my tags expired today.

M: Your tags expired today?

R: Yes.

M: So you're driving around with expired tags?

R: He said that for [REDACTED], I have like ten days.

M: Oh.

R: And I was like, you better tell the cop that because I'm not going to get pulled over for something, for the temporary tags.

OVERALL UNDERSTANDING

M: Right. Ok, do you have your paperwork with you now?

R: Like the...?

M: Yes, the original.

R: Yes.

M: Yes, ok. Here's what I want you to do. We're going to pull out the documents. Let me ask you one other thing. Did the dealer contact you, other than what you've just described to me, did the dealer, has the dealer contacted you since you purchased the car?

R: Yes, about the bank stuff.

M: Just this?

R: That stuff.

M: Ok and nothing else?

R: No.

M: Did you contact the dealer about anything, other than this bank stuff?

R: No.

M: Ok.

R: Oh, to find out where my tags were.

M: Oh yes, ok.

R: But, that's it.

M: Ok. At any point during the purchasing experience, did anybody mention to you the placement of a tracking device on your car?

R: No.

M: No?

R: There's a tracking device on my car?

M: I don't know.

R: I have no idea.

M: You have no idea, ok. All right, fair enough. Now, pull out this contract. This is the one I'm most interested in, at this point. The retail installment sales contract, it looks like this. It's the long yellow one, there you go.

R: Ok.

M: Got it? Ok, we're going to take a look at this one now. So, the first thing I want to ask you about is I want for you to point to me, on your copy, what your monthly payment is. So point to the number that indicates what your monthly payment is. Ok, read it out loud, what does it say?

R: \$438.78.

M: \$438.78. So tell me, is that a surprise number? Is that what you expected it to be?

R: I figured it was probably going to be around there.

M: You did figure it was going to be around there? Ok.

R: It's not what I wanted, but you know.

M: So, in your mind, is it a surprise or not a surprise?

R: No.

M: No? Ok. All right, was that amount written into this document when you signed it? Do you remember?

R: Yes.

M: It was?

R: Yes.

M: Ok, all right. Now, I want you to point to the APR. You can take your time; we're not in a rush.

R: Here.

M: Ok and what is it?

R: 23.89.

M: Ok, 23.89. Tell me your reaction to that number. At any point in time did you discuss that number? Is this the number? Is this a surprise or is this what you expected?

R: I don't know. I guess, I don't really know what that, like if that's bad or not.

M: Ok.

R: Yes.

M: So you don't know whether or not you could've done something different?

R: Yes.

M: Ok, all right. And did they discuss it with you at all? Did they mention anything or they said in order to just get you a car, this is what this amount is going to be?

R: Yes. It was like if you want this, like to get you in a car, and then this is what's going to have to happen, kind of thing.

M: Ok, all right. And do you know what that means, that number?

R: I know it's like if you, that's the amount of interest that's on like the total amount. And if you do like, if you miss something, then you pay a lot of interest in the end or something like that. My boyfriend was trying to explain it to me. Because like, all you do is pay interest on stuff and that's why it's good to keep it low, because if you don't pay more interest, you pay the actual loan, I think. I think that sounds pretty accurate (?).

M: Ok, all right. Now, what I want you to do is I want you to point to the number of payments. Ok and what does it say?

R: Seventy-two.

M: Ok and what's your reaction to that number? Is that what you expected or is it different from what you expected?

R: I think it's what I expected; it's fine. It's the longest one, I think, you can get.

M: Ok. Now let's see what else. What was the total sale price of the car?

R: I guess it's the bottom number?

M: Ok, you guess it's the bottom number. What's the bottom number?

R: \$35,267.16.

M: Ok and then above that, there's a number.

R: Yes.

M: Can you tell me what that number is?

R: \$3,675.

M: And what do you think that number is? What does that represent, do you think?

R: What I'm paying towards it?

M: Ok, so tell me about that amount. You had told me that you ended up paying \$1,600-something, is that what you said?

R: Yes.

M: So where's this \$3,675? Where did that come from?

R: I have no idea. Maybe like the initiatives they put there? Because here's what I paid, all the way down here, I guess?

M: The \$1,675?

R: Yes.

M: Ok. So, do you know what the additional moneys there were?

R: Rebates maybe?

M: Rebates?

R: For cars like when they (inaudible) put sales on it.

M: So you think that it was like?

R: Money that they gave towards the car.

M: Ok. Did they explain any of that to you?

R: No.

M: No? Ok, all right.

R: I'm glad I looked on the website first.

M: You're glad you looked?

R: Because I saw that they had like all of these initiatives, so I knew that some amount might come off the car, just didn't know how much. And I didn't know how that like tied in with buying it. I didn't know how that worked.

M: Did you ask for those things or they just?

R: Yes.

M: Oh, you did?

R: Yes.

M: What did you say to them?

R: I was like I want all of those initiatives that I saw on your website. (Laughing) That's about it.

M: Ok and what were the initiatives?

R: I think one was for like students and then like one was an Uber driver, but that didn't count because I'm not an Uber driver. And then the other one was for, it was like cashback or it said like cashback and then it was like an amount, and I didn't know if like...I didn't know if that was like cashback to me or on the car, but I never asked, because I had forgotten.

M: Ok, all right. Ok, so after you paid, made all of the payments on this car that have been (inaudible) how much will you have paid for the car?

R: I'm guessing a lot of money.

M: What did you say?

R: I said I guess a lot of money.

M: You guess a lot of money.

R: The total of payments, this \$31,592.16.

M: Ok, any reaction to that amount?

R: It's a lot of money...got discouraged (inaudible).

M: You thought the car was cheaper, did you say?

R: Yes, I never knew how much the car cost...I guess I should've looked at that.

M: So do you think...you should've looked? (Laughing) So do you think that it's the cost of the car that's costing you that or is it the interest rate that's costing a lot?

R: I think the dreg of it's probably interest rate. Because I think, yes, that's what my dad always told me.

M: That's what your dad told you?

R: Yes.

M: Ok, all right. Now, did he have any comments on this, because he cosigned the loan? Did he?

R: He kind of just let it; he was just like here's my signature.

M: Oh, ok.

R: Yes, we're fine.

M: Ok. Let's go down, on this paper again; further down they break out a lot of costs. So let's look at the breakout of the costs and see what's there. Ok?

R: Yes.

M: So, the cash price of the car, what do you see is the total amount?

R: \$16,099.

M: Ok and what's underneath that?

R: The processing charge.

M: Ok and did you discuss that with them at all?

R: No.

M: Did they tell you what that was going to be?

R: No.

M: Ok, all right. And so, then the total, if you add those two together, comes to what?

R: \$16,398.

M: Ok and then you said you put what down?

R: \$1,675.

M: All right and then what does it show on the next line?

R: Oh, the rebate. It's \$2,000. Oh, makes sense then.

M: Ok, so they gave you \$2,000 towards this, right?

R: Yes.

M: So I guess that's where that number, \$3,675 came to?

R: Yes.

M: Ok. All right, so the unpaid balance of cash price is how much?

R: \$12,723.

M: All right.

R: So that's how much the car actually costs.

M: Ok.

R: I don't know.

M: All right, so then tell me what other costs are here?

R: Taxes, licensing, billing fees and temp tags, additional GAP contract.

M: Ok and tell me what, how much that was?

R: \$599.

M: Ok and do you know what GAP is?

R: I know it's like insurance, if you have like a used car, to like for the warranty not to like...if something breaks, the warranty fixes, like goes over another amount of years and that fixes it.

M: Ok.

R: I'm probably wrong though, but.

M: Ok, all right, let's go further down, because these numbers continue. Ok? So, we see the price of the GAP. Ok, now I want to ask you, there's a number here, \$1,950. Do you see that further down?

R: Yes.

M: Tell me what that is.

R: Service contract.

M: Ok, so did they talk to you at all about buying a service contract?

R: No.

M: Ok, so do you know that you have a service contract?

R: I do now.

M: You do now. Ok.

R: I feel like an idiot.

M: So, do you know what that protects you from or what that covers?

R: I'm guessing something that's wrong with the car. I hope something that's wrong with the car, if I'm paying for it.

M: Ok and what do you think about the amount that's there?

R: It's a lot.

M: It's a lot, ok. And, but you don't recall them talking to you about it at all?

R: I don't remember anything about it (?). I know (inaudible) because me and my boyfriend had a conversation while this whole bank thing was going on. And he was like who finances you? And I was like I think it's [REDACTED], because that's the name that kept popping up, on the paperwork.

M: What do you mean on the paperwork?

R: Like, because it was like I think one of the paperwork had [REDACTED] at the top and then it was like something that we signed. And I thought that was like the financing company, but now I know it's not.

M: Ok, all right. Ok, so I guess now what I want to do is there's another document in here...oh, here's the [REDACTED]. Let's take a look at this. You have something that says [REDACTED]?

R: Yes, the guaranteed auto protection?

M: Yes, tell me what you think that is.

R: Insurance, I hope.

M: Ok. So you don't recall them explaining any of this to you?

R: No. I know they didn't.

M: You know they didn't?

R: Yes.

M: Ok, so this is your GAP insurance, which costs \$599. So that's on the contract.

R: Oh, ok.

M: So that was that line item that you saw, the GAP.

R: So it does have it.

M: That's \$599. But that's not the extended.

R: I thought the \$1,950 (inaudible-mumbling) (?).

M: What was that amount? That was?

R: \$1,950

M: \$1,950, right, that's bigger than the \$1,950. Ok and they didn't give you any brochure that talked to you about the service contract?

R: No. I just got this book.

M: Ok, all right. Ok, so what I'm going to do now is ask you, at any point in time, when you were buying this car, did they give you a document that they referred to as a spot-delivery document?

R: No, what is that?

M: Ok, so a spot-delivery document occurs when the dealer allows the car that you are buying, the car buyer to drive off the lot with the car, on the spot, when the sale and financing are technically not yet final.

R: Oh, that's exactly what I did.

M: Is that what you did? Do you remember signing a document that said spot-delivery?

R: No.

M: It may also be called something else. Sometimes they call it something else.

R: Purchase order.

M: That's the purchase order. What's the yellow one right there?

R: It just says it's...it's like notice to cosigner, so notice to my dad.

M: Oh, ok, so that's the cosign document.

R: Yes.

M: Ok. That's the odometer. What's that?

R: Agreement to (inaudible).

M: I'm sorry; can you say that again?

R: Oh, agreement to furnish insurance policy.

M: Oh, ok. All right, that's for your insurance. And I have all of this.

R: Oh ok.

M: So that's good.

R: Under [REDACTED] gun law (?), which I didn't even know.

M: Ok.

R: And then that I owe.

M: Ok, so you don't have anything on there that implies that you're signing a document to allow you to drive off the lot.

R: No.

M: Ok. All right, let me ask you to look at this for a moment. This is the [REDACTED] extended service contract, where it says \$1,950, the cost of it. You see that one? Do you have that?

R: Yes.

M: Ok, so let's take a quick look at this. So, it says on here that this is good for any four months and 100,000 miles. And the cost was \$1,950 and it's a \$100 deductible. Can you tell me about that? They didn't explain any of this or talk to you about any of this?

R: No.

M: So, this even goes longer than your...?

R: Regular warranty.

M: Your loan payment is seventy-two?

R: Seventy-two months, yes.

M: And this is eighty-four months.

R: Yes. So, both when I still have the car and I'm done paying for it, I still have a warranty. That's what it looks like or insurance that is. That's pretty cool.

M: I'm sorry?

R: I said I wonder if this is like my [REDACTED] policy.

M: No, it's not your [REDACTED] policy. That's a completely different thing.

R: Oh, ok.

M: Now you had told me, when we started, that your first name was [REDACTED], right?

R: Yes.

M: That's your first name. Ok, what did the dealer say about your financing after you signed and left?

R: Like, they like called me or?

M: I don't know; what did they say?

R: I didn't hear from them.

M: You didn't, you never heard from them?

R: Like after I...the only time I heard from them was when I dropped off the money that, like the extra money from my...

M: Because you had \$1,200 or \$1,100, or something?

R: Yes and I had to pay the extra, like \$575.

M: Yes, so what happened when that happened?

R: I just dropped it off and he gave me a receipt. And he was saying how is the car doing? I was like ok, I guess, and then, you know.

M: Ok. So and I know you said you missed your first payment.

R: Yes, that's what they said when I finally talked to them on Saturday.

M: Ok and who did you talk to? Did you talk to?

R: She said she was...her name was [REDACTED] and she said that she was just the one doing interviews. And then I asked her about my loan because I hadn't heard anything. And I asked her when do I make my first payment? And she said [REDACTED]. And then I was like, so what do I do? Like, do I just give you my card number? Like because...

M: What do you mean your card number?

R: Like I put it on [REDACTED], I just gave her my card number and then they just deduct it from that every two weeks. So I didn't have to like worry about it.

M: You mean automatic deduction [REDACTED]?

R: Yes, [REDACTED] did that. So then I figured that they would do that too. But she said that I would get a packet in the mail. And so today when I got a call from, I guess, the manager of that regional branch or whatever?

M: Right.

R: She said that information that, the one (inaudible) was incorrect and that my first payment was actually in [REDACTED]

. And I was like, well, I guess it would've been nice to know that, so I could've paid it.

M: So you didn't get a packet from them?

R: I still haven't. I haven't had a single interaction with these people since these two phone calls.

M: Ok and the financing was done through the dealer?

R: Yes.

M: So, is it your impression that you are going to be paying [REDACTED] for this car or?

R: He said that when (inaudible) said I would have to pay the dealer, in order for them to release the loan and get my tags. So when I called the financing guy, [REDACTED], he said that when...to make my payment on [REDACTED] to [REDACTED] and then after that I will make it to the loan company. So that's what I'm planning for.

M: And [REDACTED]; is that, it says here, [REDACTED] (inaudible) [REDACTED]?

R: I guess that's...it's [REDACTED].

M: That's where the dealer is?

R: Yes.

M: Ok.

R: Next to the [REDACTED].

M: So, it's next to the [REDACTED]; famous, right? (Laughing) Ok, all right, so at this point, you're sort of confused as to what you're going to be doing?

R: I was soon frustrated. I was really...I was at that point where I was like, well, I got off yesterday, I was like I could (?) say you can have your car back, I don't want to drive it. Like I was done, I was like, done, like I didn't care, like I didn't want it. Like I'd go (inaudible) and get someone's like beat-up [REDACTED] or something, like I was so done.

M: So what are you going to do?

R: So, then today, after I like flipped out on them...then I apologized. He was like, well, give me until Thursday, let me talk...he's like he has to talk to some accounting guy and then they're going to pay the [REDACTED] and then I'll pay them my main payment, is what I got out of that. And so I was like can I get this in writing? Can you email me or something? Because I was like, if this is how this is going to go, I don't want it to be word of mouth. Like I'd rather have all my ducks counted for.

M: So did you get an email?

R: No, still haven't gotten anything.

M: You haven't gotten anything?

R: I haven't got a call back.

M: So right now you don't know what the story is?

R: Right.

M: And do you know, the fact that you didn't pay your [REDACTED], have they said anything to you about how it's affecting your credit score?

R: No, but I'm pretty sure it's messing it up.

M: Ok, all right.

R: It's making me mad.

OVERALL EXPERIENCE

M: I'm going to check and see if my team has any additional questions, but in the meantime, could you tell me, overall, if you were on a ten-point-scale, where one is not at all good experience and ten is an extremely good experience, how would you evaluate the entire experience of purchasing, financing?

R: If I could rate them separately, if I could rate the dealership and then the finance, like the bank separately, I would give the bank like a -10 and then the dealership like a 4.

M: Ok, even though they're one in the same?

R: Yes, so probably like a -14.

CONCLUSION/FINAL COMMENTS

M: Ok, all right, well I think I have everything that I need from you. I really appreciate you coming in. Thank you so much for your time today.

R: Yes, ma'am (?).

M: And let me show you where you go to pick your gift up.

R: Ok.

M: And we'll go from there, ok? Thank you.

// end of recording //



AUTO BUYER STUDY

69982

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of today's interview, could you state your first name only?

R: [REDACTED].

M: What is the most recent car that you purchased?

R: I purchased a [REDACTED].

M: And when did you purchase that?

R: [REDACTED], somewhere around there.

M: Alright. But in [REDACTED].

R: Okay, [REDACTED].

M: What did you like about your experience about shopping and choosing a car?

R: Most of my shopping was actually done online. I did a lot of research, both before going to buy a car.

M: And when you say research, like what?

R: Like comparing kind of what I wanted. I was looking actually at getting the new [REDACTED] that they're releasing, but it's not coming out until 2018, I believe, and it's already like backordered forever. But I paid off my previous car and had nothing tied to that. And I recently got in an accident, so that's kind of what drove me to search even more.

But I did a lot of research before even going there so I already knew. And actually the [REDACTED], the two dealerships that I went to, I knew more than the person who was selling the car to me.

M: That says a lot right there.

R: Yeah. I was asking questions even though I knew the answer, wondering what they would say, and they had like no clue. Like they were like, "This car is new and we're figuring it out, too." So I did a lot of comparing and contrasting of like electric and hybrid, because I didn't have a hybrid or an electric car before. I just had a normal

vehicle. So most of them I researched watching Youtube videos, like videos of people doing their reviews or recommendations, and doing like walk-throughs of the car. So I spent a lot of time before even stepping into a dealership, looking at stuff online.

M: And did your research also include doing research on the cost of the car, like what the car should cost you? Or mostly like how it operated and what its features were?

R: Predominantly operation, but cost was a big factor, too, which is why I went with electric and hybrid, because before I didn't have that. So I was looking into it, but then there are all the jokes about people with hybrid cars and what not. For cost and for living in this area, the [REDACTED] area, like having an electric car ...I mean, I see so many [REDACTED] driving around that it's very common. So I kind of let go of all the lame jokes online about people driving hybrids and [REDACTED].

M: I've actually driven a hybrid for years.

R: I love it, absolutely love it. I've had it for two or three months and haven't had to put one drop of gas in it yet.

M: Is there anything you didn't like about shopping issues and a car?

R: That I didn't like. I would say the aggressiveness of some of the dealerships. I would see something online, that I was interested in a car, and literally I would get emails from like 10 different dealerships. And I don't even know how everyone got my information. I would just like submit to [REDACTED], and it was like they blasted me to everyone that was within 20 miles of me.

M: Really?

R: I've had the car for a few months, and even now I still get calls. "There is this [REDACTED] in [REDACTED]. Are you looking at the [REDACTED]?" "I've already got it like three months ago." So that, to me, was kind of like pushing your weight(?) around a little bit. I was like, "I'm not ready to get a car." I'll do it when I'm ready, not when people are forcing you, pressuring you to do it.

M: Right. Did you see any ads at all as you were looking for your car, at cars, and did they have an impact at all on what you looked at, or how you approached car buying?

R: I don't know if I would consider online advertising. I mean, I know when you go on and search things, they recognize what you search, so a lot of the ads are keyed to whatever you're looking at. So I did get a lot of ads online like everywhere about it, which is, of course, playing in the back of your mind "you need a new car."

But as far as like TV or radio or like external ads, not really.

M: Okay, so just online ads.

R: Just online like after I ... and not when I was doing the research, obviously; but after I started like looking into it, then I started noticing it.

M: Do you remember what the ads said to you, like the different ads? Were they ...

R: Like there was one for leasing it, which I would never do. There was one for like promotions for new car incentives. One of them was saying tax season was coming up, so tax incentives for electric and hybrid. Just like something that would catch your attention.

M: Got it.

R: So those are the three that I remember the most. The other ones were just your regular ones, with like a brand new [REDACTED] or whatever on it

M: And how many dealerships did you go to?

R: If [REDACTED] is a dealership, then three, four.

M: So when you reached the dealership at which you purchased your car, how long did the entire process take from the time you arrived until you left, with or without the deal?

R: Like five hours.

M: And did you only go to that dealership once, or did you go back another time?

R: I went back.

M: You did, okay. Can you tell me just a little bit about how that process worked? You went in the first time; what did you do the first time?

R: I went in the first time and test drove the vehicle.

M: And when was that?

R: It was a couple of months ago when I started researching. So that was when I started looking for a vehicle, and then I got in a car accident. And that kind of pushed me a little more to look faster. I probably would not have bought a new vehicle if I hadn't got in the car accident. I probably would have waited to [REDACTED] to get the [REDACTED], because then the price drops dramatically.

But the whole transaction with like my car being fixed took like three months, instead of like a week. And the place I took it to was like really bad, so I decided instead of dumping money into an old car, I was going to take the jump and get a new one.

But I went once and test drove it, and the guy who helped me had no clue about the car. And when I did research and when I went back, it was the day that I picked up my car from the body shop. So I like picked my car up, literally went there, and I didn't think I was going to buy a car that day. I was just going to get information, but I needed a new car. So.

M: Great. Thank you for telling me that.

AGREEING TO A PRICE FOR THE CAR

- M: Let's talk about the pricing on the car. How did you go about getting to a price for your new car?
- R: This actually sort of piggybacks off your other question, things I was not happy about. They said that because this was a new [REDACTED], and they didn't have a [REDACTED] electric yet ... I guess that one was a plug in, but this is like the first electric one; that the deal was the sticker price. That was it. There was no negotiating, there was no leeway on that at all.
- M: Really?
- R: So where I got most of my rebate was with my trade-in. I had to bargain a lot with the trade-in, because they initially offered me liked \$2,500.
- M: What kind of car did you have?
- R: I had a [REDACTED].
- M: And did you owe any money on that car?
- R: No. So they offered me like \$2,500 after the appraisal on that car, and I ended up getting \$6,000, I think, for it.
- M: Really! So that's where you negotiated.
- R: Right. It was like a game. They kept coming back, coming back, coming back, "What would it take to get a deal?" And I was like, "If you give me this much for this car." And he was like, "I don't know if we can do that." But I knew they could do it, I knew it was a possibility, so that's why I offered it. Because they're still going to make \$2,000, \$3,000 off that car.
- M: So you had the car appraised, and the appraising on that car was how much?
- R: \$2,500. At [REDACTED] it was like \$4,000, like \$3,500 at [REDACTED]. So I knew it was worth more than what they were trying to give me for it. And because they weren't budging on (inaudible), they were like "If you aren't going to budge, then this is all the leeway I have with you to have some kind of justification for what I'm doing." And I was like, "Okay."
- M: So let's talk about that process for a little bit. So the pricing process, tell me what was good about it, if anything, and tell me what was not good about it, if anything.
- R: To me what was good about it and why I was okay with everything was mainly because, like I had a [REDACTED] so it was a used vehicle. It already had like [REDACTED] miles on it. The person who had it before put on like [REDACTED] in a year, but I ended up paying

\$22,000 or something. And seeing that I paid for an old car with [REDACTED] miles, \$22,000, and I could get a brand new car that I'm the first owner; I'm the only one that knows what's going on with it, for \$28,000, \$29,000. For a couple of thousand more I can justify being the only owner of my vehicle. So that's what kind of pushed me for not going for another used vehicle.

M: Right.

R: I didn't have really any problems with my car, my previous car, which was great. But I've had used cars in the past where you get in and it's fine for a couple of months. Then the engine needs something, the radiator is broken, you end up dropping thousands of dollars into it and you could have just bought a new one at this point and been the only owner of it.

M: Okay.

R: So pricing, that's how in my head I could justify what my choice was to go with a brand new car instead of going used again.

M: So the question I have is, did dealer indicate at any time when you were talking with him or her, that you'd get a better price if you agreed to certain conditions?

R: No.

M: You said you did show them your other car, and you didn't owe any money it. Is that correct?

R: Correct .

M: How was the trade-in price determined?

R: We started talking Kelly Blue Book on an NBA(?) to see what the value of it was. And the trade-in value that they were pulling up was like \$4,500 for the car. It had a lot of miles on it. But I knew they were upside in it anyway, so I told them "I can sell it to a private party, or I could get \$6,000 from them for taking it from me. And I don't have to deal with the awkwardness part of making the sale to someone, and changing the title, and all that mess; I would rather do that.

Which is what I offered them. If you're will to take \$6,000 for it, that's fine, we have a deal.

M: So they were initially offering you \$2,500?

R: \$2,500.

M: And you said looking at the Kelly Blue Book or those kinds of resources that it was worth \$4,500; is that what you said?

R: Yeah. I didn't tell them that, though.

M: So then you negotiated. Did you say, "If you give me \$6,000 then we've got a deal?"

R: Not initially.

M: What happened?

R: It went from \$2,500. And then they told me how they were low balling the appraiser, of course, is the first step. And then they came back with another \$1,000 more, \$3,500. And I still wasn't real happy about it. And I told them I was going to look at other dealers and see if I could get other pricing and what not.

Then they asked, "What is the amount you would accept that we would have this deal?" That's when they said, "What would you accept for this?" So I told them \$6,000, and they said, "Okay."

OBTAINING FINANCING

- M: Alright. Now let's go to the financing of the car. How did you pay for your car?
- R: The down deposit was the trade-in. And I just financed the rest of it.
- M: So you took the \$6,000 they were paying you for that car and put it toward the purchase of the new car.
- R: Correct.
- M: Okay. What did you like, if anything, about the whole financing experience, and what, if anything, did you not like about it? Was it your sales rep that worked with you on that, or did you see somebody else? When did you do the financing part of the transaction?
- R: The financing was done by somebody else, so the salesperson had nothing to do with that.
- M: Okay.
- R: They sent me into another room and I was with a woman, and she went through everything. At that point it was just messing with number, like how long did I want the loan to be, all of that.
- M: And they asked those questions of you, or did they tell you how long your loan would be?
- R: She asked what price range I wanted to be in for my payments, and then we kind of worked around that.
- M: And what did you tell her when she asked you?
- R: I said I wanted my car payments to be under \$500, if possible. I got a 0.9% APR, so the APR was like super low. So I figured if I got a longer loan and then just pay it off faster it would benefit me, rather than having a shorter loan and worrying about, okay, now I have to make this \$500, \$600 car payment. So I ended up taking the longer loan, and I'll probably have it paid off this year, so it doesn't really matter.
- M: So tell me a little bit about that. How did you get your interest rate? Where did you get your financing from?
- R: It was through [REDACTED]. I don't remember if it was a promotion they were having. I'm pretty sure it wasn't my credit score, because I just graduated from school and I don't have like an [REDACTED] credit score. So I think it was a promotion they had going on new vehicles and things like that. It would go hand in hand with your credit score, as well, but obviously not solely on your credit score.

M: And you can tell me, [REDACTED], did you shop for the interest rate elsewhere, or no?

R: I mean a little bit. I looked at [REDACTED], too, because they were also having like incentives for new cars. But theirs was higher, like 2% or 1.9%. Which is still really good, but it's not like nothing. So that was kind of an added bonus; I wasn't expecting that.

M: Alright. Was there anything about the financing part of this whole thing that you didn't like?

R: This was one thing that I failed in car buying, that I did not really research or look into financing as much as just the vehicle. I did not look into that aspect of it. It was an afterthought.

So one thing that I did not like about the financing was ... and this kind of irritates me about my insurance, too. I had never bought a new vehicle before, and everyone tells you it depreciates so much as soon as you drive off the lot. So I'm thinking, if I get in an accident and my car is totaled, or if someone hits me, I'm going to be upside down in this car, blah, blah, blah. So that's when she offered Gap insurance.

And this is where I went wrong with [REDACTED]. Their Gap insurance I think was like \$600. And she explains that it decreases, and you can cancel it whenever you want and you will get that money credited back, or they'll just take it off. So she added the Gap on because I was like, "I want that coverage." But then everyone was saying go through your insurance company to get Gap coverage. So I called [REDACTED] and they were like, yeah, we don't even offer Gap coverage.

I was like, "You're a huge company, and you don't even offer Gap coverage for brand new vehicles?" And they said, "No." So I stated shopping around for other insurances and found out that [REDACTED] insurance offers Gap coverage for like \$70 per year. And I pay like \$600. And I really only need it like the first year or two, because once the car depreciates already and I'm caught up with my payments, it doesn't matter if I get in an accident. I'm going to get paid out either way. But I had already paid for the car at that point.

So I still am not happy about having the Gap insurance with them, and everybody is saying, "You should just call them and cancel it. It's like \$600 I'm just wasting at this point."

M: Okay. And did they tell you that you could cancel it?

R: Yeah.

M: Okay. And did you pay separately for the Gap insurance, or did that roll it into ...

R: It was rolled into the contract.

ADDITIONAL PRODUCTS AND SERVICES

M: Did you get any of the other services? Did they offer you anything else?

R: I researched this afterwards, but I got the extended warranty, and miles, and all that stuff. And my reasoning for that was because it is a new car and everything is electric. It has like a tablet. Like there are no buttons. And I was like, "If something goes wrong with the electrical mechanism and I have to pay out of pocket, I would be really upset with that." So they said it covered the electric for the lifetime that you have the car, so I was like, okay, that's worth it. Then if something happens in five years I won't have to pay to repair my whole dashboard, because it's all electric.

M: Right.

R: But it was pretty reasonable.

M: It was? Do you remember what it was?

R: No. I try to block that part out.

M: So when they were talking to you about these services, did they tell you what each of them cost? Or how did that work?

R: It was almost like buying a car. And I found this out afterwards. They set the price on their warranties, because it's their warranty. They can choose to give to you for free as a promotion, or charge you like \$2,000 for it. So I didn't know that and she was like, "This is the lowest I can go." So she knocked a couple of hundred off of the price of the warranty, but then I read after the fact they hand them out sometimes to people. It's rare, but it's their warranty. You're getting your work done at their body shop, at their location, at their service center. So either way they're winning, because they're going to find something on the car you've got to fix anyway. So you end up spending money, and one way or the other they're going to get you some way.

M: So if you had to do it over again, would you buy those products or services?

R: I would not buy the warranty, and I would switch from [REDACTED] to [REDACTED].

M: For the Gap insurance.

R: For the Gap insurance. I think the Gap insurance is important. Not that I'm going to be in an accident, but if someone hits me and they don't have coverage, then I lose, too. So I was surprised like I couldn't have that, actually. But they didn't even offer it.

[SHORT RETURN TO FINANCING]

- M: Okay, just one more thing about the financing part of it before we leave that topic. You said you told them how much you wanted your monthly payments to be approximately, that you wanted it under a certain amount.
- R: Yes.
- M: Did you at any point in your conversation during the financing discussion, talk about how you wanted the length of your loan to be?
- R: Yes.
- M: What did you tell them?
- R: I didn't really care too much about the length of the loan. It was more my payment amounts. Because like I said, the length didn't really matter because I plan on paying it off within this next year anyway. So I think I have 72 months.
- M: Yeah, it says 72 months.
- R: So I know if something were to happen, if I lose my job or something, I'm not stressed having to pay \$600, \$700 for my car payment, that I have that time. But my goal is to pay it off within this year.
- M: So you didn't say anything to them ...
- R: I didn't say I wanted a three year, a five year.
- M: So did they tell you to take a five-year loan, a 72? Did they say anything like, "This is the only way we can cut this deal is if we make it a five-year loan?"
- R: No. I mean, I could have done three year and still had it under \$500. But I spread it out so it would be even less because I would be paying it off sooner. If I had no intention to pay it off, I probably would have done the shorter term, and done it that way.
- M: At any time did they bring up the topic of renegotiating the loan?
- R: Yes.
- M: They did? Tell me about that.
- R: That was in regards to the Gap insurance, actually.
- M: So explain that to me.

R: They put the Gap into everything and then spread it out over the course of the loan. I asked in the event I decided to cancel the Gap, which was close to \$1,000 and was \$690 or something, I don't remember the exact number; I said will they renegotiate and change my payments? And she said, "Normally not. But what they can do is, if you have your payment record or whatever and you want it lowered, you can ask and they may work with you depending on how your payments are."

So I wasn't too hopeful that they were going to renegotiate to lower my payment, but I wasn't that concerned about it, either.

M: Okay. So you sound like you weren't too confident about ...

R: Yeah, I wasn't too confident about it. That didn't affect my decision making, if I was going to do it or not.

M: Okay.

[BACK TO ADDITIONAL PRODUCTS AND SERVICES]

M: Alright, so you've been telling me a little bit about these products and services. And did they tell you how much it would cost to get the extended service warranty?

R: Yeah, they had like a bulletin about it, and then she showed me a screen with the pricing and what not. When she was plugging numbers into the contract, she could put in whatever numbers she wanted. And I was like, "Just put a zero there; you could give it to me for free if you really wanted to." But obviously they need to make money.

M: So did she tell you what number she was putting in?

R: Yeah, I could see everything she was doing.

M: You could, okay. So what was your reaction to the numbers she put in? Did they make sense to you?

R: I was happier because it was lower than what it was supposed to be. But then later I wasn't happy because it could have been lower than what I got.

M: Overall, when you think about the financing experience, tell me what you think about it overall. So you went into the separate office. You were with this other person, not with your sales rep. And she was talking to you about what you wanted to pay a month, and all of that. Tell me about that experience overall, how you felt about it.

R: The financing went very quickly. But I think at that point I was just over the whole process, like I was ready to be done with it.

M: Okay.

R: So I was kind of like let's go, let's go. Let's be done.

CONTRACT AND POST-PURCHASE

M: When the terms were discussed with you, you knew what the interest rate was going to be at this point. Did she discuss with you what your monthly payment was going to be at that point?

R: Yeah.

M: And did she discuss with you what the length of the loan was going to be at that point?

R: Yes.

M: So once you had those terms down, when you were signing these documents tell me how you did that. Did you sign paper documents, or online documents? How did you do it?

R: I don't actually remember. I think she had a little tablet and we just signed ...

M: So that was digital?

R: Yeah, digital, if I remember correctly. That's very vague; I don't remember that part.

M: That's the part you were talking about let's go.

R: Yeah.

M: And did you feel that you had time to review all the paperwork for your deal?

R: I probably would have. I didn't do it, but I probably would have had time.

M: You might have had time but you didn't.

R: (Inaudible) from her, they'd want to sell me. So I didn't ... I saw what she was plugging in, I saw her do all the numbers and everything, but I didn't really like read the fine print, which I probably should have done.

M: Did you look at all the numbers on the screen that she put in?

R: Yes.

M: Okay. Did you have any questions? Did she leave anything blank that you noticed at all? Or was everything filled in the way it was supposed to be filled in? Do you know?

R: I think everything was filled in the way it was supposed to be, from what I know about car buying, at least.

M: Did she print out a copy of all this paperwork for you, or did she give you a digital thing?

R: No, she printed it.

M: Alright. Have you had any contact with your dealer since you purchased the car?

R: I picked up my tax from there.

M: You picked up the tax, okay. Any other contact with the dealer, them calling you or you calling them?

R: They emailed me like, "Thank you for purchasing. Please let us know if you need anything." But other than that, no.

M: Tell me, to the best of your knowledge, did they talk to you at all about placing the tracking device on your car?

R: No.

OVERALL UNDERSTANDING

M: Okay, now let's go through the paperwork. Do you have it in front of you? That makes it easier. Thank you so much.

So this is the piece of paper that I have right here; and you have the same one?

R: Yes.

M: So I want you to do me a favor and tell me what you think this particular document is all about. What is it? What purpose does it serve, do you think?

R: This is obviously the contract, and it's showing how much is financed; what you're actually paying if you pay this in the timeline that this is, which is obviously more than what the amount is. And then the total price, which has the \$6,000 included in there.

M: Okay. So let's look at it piece by piece. Can you tell me, can you point to the monthly payment? And then tell me how much it is.

R: 72 monthly payments for \$438.35.

M: So \$438.35 was the monthly payment. Did you have a different understanding when you bought the car of what your monthly payment would be? Or was this what you expected?

R: That's what I expected.

M: And did you review this number before signing the document?

R: Yes.

M: Was this particular document that you're looking at, was it overall easy or difficult to understand what it said?

R: I think it was pretty easy.

M: Now I want you to point to the APR. And what is it?

R: 0.9.

M: Okay. Tell me what that means. What's the point of that?

R: The APR is basically the percentage rate on the loan you're paying back.

M: At any time did you have a different understand or that understanding?

R: That understanding.

M: Okay. And when you were signing your paperwork, did you look to see if that number was written there, or not?

R: Yes.

M: Now I'd like you to point to the length of the loan, or the lengths of the payments.

R: 72 payments.

M: Did you have a different understanding of what that number would be when you signed your documents?

R: No.

M: So that was what you expected.

R: Yes.

M: Okay. And point to the down payment for me.

R: The \$6,000.

M: The \$6,000 is your down payment. And is that what you expected when you signed your paperwork?

R: Yes.

M: Did you check the document before you signed to see if that was there?

R: Yes.

M: Alright, I have another question for you. At any point when you were doing your deal with your dealer, did they mention a document called a Spot Delivery document?

R: No.

M: Okay. And I'll look through the papers to see if they have anything like that.

Okay, before we leave this contract, can you turn the page, and look at the list of numbers that are on that page. Tell me what is included in this deal that you have from the dealership. What are the costs that are included?

R: Fees to the government. License & Registration. The Gap is \$900 not \$600, so \$300 more. They have the trade-in there. Other charges, mechanical breakdown and documentation fee.

The documentation fee I was confused about, too. I asked her about that, and it's like \$300 just for the processing of everything, whatever.

M: Right. So your mechanical breakdown, which is that

R: One or the other.

M: One or the other, gotcha. So what was the original cost when you were originally discussing it with her? Do you know what the original cost was that she told you?

R: I don't.

M: Okay, I guess you have other paperwork there, correct?

R: Yeah.

M: What are the documents that you have?

R: This was just attached to this.

M: Okay, so you can move onto the next document.

R: This is the finance, how they figure financing.

M: Okay.

R: This is the Gap.

M: Oh, okay, so you received that. And does it tell you the price on there?

R: Yeah, \$895.

M: Alright. And what's the next one?

R: This is the Extra Care.

M: Tell me about that one. Did they tell you what you would be paying for that?

R: Yeah.

M: What did they say?

R: Well, this is the one she agreed on to extend another eight years or whatever.

M: What was the original?

R: The one that comes with the car was only like two years.

M: So you got it as an eight-year extended ...

R: Warranty.

M: And were there other configurations with this contract? Do you know what I mean?

R: Eight years or 25,000 miles, whichever comes first. And that's with a zero dollar deductible. So there was a lot of factors for this. Which if I don't want to pay anything, which I chose, then that's what I got.

M: So in other words, you don't have any deductible. We ...

R: Yeah, I'm paying for everything pretty much here. So if I need something with the car, I go and they have to do it. And she had a list of like everything that was included in this.

M: That she gave you?

R: She had like a little diagram on the computer, and you would click on each part of the car and it would this is covered, this is covered, this is covered. So pretty much everything is covered.

M: And did she give you a copy of that?

R: No. I should have probably asked for that.

M: Okay. And could you have gotten one that was five years and some certain amount of miles? Or was this the only configuration?

R: I think they had other ones.

M: You do think there were other ones.

R: Yeah.

M: Okay.

R: I don't remember. It was like a shorter term or whatever. But I know that the deductible was different, you could have a higher deductible, similar to insurance.

M: Okay, so then you would have been required to pay a certain balance when you took(?) the car?

R: Yeah. So I would have paid less for that actual service through the warranty. But then if something happens, I would have ended up paying them for the deductible.

M: Alright. Very good. Thank you very much for going through this with me. I really appreciate it.

I don't see a Spot Delivery contract. Do you know what a Spot Delivery contract is?

R: I have no clue what that is.

M: A Spot Delivery contract occurs when the dealer allows the car buyer to drive off the lot with the car on the spot, where the sale and financing are technically not yet final.

R: I've never heard of that.

M: Okay. So there was nothing discussed with you, like agreeing at the dealership saying, "It's fine for you to drive the car off the lot, but until we ... The financing takes a couple of days, and ..." you know.

R: Yeah, that didn't come up.

M: And this is all the paperwork you got from the deal.

R: Yes.

M: Okay.

OVERALL EXPERIENCE

M: That's everything that I need. I'm going to ask my colleagues if they need anything else from you. They'll bring a note over if they do.

And in the meantime I just want to ask you a final question. If you could summarize for me, thinking about the experience as a whole, what do you have to say about it? How did you feel about the overall experience of purchasing and financing your car?

R: Me, personally, I was pleased with it. Everything went fairly okay. They seemed to be working with me with the numbers as much as they could. But, of course, once you get something people see it and give their opinions, and the stuff gets in your head sometimes.

M: Like what?

R: "You know, you could have probably got this car for cheaper. You have a [REDACTED] membership, and at [REDACTED] you can get a car with \$2,000, \$3,000 less." So I went and looked and it was true. I was like, "Oh, my God." And I went online and typed up Prius Prime, and that never occurred to me. I never even thought about that before. So that was one thing, I was like, "Okay, stupid choice; \$3,000 more for whatever."

M: So that should be a lifetime; there are more important things.

R: Yes.

CONCLUSION/FINAL COMMENT

M: Enjoy your car.

R: I do. (Talking) gas station. I have to fill up.

M: Let me ask you a question. You spoke so lovingly about the [REDACTED]. Are you thinking at some point of getting a [REDACTED]?

R: I really want one. At least the new one is more affordable for the average consumer. So it was very appealing, but I know that it's backed up. I'll wait until they release it and have the kinks worked out and then get the second generation.

M: Sounds good. Well, I guess we're good because they haven't sent a note in. So you answered all the questions we needed and you did it in such a beautiful way; I really appreciated it.

R: You're welcome.

M: Have a wonderful rest of your day and a great weekend.

R: You, too, as well.

M: And I'm going to show you where to go to pick your gift up.

R: Okay.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

108352

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So, to start, if you could please share with us your most recent car that you purchased? What type of car and when did that occur?

R: I went to the [REDACTED] dealership, purchased a [REDACTED].

M: Okay.

R: [REDACTED].

M: Okay.

R: And my wife and I wanted something larger than what we had before. We had a [REDACTED]. Still have it. But she always liked SUVs. And we compared it to the [REDACTED]. And we felt that it was an SUV, but it was small enough. It wasn't large like a [REDACTED], but it wasn't small like a [REDACTED].

M: Uh-huh.

R: And she felt comfortable. So we went with the [REDACTED].

M: And which dealership was this one?

R: [REDACTED].

M: Oh, [REDACTED].

R: Yeah.

M: So that side. Okay. And is that where you live?

R: Yes. [REDACTED].

M: Oh okay. So, on my side of the river. That's where I live. Okay. Can you tell me what, if anything, in particular did you like about your experience?

R: The salesman was friendly. We had an incident at one point with him, but the salesman was friendly.

M: And when you say you had an incident?

R: Well, do you want to hear about the incident now or later?

M: What was the incident about?

R: It was about the cost. Well, it was, it ended up being the cost, but it affected what color we wanted to purchase.

M: The color of the car?

R: What happened was he promised... The salesman was very nice. He showed us various different styles and models of the [REDACTED]. And he said that you'll have your choice of three different colors and you can make your decision tomorrow morning.

M: Uh-huh.

R: Well, we came in the next morning. And we left a deposit. We came in the next morning and he sold two of the three.

M: Oh. So you only had one. So it was really no choice, is what you're saying.

R: Right. But I negotiated. I got upset.

M: Right.

R: I spoke to his manager. And we got a significant deal, based on...

M: On the one that was left.

R: Yes.

M: Oh okay.

R: Yes.

M: Good. We're going to talk about that because we're going to get into the nitty-gritty of the deal in a minute.

R: Yeah. That's why I wanted to...

M: But yes. Thank you very much for sharing that. I appreciate it. So that perhaps wasn't the one part of the experience that you liked the best.

R: Well it kind of did because it helped us. If it wasn't for that experience, I wouldn't have gotten a significant discount.

M: Oh okay. So it helped you.

R: Negotiate.

M: Negotiate.

R: I used it as a negotiating ploy.

M: That was very smart. Very good. Anything else about the experience in general either positive or negative that you recall?

R: You know, all these dealers, all these salesmen, they come back with a number. You come back with a number. They go into a desk and they talk to the manager. I don't even think he even spoke to a manager. He just leaves. Goes to a desk. Comes back with a different number. I don't like the number. He argues with me. Tells me, gives me his sob story. And they all do this. And then I say no. I want another. And so it gets to a point where you're trying to intimidate them that you will leave.

M: Uh-huh.

R: I mean [REDACTED] wasn't our first. It was one of three different locations that we went to. The others, we just got up and left. And they hate that. They don't like you to get up and leave. So with [REDACTED], I played the game a little longer and felt we got a very good deal.

M: Okay. And did you go in? I'm just curious. Did you go in with a number that you knew you wanted to...?

R: Yes.

M: Oh okay. All right. We're going to talk specifically about all that in a minute.

R: Right.

M: Tell me what influenced your decision to buy the car from that particular dealer?

R: We...

M: Like were you affected by ads you saw?

R: No.

M: Or how did your wife decide she wanted a [REDACTED]?

R: Oh because, like I mentioned, she wanted an SUV. And we've always had [REDACTED]. We've heard a lot of good things about [REDACTED]. She didn't want a [REDACTED] or [REDACTED] or anything that large. But she didn't want anything as small as a [REDACTED].

M: Okay.

R: So, we looked at the [REDACTED]. We also compared it to there was another [REDACTED]. I forget the name of it. It was similar, but she liked the style.

M: Was it the [REDACTED]?

R: Yes. The [REDACTED]. Thank you.

M: Okay.

R: We compared against the [REDACTED].

M: Okay. Very good. Thank you very much. I appreciate it.

R: Sure.

M: Once you reached your dealership, how long did the entire process take?

R: Hours.

M: From the time you arrived until you left, whether you left with or without the deal.

R: Well it was a two-day process.

M: Okay.

R: So, I mean we were there, three, four hours. And then the next day, until we wrapped up all the finances, it was another four or five hours.

M: Ah.

R: It's a long tedious process.

M: Okay. All right.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting to a price for your car? Tell me. You started talking about you negotiated. So tell me how this works.

R: Well, we look at the manufacturer's suggested price. We did our research with Edmunds.com. We took off immediately \$2000.

M: And why'd you take off immediately \$2000?

R: Because that's the... That's all the surcharges that dealers add on that you know ahead of time you can take off.

M: Ah. So that's just like inside knowledge?

R: Yes, inside knowledge of... It's like how long has the car been on the lot? It's the invoice sticker price and all of this. So we knew to take off, if the car is \$25,000, we knew to take off immediately \$2000.

M: Ah.

R: Then we went into our, with the mindset of okay, we want to spend as close to \$20,000 as possible. So...

M: How did you arrive at that number, [REDACTED]?

R: Based upon being realistic, being cheap, and playing the game. I mean I know... I don't want to pay manufacturers', MSRP price. But I'm not going to come in with a car that I know sells for \$25,000 and offer them \$15,000. So I said okay. I want a good deal, but I want to be realistic. So let's get as close to \$20,000, I forgot what I paid for it, as close to \$20,000 as possible. So I took of \$3000. Then he came back with a number. And these gentlemen, ladies, they come back with these unbelievable stories about they can't do it. They're going to get in trouble. They, you know, he has a wife to support. I've got to make a little money. They come back with all of these sob stories. And I laugh. And I put on my little act, where my wife and I are good-cop/bad-cop and I'm the bad cop. She's laughing as I am firm. Threaten. Every five minutes, I'm threatening to leave. No [REDACTED]. Sit down. Sit down. We'll work something out. We'll work something out.

M: Hmm.

R: So we got it down more than \$20,000. We were back and forth, back and forth. We got it down to more than the \$2000. But then when he pulled this little prank on us, I got upset, you know.

M: Uh-huh.

R: I accused him of unethical sales practice. I went to his manager. And they took off I think another \$1000 or \$1500 from what we originally negotiated.

M: Uh-huh.

R: I enjoyed it.

M: You enjoyed it.

(Laughter)

M: Some people really like it. Right? They get a rush from it.

R: Well it's not fun. I don't like spending that much money on a car. I'm not a car person. But it works out.

M: Okay.

R: You have to do it.

M: Okay. So you're telling me the original price of the car was what exactly?

R: Can I look at my paperwork?

M: Of course. Please open it up. I'm glad you said that. So your memory is not that good, right? It was six months ago.

R: I'm [REDACTED]. I'm going to retire in [REDACTED] years. Where is it? Yeah. It was \$28,000. Right. I'm just... Okay. I believe this one... We also purchased another one after that for my son. This one, I think it was like \$35,000 or something like that. It was around \$35,000, the MSRP price. And because of the incident, we got it down to a great price.

M: Uh-huh.

R: It was fully loaded, too.

M: Okay. So you're saying you think the original price was \$35,000.

R: Around \$35,000. That ballpark.

M: Okay.

R: This doesn't say it because that's the contract.

M: Yeah, because this is the retail sales contract.

R: Right.

M: Okay. And then you agreed. The final price you paid for the car was?

R: \$28,339 total sale price.

M: Okay. Okay. And did the dealer at any time, your salesperson at any time or anyone else for that matter indicate you could get a better price if you agreed to certain conditions?

R: Oh sure. Well, to get a better price? No. They get... They kept on adding on things.

M: Like what, for example?

R: The rust guard.

M: Oh they did?

R: The mats. The sealant. They try and... After we got down to a great price that I wanted to buy the car for, then they didn't let you go until they give you their sales pitch about all these other extras that they want, that you have to have.

M: Uh-huh.

R: So I said no.

M: You said no. Okay. You knew exactly what price you were going to pay.

R: Yeah.

M: Okay. Did you trade in a prior car when you bought this car?

R: No. I sold. I had a [REDACTED]... Well, I had a [REDACTED] that I just donated for charity.

M: Oh okay. So you didn't bring it to the dealer and said...?

R: No.

M: Okay. How come? Just curious.

R: Well, it was the greatest car I've ever owned. I've had it for [REDACTED] years. [REDACTED], if you know anything about [REDACTED], it's the lowest end. It just had automatic. It had roll-up windows. But it lasted over 250,000 miles with no severe, no incidents.

M: Ah.

R: Just maintenance, tires, and brakes.

M: Lucky.

R: Oh my god yes.

M: Yeah. That's great.

R: So I just donated it. If I would have sold it, I would have gotten the same price, \$600.

M: Yeah. Okay.

OBTAINING FINANCING

M: How did you pay for your car?

R: We financed through [REDACTED].

M: Okay. You financed through the dealer.

R: Right.

M: And what, can you tell me, same sort of approach I'm going for here. What, if anything, did you like about the financing experience? And what, if anything, didn't you like?

R: Oh he was a friendly guy. I mean what we liked about it, it was pretty quick. Once I showed them my... Once he looked up my credit score and my wife's credit score, it went really quick.

M: Okay.

R: Because we have a high credit score. What I don't like is they do try to sell you all the add-ons, all the extras.

M: Okay.

R: And, you know, he says I wouldn't be doing my job. And he starts to compare apples and oranges. And it's just an extra half an hour or an hour waste of time.

M: Okay.

R: You know if you want it or not. To me, it should be all those extras should be built into the cost.

M: Okay. How did you decide to finance through the dealer, as opposed to getting...?

R: Because of the rate.

M: Because of the rate.

R: Yeah.

M: What was the rate?

R: I think it was .9.

M: Okay. Did you check elsewhere, like with banks or...?

R: We had an idea what the rates were going in.

M: Oh you did?

R: Yeah.

M: And how did you have that? How did you have that idea?

R: Well, through newspapers and speaking to banks. What is your rate? So this is lower, this was lower than what a bank would offer us.

M: So did you actually speak to your bank about a car loan rate?

R: Yes.

M: Oh you did?

R: Yes.

M: Okay.

R: And it was over 1. She went to [REDACTED].

M: Oh okay. So your wife checked it out.

R: Yes.

M: Okay.

R: But we knew going in.

M: Oh you did?

R: Yeah.

M: Okay. All right. And where did you discuss the financing when you were ready to discuss financing the car?

R: Well, the salesperson went away. Then we went up to the office. We got introduced to the finance gentleman.

M: Okay.

R: Went to his office. And he filled out all this paperwork, looked at our credit score, did his little sales pitch, and that's it.

M: Okay. And did you discuss specific terms when you...?

R: Yes. How much we're going to put down and for how long.

M: Okay. How much you're going to put down and for how long. Meaning how long you wanted your financing for. So what did you tell them? Do you remember?

R: Yeah. We went with four years, three or four years. And I think, I've forgotten how much we... We financed \$18,000. I think we put down \$10,000. So we knew how much going in we wanted to, how many years we wanted to take out the loan.

M: Uh-huh.

R: And he told us based upon the number of years, that's the rate that we would get. And it was a good rate.

M: Okay. And you knew that you wanted to put \$10,000 down?

R: Yes.

M: Okay. So you knew that going in.

R: Yes.

M: Okay. Was that a number he suggested or you told him?

R: We told him.

M: Okay. Okay. This might be a totally stupid question to ask.

R: That's all right.

M: Based on this interview. But I'm wondering were you aware what terms specifically you could negotiate versus what terms might not be negotiable on this deal?

R: Hmm. There was really not, other than the price, there was no negotiation in terms of the finance. This is what the finance is.

M: Okay. And let me ask you a question. I'm curious. Did you go in...? What was the objective? Going in knowing what you wanted spend for the car? Or going in knowing what you wanted your monthly payments to be? How did you negotiate that whole concept?

R: Priority was how much we wanted to spend on the car.

M: Okay.

R: And then my wife and I discussed how much we wanted to, what we could afford based upon our other finances, what we could pay per month.

M: Ah.

R: And we said okay. Like for example, we're not going to buy a car for \$35,000-\$40,000. We have a child in college and all this.

M: Right.

R: So we said okay. Well, let's try to get it as close to or under \$30,000 as possible. And since she figured out, well, based upon this annual percentage rate, we could get; our monthly payments would be under \$400. So we knew how much we were going to spend going in and what our monthly payments were going to be.

M: Okay.

R: We had a good idea.

M: Okay. All right. To the best of your knowledge, do you know what terms are negotiable when you go buy a car and which ones aren't? Like can you negotiate your APR? Can you negotiate...?

R: Not that I know of.

M: Okay. Okay. So the only thing you're aware of that you can negotiate is...?

R: Is the cost of the car.

M: Cost of the car. Okay. Great. Thank you very much.

ADDITIONAL PRODUCTS AND SERVICES

M: So, we started talking about this, the dealer offering you additional products or services. Did you dealer offer you something like an extended service contract?

R: Yes.

M: Okay. And what was your reaction to that?

R: No.

(Laughter)

M: And why did you...?

R: Why? Because if the car is... Based upon my previous experience with cars, if the car is anything worth its value, it's going to last above and beyond that extended service contract.

M: Okay. All right.

R: So why pay for it?

M: Okay. And then did they suggest rustproofing?

R: Yes.

M: Okay. And what was your reaction?

R: No.

M: No.

(Laughter)

M: All right. And here's one for ya. And I'm curious if you know what it is and if you, if they mentioned it. Gap coverage? Did they ever mention gap coverage to you?

R: It sounds familiar. But I didn't get it. I didn't take any extras. I don't remember off the top of my head what the gap coverage was. But it does sound familiar.

M: Uh-huh. So it sounds familiar, but you're not quite sure whether they...

R: Whether they offered it or not.

M: Offered it or not. Okay. Very good. All right. Thinking about... Well just if you could summarize for me your reaction to this concept of additional services and products. Tell me about, you know, what was your reaction when they started offering you those things?

R: It's a waste of money.

M: It's a waste of money.

R: It's a waste of money. It's not needed. If you... I mean they... The rustproofing and the different floor mats and all these extras, they make a higher profit. They make a high profit on these extras. And they're trying to get you to buy anything else. And we would not budge.

M: Okay. All right. And when did this additional products and services offer occur in the financing process? Do you recall?

R: Before... In the finance? Well, it occurred after we agreed on a price with the salesperson. And then it came back up, right before we started with the finance person. The finance person did his little sales pitch before we filled out all the paperwork.

M: Oh. Okay. So, you had agreed upon the price with your dealer rep.

R: Uh-huh.

M: Then you went to the finance office.

R: Well, we agreed with the dealer rep. And then he also wanted to sell us an additional, after the price was finalized. Like we're going agree on this price. Hey, [REDACTED]. I got to tell you about these additional things that you may want that I would recommend.

M: And that's the rep that you were talking to?

R: Yes.

M: Not the finance guy?

R: No. The finance guy did the same spiel as the...

M: Again?

R: Again. Yes.

M: Oh. Okay. So, two people mentioned this.

R: Yes. The dealer rep and the finance person.

M: Very interesting. Thank you for clarifying that. Okay. So at first, the dealer rep was telling you here are some things I would recommend you consider.

R: Yes. Yes.

M: And then you sat down with the finance guy. And...

R: And he gave me the same exact story.

M: Before you worked out any of the paperwork at all.

R: Correct.

M: Okay. Got it. Did they give you specific information about what each of these add-ons were about?

R: Yes. Yes.

M: They did.

R: Yes.

M: And did they tell you the price for each of these add-ons?

R: Yes. Yes.

M: They did.

R: Yes.

M: Okay. All right. And what was the process for deciding whether to purchase the add-on or not? Like what were you thinking when they mentioned these add-ons?

R: It was... I did not need it.

M: Okay.

R: The need wasn't there. There was no... It was... Just, we're not interested.

M: Okay. All right.

CONTRACT AND POST-PURCHASE

M: So, did you have an opportunity to review your paperwork before signing it?

R: Yes.

M: Okay. And did you review it?

R: Yes.

M: Okay. What did you like or what was easy about the signing process? And what, if anything, was difficult or not...?

R: Nothing was difficult. It was all just spelled out, as you see here in the paperwork.

M: Were there any blanks? Or were there, was everything filled in?

R: Everything was filled out.

M: Everything was filled out. Okay. So before you signed it or as you were reviewing it, there were no blanks on your contract.

R: Yes.

M: Okay. All right. And have you had any contact with your dealer since purchasing the car?

R: Yeah. They sent... They called 90 days after; asking us how was everything going and all that.

M: Oh they did?

R: Yeah.

M: About 90 days after?

R: Yeah.

M: Okay. And you didn't contact the dealer in that time for anything?

R: No. But we did have, my wife did bring the car back because we noticed a scratch on the car. And we called up the dealer when we got home, when we noticed it. And they said she should bring it back and they'll touch it up.

M: So that happened when you drove it off the lot?

R: Yes. When we drove it home.

M: Oh okay.

R: When we got home.

M: Oh. Okay. So you noticed the scratch when you got home.

R: Yes.

M: And they said just bring it back after...

R: Oh. Let me correct that. I apologize. It occurred right before we were taking it off the lot, when they do that walk-around to show you.

M: Oh yeah, yeah.

R: We noticed it then.

M: Oh okay.

R: Then, they said come back on a certain day and we will fix it at no charge.

M: Oh. Okay. Okay. Did anybody ever mention placing a tracking device on your car?

R: Placing a tracking device?

M: Right.

R: During that process?

M: Yeah. During any part of your negotiations with...

R: No.

M: Okay. All right. Do you know anything about these devices?

R: It's funny. I did get a survey once from [REDACTED] asking me to participate in such a...

M: About that idea?

R: About that idea.

(Laughter)

M: Oh that's interesting. Okay. Okay. But to the best of your knowledge, no tracking device was ever put on your car or activated for any reason.

R: No.

M: Okay. Very good.

OVERALL UNDERSTANDING

- M: So we collected your paperwork when you came. So now I'd like to spend time going over it with you, if you're okay with that.
- R: Sure. Go ahead.
- M: All right. The first question that I have, in general, tell me about your feelings about the kinds of information on these? Let's start with the retail installment contract, which is what you're looking at right there.
- R: Right.
- M: Can you tell me, you know, in general, would you say it's easy or difficult to understand?
- R: Very easy to understand.
- M: Very easy. What's easy about it do you think?
- R: Because it, the area that you're most concerned about is the type is large. It's all spelled out, the annual rate, how much your finance charge is going to be, total amount, total payments, and the price, less the \$10,000. And it also tells you your schedule and when it's going to begin. It's very clear and easy to understand.
- M: Okay. Great. And you told me that when you reviewed this, after negotiating the cost of the car and knowing what the interest rate was going to be, the APR was going to be on the car, that when you looked at this document, everything was filled in. Correct?
- R: Correct.
- M: There were no blanks.
- R: Yes.
- M: Okay. Can you tell me, point to me on your contract, where the monthly payment is please?
- R: Right here.
- M: Okay.
- R: Payment, amount of payment is \$382.07.
- M: Okay. So it's, can you say out loud what the numbers are for me?

R: Yeah. Number of payments, 48. Amount of payments, \$382.07. And the month it would begin, [REDACTED].

M: Okay. Very good. Thank you very much. And were there any issues at all about, or difficulty at all about understanding?

R: No. This is the fun part about the whole negotiations. It was very clear and cut.

M: Okay. All right. I'm curious. Do you always go together when you're buying a car?

R: Yes.

M: Like would she have done this on her own?

R: No. Because I make... We know... We go in with a game plan.

M: Uh-huh.

R: Good-cop/bad-cop.

M: Right.

R: And she loves going with me because I put on this whole act. And she... One time, we were sitting and negotiating. And she didn't side with me at the end. And she says, give the guy, you know, sort of like give the guy a break. And I kind of give her a little nudge. I said, you're supposed to be on my side. But we know exactly what we're doing heading in.

M: Oh okay. Got it. All right. Would you say if left to her own devices, she'd be as good a negotiator as you?

R: No.

M: No. Okay.

R: Definitely not.

M: She's plays the good cop.

R: She's too nice. She's too nice.

M: Okay. So she plays that good cop because it's part of her nature.

R: Yes. Yes.

M: Okay. Got it. All right. And you pointed out the APR I think. Show me again.

R: The APR is .9%.

M: Yes. I see that. Very good. Thank you. And you reviewed that at the time of purchase or no?

R: Yes.

M: Okay. All right. Length of payments, you showed me that, correct?

R: Yes.

M: Tell me a little bit about that. You said that you were either looking for three to four, somewhere between three and four years for number of payments. Right?

R: Yes.

M: Did you have a preference?

R: No. Three or four years was fine.

M: Did they change, like did they tell you oh let's do three years or let's do four years?

R: No. It was up to us.

M: Oh it was.

R: They didn't try to persuade us either way.

M: Okay.

R: So we came up with 48 payments.

M: Okay. All right. And did they change that at any point in time during your deal?

R: No.

M: No. Okay. Okay. Now I'd like you to point to the down payment that you put down on the car?

R: Yeah. It's \$10,000.

M: Okay. All right. And did you have a different understanding when you bought the car, with regard to how much you were going to put down on the car?

R: No.

M: No.

R: We knew exactly what.

M: Okay. Any challenges at all with regard to the down payment, the interest rate, your monthly payment?

R: No.

M: No. Nothing. Okay. All right. Now I want to ask you were you at any time given a spot delivery...? That's your privacy notice. A document called "spot delivery agreement?" And a spot delivery agreement, where you can, when the dealer allows the car buyer to drive off the lot with the car on the spot, before the sale and financing are technically not yet final.

R: Yes. Well, we signed the buyer's addendum for spot delivery.

M: You did. Let's see that. Oh there you go. Okay. All right. Very good. Let me ask you about this then.

R: Okay.

M: First of all, what is that?

R: To be truthful, I would have to reread it.

(Laughter)

M: That's fine. Okay. When they gave it to you and you signed on the dotted line for it, what was your thought process about what it was allowing you to do?

R: Hmm. Return the car... I believe it says I was able to return the car within 24 hours.

M: You mean if you were...

R: If you return the vehicle to the dealer within 24 hours or earlier, yes.

M: So it's almost like an extended test drive? Is that what you're saying?

R: Yes. Yes.

M: Hmm. So if you sign this document, they'd let you take the car off the lot, before you financing was set.

R: Yes. But we did it.

M: Okay. And so did you take the car? You took the car off the lot before the financing was...?

R: Well, we did the financing. We completed all the paperwork, gave our down payment. Then we left on the same day.

M: Okay. With the car.

R: With the car.

M: Okay.

R: It's interesting because many years ago, you would do the financing. Then you would come back the next day for the car.

M: Ah.

R: I guess they would get it all ready or they would do all the paperwork. The process is same-day service.

M: Ah. So now, this document allowed you to actually do everything in the same day.

R: Hmm. I don't know if this document allowed me to do it. I can't say. But I know the whole process was the same day.

M: So the first day, because you said this was a two-day process. So the...

R: Well, because we got there almost at the time of closing.

M: Oh. Okay.

R: And we couldn't, although he, we couldn't see the three different models that he promised us that we were going to be able to look at ten o'clock in the morning.

M: Oh. I see.

R: But he wanted a deposit on one of them. Leave something. Leave a deposit and we'll hold all three for you so you can make your choice when you come in, in the morning.

M: Oh. And then he didn't do that.

R: No.

M: He didn't like your \$10,000 deposit.

R: I think it was like \$500 first.

M: Oh. Okay.

R: Yeah. He only asked for like \$500.

M: Oh okay.

R: But then when he reneged on it, that's when I got upset.

M: Yeah. Okay. Got it. Okay. So, one of the questions here; was the car that you purchased changed during the negotiation?

R: Yeah.

M: Yeah. Okay. And did any other things change? Like any credit terms change?

R: No.

M: No. Okay. All right. And we know you didn't purchase any of the add-ons. So we're not going to deal with that. Okay. Let's talk about your credit application now. Do you have a credit application?

R: Yeah. You're talking about the, my credit score.

M: The application. Do you have...? So you brought in your credit score, which is great. Thank you very much. But did you have to fill out an application for credit?

R: Not that I can recall.

M: Okay.

R: No.

(Door opens)

M: Settlement checklist. Thank you. Thanks. Thanks, [REDACTED]. There's your spot delivery agreement. Okay. Alrighty. Let's see what they brought in. What note did they bring in? Oh. They want me to ask was there any paperwork signed the very first day that you were there?

R: Let's see. Was there any paperwork signed? I know they asked for my information.

M: Uh-huh.

R: And just my demographic information. That was it.

M: So is that the only thing they asked you?

R: Yeah.

M: You didn't have to sign any paperwork at all?

R: No. Not that I recall. No.

M: Okay. But you did leave a \$500 deposit.

R: Well, that's because I wanted them to hold those three cars.

M: Okay.

R: It's like saying okay; we're going to come up with a deal tomorrow. Just I'm not sure which model I want.

M: Right.

R: Because it's closing time.

M: Okay. So, when you gave them the \$500, you didn't have to sign anything at that time?

R: Oh they gave me a receipt.

M: Oh they just gave you a receipt.

R: Yeah, just a receipt.

M: Okay. All right. Were there any other credit-related documents? I see agreement to furnish an insurance policy.

R: Yeah. That's what we already have through [REDACTED].

M: Uh-huh. And then this is just your retail installment contract.

R: Yes.

M: Okay. And I see a privacy notice. You signed that.

R: Uh-huh.

M: Okay. All right. Very good.

OVERALL EXPERIENCE

M: So I'm going to give you one second here, if it's okay with you. I just want to check with my colleagues in the back to make sure there's no additional questions they need me to ask you.

R: Sure. You have every single piece of paperwork I can think of.

M: Yes. I see that. And I really appreciate it. So let me just check with them and make sure there's nothing else I need to ask you before we adjourn.

R: Sure.

M: There are no other documents. You brought everything in that you have. So the only other thing I would ask you to do for me... Let me give you a sheet of paper and a pencil. If you could just, in a summary statement, write down how you would evaluate your overall car-buying experience, that would be fantastic.

R: Overall car-buying? Okay.

M: Yeah. So thinking about the experience overall, just write down a sentence or two that would describe for me.

(Pause)

M: [REDACTED], you did such a great job.

R: Thank you.

M: I appreciate it. You're very efficient.

R: Is your last name [REDACTED]?

M: Yes.

R: You have a wonderful company.

M: Oh, thank you very much. We try very hard.

R: Yes.

M: I'm glad you've had a good experience.

R: Not just... I get once a year, sometimes twice, but I've been here before. And everybody is wonderful. The company is first-class.

M: Thank you.

R: I have nothing, but positive to say about it.

M: Thank you.

R: And I do recommend your company to other people that I work with.

M: Thank you very much. Have you been to our [REDACTED] office?

R: Oh my god. Yes. I've been to your [REDACTED] office. Didn't you recently purchase [REDACTED]?

M: Not [REDACTED], but [REDACTED].

R: [REDACTED]

M: Yes.

(Pause)

R: Basically, what I said was overall the car-buying experience was very stressful, the constant negotiation. The process is less than honest. You do your homework. You research. Yet when you bring up all specific points, the salesperson acts like you're being dishonest.

M: Hmm. You know, that one statement in there where you say something about it being dishonest?

R: Right.

M: What gives you that impression that it's dishonest?

R: Well, because we did our research. We went on Edmunds. We know what happens when a car stays in the lot for a specific time. It's out there. Everybody knows about the tricks of the trade of negotiation. But when you bring up these points, they act like no, no. That's not true. That's not true. So it's a constant... It's a constant dishonesty. It's not, you know, in a perfect world, you would go in. This is the price. Everybody is going to pay this amount. But the key is, based upon that car being on that lot and that dealer having to pay for the space for that lot, you know, you can get a better price. But they don't want to admit that.

M: Are there other tricks to the car-buying trade, like when to buy a car?

R: Good question. They say towards the end of the month, where they're trying to make their quota. I don't know how much. That, I don't know how true it is. Maybe. Maybe they have, the salespeople have more pressure towards the end of the month.

M: And where, you know, you're a pretty savvy knowledgeable car-buyer.

R: Thank you.

M: I've been doing these interviews for a while.

R: Thank you.

M: Where do you get your information? How do you find out sort of the tricks of the trade so that you go in confident that you know what you should pay?

R: Well you compare your price. First of all, you compare your price to Auto Trader, Edmunds. You put a model... You get an idea in your head what the car should cost. And then you do your research through the internet when buying a car, what to look for. What not to purchase when you buy a car. People post a lot of good information.

M: So is it mostly through Google searches where you're getting your information?

R: Yes. Through Google searches. Nobody reads a newspaper anymore.

M: Yeah. Right.

R: Except my wife.

(Laughter)

M: You've been a joy to work with.

R: Thank you.

M: Thank you so much. I'm going to ask you to tear your sheet off and I'll attach it to your paperwork, just so I have verbatim, your statement. Thank you very much. And thank you for being so kind about us. I appreciate it.

R: You are a wonderful person. It was a pleasure.

M: Thank you. Thank you very much. We appreciate your time today.

// end of recording //



AUTO BUYER STUDY

167150 [REDACTED]
[REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: The very first thing I want to ask you is what is the most recent car that you purchased?

R: The [REDACTED].

M: Okay, and when did you purchase that car?

R: I guess it was the end of [REDACTED] or the end of [REDACTED].

M: Okay, so this year?

R: Yes.

M: Okay, alright. What did you like, if anything, about your experience shopping and choosing a car?

R: The shopping part was easy.

M: Okay. Tell me about that, what was easy about it?

R: Because I'm not hard to please. And I needed a car in a hurry, so I just wanted dependability.

M: Okay. You wanted dependability. So, how did you choose your car? You said you got a [REDACTED] – how did you choose that brand of car?

R: I saw it and it looked appealing. It was clean. You know, no hit marks on the outside. It was clean on the inside, and so I picked it.

M: Uh huh, did you just go to one place, or did you go to multiple places? How did you do that?

R: Well, I applied online.

M: Oh, to a dealer?

R: To [REDACTED].

M: Oh, to [REDACTED], okay.

R: Yeah, and they pre-approved it, so, based on my credit score I was happy. So, that's why I went there.

M: Uh huh. It's independent. And you went there because you knew of this place? Were you familiar with this place, or what?

R: Um hmm.

M: Yeah. Is it near where you live?

R: Um hmm.

M: Oh, okay.

R: It's like 10 minutes from my house.

M: Okay. And you said you needed a car, so did you have a car that was no longer drivable? Or you never had a car? Or?

R: I had a car, and I sold it to [REDACTED], which gave me the down payment for that car.

M: Oh.

R: Because my son [REDACTED] and he got it from the auction. I had gotten several cars from the auction, but I like to drive and his cars weren't reliable, so I decided to sell that and I sold that to get a down payment for that car.

M: For the new one that you just bought.

R: Um hmm.

M: Okay. When you went to where you bought your car, were there lots of different brands that you could choose from?

R: Not really. It was more [REDACTED] than anything else.

M: Okay.

R: [REDACTED] and [REDACTED].

M: Alright. Did you see any ads for the [REDACTED] before you decided to pick that car?

R: Just online, just looking through their website I saw several different ones, but I didn't see anything I liked online. I saw a [REDACTED] that I liked, but when I got there it wasn't there, so that's part of why I chose that one, too.

M: Okay, because the one that you wanted initially was not there.

R: Right.

M: Okay. Was this sort of similar to what you had looked at before?

R: No, it was different.

M: Okay. Can you tell me, once you reached the dealership where you purchased your car, how long did the process take from the time you arrived until you left?

R: Probably – the first day I didn't take the car.

M: You didn't. So you went back more than once?

R: Yeah.

M: Okay. How come you didn't take the car the first day?

R: Because I didn't have the money in hand, so the first day I just looked around, and that's the day I saw the car. And [REDACTED] will take a "down payment." I had a little bit of cash on me, so they held the car until I came back.

M: And when you say a little bit of cash, how much was a little bit of cash?

R: \$300.

M: Okay, so you had \$300 and you put that down so they would hold the car for you.

R: Right.

M: Okay.

R: And I came back maybe four days later with the rest of the down payment.

M: Uh huh, okay.

R: But it took about four hours for the initial visit.

M: The initial visit took four hours? And that was to do what? What did you do on the initial visit?

R: Drove the car. Of course, you know, did the paperwork. Still did the credit and the salesman running around here and there, and telling me what was what, and this is this and that is that. Just, I guess a normal procedure for car dealers.

M: Yeah, uh huh, okay. So the second time you went back, how long did that process take you?

R: Probably three hours.

M: So all told it took like seven hours between both occasions.

R: Right.

M: Okay.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about setting the price for the car that you bought? How did that work?

R: Well, initially I thought it would be a good deal, you know, based on the price. But of course after the percentage rate and all of that, it got to be ridiculous. But, you know, in my situation it was just something I had to do.

M: Uh huh.

R: So, you know – when you see one price and say okay, I can do that, thinking that it would be the monthly would be a different thing, but...

M: Let's talk about that. Let's break down the terms. There are several different pieces to determining what you're paying for things. There's the price of the car, there's the monthly payment that you have to make, right?

R: Um hmm.

M: There's the interest rate, etc. So, let's talk about that a little bit. Let's talk about the cost of the car initially. When you went into the dealer, did you have any idea what you wanted to pay for that car?

R: Um hmm.

M: And what was the amount, do you remember?

R: I didn't want to go over \$12,000.

M: Okay. So, you didn't want to go over \$12,000. What did they say to you when you told them that?

R: He said that was doable. When I looked online, I knew they had cars that were in that price range.

M: Okay. So you came prepared, that's pretty good. That was very good.

R: Um hmm.

M: Okay. When you say you really didn't want to go above \$12,000, did you also have an idea of what you wanted your monthly payments to be?

R: Yeah, in my head.

M: In your head, what was the in-your-head figure?

R: Like \$350.

M: Okay, alright. I haven't looked at your paperwork yet. We will look at it in a little bit, but were you able to get it in around that amount?

R: No.

M: No, okay. Alright. And did you go with any perceptions at all about what you thought you might be able to get for your interest rate, or did you not know the answer to that?

R: Um, no, to be honest I didn't know what I would be able to do.

M: Okay. So, you went in thinking you wanted to spend about \$12,000. You told your sales rep that and he said it's doable. Right? That's what you said.

R: Um hmm.

M: Okay. Where did you go from there? Did he...?

R: Well, he showed me a couple cars, and like I said, I didn't really see anything. Then the guy that cleans the cars drove up with the [REDACTED], and I said okay, I like that one. How much is that one? It was in my price range, so I said okay, I want to test drive that. Because that particular car caught my eye.

M: Okay. So you saw the car that caught your interest, and he said that it's in the price range that you're looking at.

R: Um hmm.

M: And was that true, that it was...?

R: It was, yes.

M: Okay. Did the dealer at any time indicate to you that you could get a better price on the car if you agree to certain conditions?

R: Um, no.

M: Alright. At the time did you trade in a prior car when you bought this car?

R: No.

M: No, okay.

OBTAINING FINANCING

M: How did you end up paying for your car? How did that work?

R: The down payment?

M: No, the whole thing.

R: I haven't paid for it.

M: Okay, but I mean – so you financed it. How did you finance it?

R: Their financing company. Not the dealership. I guess it's an outside finance company.

M: Okay. So, when you were looking to finance your car, did you look at various different...

R: No, I went with what they chose.

M: Okay. So in other words, you went to this dealership, which is called [REDACTED]?

R: Um hmm.

M: Okay. And whatever financing they could get for you is what you went with?

R: Right.

M: Okay. Do you know, did they call multiple places? Do you know anything about that or they just came back to you and said we found financing?

R: They just came back and said this is who they had to finance it.

M: Okay. Tell me about that whole experience. What was good about it and what wasn't good about it?

R: Well, I really didn't ask a lot of questions. You know, it's just okay, we've got somebody to finance it for you and this is what it's going to be. So that's just what I accepted.

M: Okay. Did you try calling any financial institutions to see what you could get at a different...

R: No.

M: And why was that?

R: It's based on my credit. So it's like, I know I basically have to settle.

M: Okay, alright.

R: So I take it.

M: Because otherwise you wouldn't...

R: Because then I would have to go somewhere else and, you know, I just knew I had to go somewhere where I can get pre-approved. Okay, let me walk in here and see if I'm really approved. So, if you say I'm approved and this is it, okay, then I have to work it.

M: Okay, alright. How did you – we talked about the different terms. At any point during the time you were at the dealer did you or they bring up the possibility of refinancing the vehicle, or renegotiating your interest rate or the monthly payments after the purchase?

R: I asked about that.

M: Tell me about that. What did you ask them?

R: If I came in, maybe two, three months down the line, would I be able to pay cash for it, but he said no. And I understand why, you know, because that's too far away. He said if it's a couple days, yeah, you can get this price, but not a couple months. His thing was if you put down a bigger payment that would lower it. You know. Get a co-signer. Things like that, but...

M: Uh huh.

R: I just wasn't willing to do that.

M: Willing to get a co-signer or getting... Okay. Did you ask at any point during that conversation what you'd have to do if you wanted to refinance the car, or no?

R: No.

M: Okay, alright. At any time during the process when you were looking at the car or then talking to either your sales rep – when you were do the financing, did you talk to a different person or the same person?

R: The same person.

M: So the salesperson, he or she, was the same as the finance person, he or she, or were they different people?

R: Oh, they were different people. After everything went through, then the finance person came over. He just wanted me to sign the paperwork.

M: Okay. And did you sign the paperwork there, or did you go somewhere to sign the paperwork.

R: There.

M: There. So they didn't take you back to an office or anything like that.

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Can you tell me, did either the salesperson or the finance person, either one – and you'll tell me which one – ever talk to you about additional products or services to purchase with this car?

R: Yes.

M: What were the different products or services they mentioned to you?

R: I can't remember, but they did.

M: Did they mention something about an extended service contract?

R: Do you mean a warranty?

M: It may be an extended warranty or also an extended maintenance contract.

R: I know I did do the extended warranty.

M: You did the extended warranty, okay.

R: Um hmm, but other things I didn't.

M: Okay. Tell me about the extended warranty – how did that conversation go? What did they say to you? What did you agree to, etc.?

R: I think I'm the wrong person.

M: What do you mean?

R: Because I just don't remember. It should be written down somewhere, probably in the other paperwork that I didn't download. But I think it's like 30,000 miles on top of what's already there.

M: Uh huh. Okay, so you don't remember what the mileage...

R: Right.

M: Did they mention what the cost of that was?

R: No. Not in round figures.

M: No, okay. So you don't remember how much it added to the price of the car?

R: No.

M: Okay. Because I'm looking at your service contract, and I don't think it's on here anywhere. So, you might have gotten a separate document for it, another agreement for it. Do you have access to that information?

R: Yes, but I didn't download it.

M: Okay. Do you have to go to the website to get it or do you have it on a thumb drive?

R: No, they set it up with a password and – actually he set it up because at the time I didn't have my phone, so he set it up with a password.

M: Oh, okay.

R: And I just haven't been in it.

M: Uh huh, okay. And he didn't print out any of those other documents? He just printed this out for you – just this one paper?

R: I'm sure I have them, but I thought everything was in this folder, but it's not.

M: Um hmm, okay.

R: I didn't know I needed all that stuff. I guess I didn't bring it.

M: Okay. You look like you have more papers than I have here. Because I only have one paper that's two pages and then your credit report.

R: This is the Truth in Lending, do you need that?

M: I don't know, let me see.

R: I think you got a copy of that.

M: Yeah, we have a copy of that. What is the other one?

R: This is insurance.

M: I have this, too. Okay. So the other is your insurance – oh, that's the certificate of title.

R: Odometer statement.

M: Okay. You've got the odometer statement. What was the other one you said that you had? Anything else?

R: That was it.

M: Okay. Alright. So, other than the extended warranty, you don't remember what they told you it was going to cost?

R: No.

M: Okay. And that was the only thing you purchased?

R: Yes.

M: Okay. Did they mention to you something for gap insurance?

R: Oh yeah, I did, I'm sorry.

M: You did get that.

R: I did get that.

M: Okay, alright. Do you have any recollection of what they said that would cost you to do that?

R: No.

M: Okay. What did they tell you about it? Do you know what that is, the gap insurance?

R: Yeah, I guess if I'm in an accident and the car it totaled and they only pay the value of the car, and then they fill in that gap.

M: Okay, got it. Alright.

R: But I don't know how much that was.

M: Okay. Did you get anything else? Like you didn't get like the tire or any of that?

R: No.

M: Okay.

CONTRACT AND POST-PURCHASE

M: Once you had decided on the car, accepted the interest rate, agreed to the purchase price of the car and what the monthly payment was going to be, did you review the paperwork before signing it?

R: Yeah, with the salesman. You know, he just went over it.

M: Right. Tell me a little bit about that experience for you. You know, people review things in very different ways. Some people read it, item after item and word after word. Some people skim it. How did you do it?

R: I basically do the title, and sign.

M: Okay. So, in other words the title of the document?

R: Um hmm.

M: Okay. And then you skim the information?

R: Um hmm.

M: Okay, and then signed them. Did you verify or check the numbers that they put into the document, or did you skim that?

R: The first time I did, yeah.

M: What do you mean, the first time?

R: You know, when I had that (unintelligible), they did it on the computer.

M: Okay. That's interesting, that they made you sign it and...

R: I asked them why was I doing it again, and he said, of course, it's procedure.

M: Ah. Let me ask you a question. Since you've purchased your car – and you said it was [REDACTED] or something like that?

R: Yeah, whatever date is on there.

M: Let's see what it says. [REDACTED]. Have you made payments on the car yet?

R: Um hmm.

M: Okay. Have the payments been the number you expected them to be?

R: Um hmm.

M: Okay.

R: It was the total amount.

M: What do you mean, the total amount?

R: You know, when I left there, it was the total amount.

M: Okay. Have you had contact with the dealer since you purchased the car?

R: No.

M: Okay. So you didn't call him and he didn't call you?

R: No.

M: Okay. He didn't even call you to see whether you liked the car?

R: No.

M: Okay. You didn't have to fill out a survey form of any kind?

R: No, I had to give references.

M: What do you mean references?

R: People who may be interested in buying a car. I think I had to do five.

M: You mean, he asked you if you would give references?

R: They give you a sheet to fill out.

M: Oh, I see. That's interesting.

R: Yeah.

M: Okay. Did you fill it out?

R: Yeah, and a couple people I couldn't remember their phone number, and he was persistent. You know, you have to put a phone number.

M: So what did you do in that case?

R: I asked my friend for a couple names.

M: Ah, okay. Alright. Did you have to fill out a credit application of some kind?

R: Online.

M: Online, alright. Okay, did your dealer while you were there – either the salesman or your finance person – did they mention anything to you about placing a tracking device on your car?

R: Yeah.

M: Okay, tell me about that. Tell me about that conversation – what your reaction was to it, etc.

R: Well, he told me, in other words if somebody stole the car or whatever, they could track it like that. And that's the thing that I never went and downloaded, or whatever. I don't know, I think he did it, like I say, himself, because I didn't have my phone. But he said it's something you could have in case somebody steals your car, or whatever.

M: Right. So, when you said you didn't have your phone – do you mean you think he put a device on the car that enables the dealer to track where the car is?

R: I guess it's an app.

M: Oh, it's an app, on your phone?

R: When I hear things like that, it's like I hear it but I don't hear it, because I don't know, I guess I should pay more attention but I didn't follow through on it.

M: Okay. So, you said that you thought he put it on?

R: No, he did it on the computer. He put information in, he put a password in. I guess I was supposed to contact him after that to find out how to get it going, but I figured they got it set up anyhow, so they can track it.

M: Okay. Was the tracking device mentioned before or after you signed your contract?

R: After.

M: After you signed our contract, okay. And he said it was just so that he could track the car in case it was stolen. Did he say anything else?

R: No.

M: Okay. Do you know whether they installed that device on your car?

R: Nothing visible that I could see.

M: Nothing visible that you could see, okay. Do you know if they charged you to have that device?

R: No, I don't.

M: Okay. And you've had it since the [REDACTED], you said. Have you ever been in a situation where your car didn't start?

R: No.

M: Okay.

OVERALL UNDERSTANDING

M: Let's go through your paperwork, now. I think you have this paper in your file, right?, because we only took a copy of it. The very first question I have is looking at this document can you tell me what you think the purpose of this document is?

R: Basically it shows everything that occurred. And, you know, my interest rate, finance charge, total payments, how many, how long.

M: Okay, alright. Was this easy or difficult to understand, this paper?

R: Easy.

M: For my benefit, if you would, can you point to the monthly payment and then verbally tell me out loud what it is?

R: Point to right here?

M: On the document, um hmm. So your monthly payment is what?

R: \$481.53.

M: Okay. And then I see another number there, what's the other one?

R: That's the last payment. A dollar difference.

M: Okay, a dollar difference. Okay. The numbers that are there, the \$481.53 that you pointed out, was that what you discussed and what you expected when you saw the paperwork and signed it?

R: It was what I expected.

M: Okay. Now show me or point to me the APR. Okay, and what does it say?

R: 24.365.

M: Alright. And again, was that what you expected it to be?

R: Not that high, no.

M: Not that high, okay. What were you hoping it would be?

R: About 18. I knew it would be high, but I didn't expect it to be that high.

M: Uh huh. Do you have any plans at all about what you're going to end up doing with that high interest rate for an extended period of time?

R: As far as what?

M: I don't know. Do you have any...?

R: Yeah, once I do some things with my credit, it may take maybe two years, then I'll try to refinance. But I have to work on credit.

M: Um hmm. And if you try to refinance, where do you think you would go to do that?

R: I have a credit union.

M: Oh, you do? Okay. What credit union do you go to?

R: [REDACTED].

M: Oh, I know them. Okay. Alright. Now I'd like for you to point to the length of payments – do you know where that is on that document? How many payments do you have to make?

R: 63.

M: 63, okay.

R: (laughs) What do you want me to say?

M: I don't want you to say anything. I just want to know if you knew where that was.

R: Yeah, it's ridiculous.

M: Let me ask you this, is there a deposit, or down payment is a better term to use, that you put towards the car? And if so, where is that? Okay. And how much is it?

R: \$1,000.

M: Okay, so you put \$1,000 down?

R: Um hmm.

M: Did they ask you to put more down? Or did they...?

R: He asked me if I could it would bring the payment down. But I told him that was all I could give.

M: Okay, alright. Now I want to ask you, at any point did they ever give you a document that said that it was a spot delivery document? Spot delivery. And basically it's a

document that lets you drive off the lot without the deal being finalized. So, in other words, without your financing being finalized and the deal consummated, that they let you drive off the lot with the car.

R: No.

M: Okay. So you didn't get that document and they never discussed that with you?

R: No.

M: Okay. Alright. And you talked about the add-on menus, and you filled out the credit application online, right?

R: Um hmm.

M: Okay. You talked about the tracking device. Okay.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: I'm going to see if my colleagues have some additional questions for you – let me just check your documentation one more time. You brought in your credit report, which I really appreciate, and this one document. This one document that you brought in, here, is a much shorter version of what this document typically looks like. I'll show you very quickly typically what that document looks like. So, I'm curious as to whether that was the only part of that document that you received, because normally it looks like this. See? So, I'm just curious. Is that what you saw when you...?

R: Yeah, I think that was online, and I would have to print out...

M: Oh, so you think that's what was online and you'd have to print it out?

R: Um hmm.

M: Okay. Again, you wouldn't be able to do that, is what you're saying to me?

R: Because I never accessed it. I wouldn't even know where to find it.

M: You wouldn't even know where to find it. Okay. Alright.

OVERALL EXPERIENCE

M: As my last question – and I'll see if my colleagues bring in any others – but as my last question can you tell me overall how you would describe your car-buying experience and car financing experience?

R: I would have to blame myself more than anything else. It has nothing to do with the dealer or the dealership. It's just, you know, the situation that I put myself in that I had to settle for certain dealers and dealerships and APRs and finance charges.

M: Um hmm.

R: So, it was not a good experience.

M: Um hmm.

R: Only based on – you know, because of me. Not because of what I got.

M: Right. So what you got, you knew it was going to be challenging.

R: Right.

M: But what you got, you knew that you had to have something like that. Is that what you're saying?

R: Right, yeah. I mean, the dealership and all of that was fine. It's just, like I said, I had to settle.

M: Right. Okay. How have you felt about the car since you got it?

R: I love the car.

M: You love the car? Well, that's good, right? At least you love the car.

R: Yeah. I've got to be happy with it.

M: I mean it could be you got this car and you're paying all this money for it but you didn't like it, right?

R: I like the car. I mean, it's either sink or swim, so. I'm doing both.

M: You're going both. Okay.

CONCLUSION/FINAL COMMENTS

M: Well, I appreciate you coming today. Thank you very much for spending time with us.

R: I'm sorry. I'm not much of a talker.

M: It's okay. I actually – it just would have been a little bit more helpful to me if you had more of your documentation.

R: Yeah, I didn't realize that was the only thing in here, because I haven't looked in it since I've had it.

M: Uh huh, okay. And there's nowhere else at home where you would keep it?

R: I know I got an envelope. I mean once I left the dealership, it's like okay, I've got the car and put the envelope wherever.

M: Right, Okay.

R: I'm just at a point in my life – period.

M: Yeah, it sounds like it. Well, I hope that things work out.

R: Yeah, they will. And like I said, I put myself in the situation, too. I had to accept. And right now it's the only thing that I do accept. But, that's the biggest thing.

M: Right. Well, you're beautiful and look healthy, so I hope that's...

R: Yeah, I work on that more so. I should work on credit more so than my health.

M: Well, I don't know about that, but thank you for coming in today. I appreciate it.

R: It was nice meeting you.

M: It was nice meeting you, too. Have a good rest of the day.

R: Oh, I will.

// end of recording //



AUTO BUYER STUDY

197524 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of the interview, could you please state just your first name.

R: [REDACTED].

M: [REDACTED]. Okay. Thank you. What is the most recent car that you purchased?

R: A [REDACTED].

M: Alright, great. And when did that occur?

R: In [REDACTED].

M: Alright, so pretty recently. Congratulations.

R: Thank you.

M: What did you like, if anything, about your experience shopping for and choosing a car?

R: I liked how friendly the salesperson was. I've had experiences in the past where that wasn't the case. It seemed like they were just trying to get the car and just get me out the door. But I liked how friendly the salesperson was. Even the finance manager, when it came time to actually go and do the financing part about it. So, that part was good. And test driving the car.

M: Okay, so test driving the car and the friendliness of the staff that you interacted with.

R: Yes.

M: Okay, good. Thank you very much. What, perhaps, if anything, did you not like about your experience shopping for and choosing a car?

R: The wait time. The amount of time that I was in the dealership – it was a couple of hours.

M: Because I was going to ask that – that was one of my questions. So from the time you entered the dealership to the time you left, with or without the deal, how long did it take you?

R: About three hours.

M: Three hours.

R: Yes.

M: Okay. And did you go to the dealership more than once, or just that one time?

R: Just that one time.

M: Okay. Can you tell me, what influenced your decision on what car you decided to buy and who you bought it from?

R: What influenced my decision – to be honest, the dealership did. That is not the car that I wanted to buy.

M: Oh, what did you want to buy?

R: I wanted to buy a [REDACTED]. But because of the financing the [REDACTED] was the car that I could get. So, that's what I ended up buying, because I needed a car.

M: Um hmm. And the dealership you got it from?

R: [REDACTED].

M: And where is that?

R: In [REDACTED].

M: Okay. And why did you choose that place to buy your car?

R: Because it was very convenient. It's literally five minutes from my house, and I had seen so many commercials for it. They have so many advertisements up, and I'd heard good things about it just online, so I decided to check them out.

M: When you say you saw a lot of commercials, were those commercials in the newspaper or TV or radio? Where did you hear?

R: Mostly radio, being in the car. And I had seen a few ads on television, but mostly on the radio.

M: Tell me, did you remember anything about the ads you saw – what were they about?

R: They were pretty much about saying what cars they had, any special incentives they had at the time, telling you the location – because I always remember it would say right off of exit whatever.

M: And the promotions they talked to you about, do you remember anything about what they were saying about the deals or whatever you just said?

R: I'm trying to remember. Most of the time when I heard it, it was usually deals on trying to get old inventory out and bring the new inventory in. I'm assuming that's because of the timeframe when I was looking, because it was the end of the year. Those are most of the ones that I remember.

M: Okay, that's great. Thank you very much. Okay. And you said you only went once, right?

R: Yes.

AGREEING TO A PRICE FOR THE CAR

- M: Let's talk next about the next part of it, which is how you agreed to a price for the car. So, tell me, how did you go about getting a price for the car?
- R: When I initially went in I had a list of cars that I was interested in, and it happened to be used cars that I was looking for when I went in. So, when I initially sat down with the salesperson I specifically was inquiring about the cars that I had on the list.
- M: Where did you get that list of cars?
- R: From the website.
- M: Okay, great.
- R: Yes. And so I initially was just going off of those cars and the prices they had on those. For the actual [REDACTED] that he presented to me, he (being the salesperson), would tell me what incentives they had on the car at the time. Because it was new, so many dollars off, things like that. That's how we agreed on price or got to the price.
- M: So, when you went in with a list of cars that you'd seen, what was the price range of those cars?
- R: Most of those were about, probably [REDACTED], because they were used and they were older model cars.
- M: Okay. So, when you decided – because he said he had a [REDACTED] – and also, did you look at an [REDACTED], or you just eliminated the [REDACTED] without even looking at it?
- R: I eliminated it altogether due to the ones that I had on the list ended up actually not being at that location, even though they were on their website. They happened to be at another site, so I couldn't see those.
- M: So those were used cars?
- R: Yes.
- M: But they didn't have them available on site.
- R: Yes.
- M: Okay. What did he say – tell me what he said to you, that you were interested in the [REDACTED].
- R: For the [REDACTED], he had mentioned, because I believe I had done an internet inquiry at one point, so they had already kind of run my credit – got a score – and at that point he came

back to me with what score they pulled and then told me about a program he could get me in, and then showed me these are the cars I could get, and it was the [REDACTED].

M: Hmm. So he ran your credit score. He told you what your credit score was.

R: Yes.

M: And he said we have some programs that you might then be able to get a new [REDACTED].

R: Yes.

M: What was your reaction when he told you that?

R: To be honest – I wasn't happy because that's not what I wanted. That's not initially what I went in there for, even without it being used. I had my heart set on an [REDACTED]. And my husband was with me at the time, and so he kind of – he says, "Are you crazy? You can get a brand-new car instead of a used car." So, I wasn't happy at first, but the more I sat there and kind of talked to the salesperson, he started explaining to me about the [REDACTED] and different features it had, and the reliability of it and things like that, and talking to my husband, I started to get a little more invested in getting a [REDACTED] if that was what I was going to do.

M: And did he tell you at the time what the price of the [REDACTED] was?

R: Not initially when he brought it up. But once I committed and said okay, sure – let me know more about this [REDACTED] – then we started to talk about the pricing.

M: Okay. And so when you started to talk about the pricing, had you done any investigation or research or anything about what the cost of a [REDACTED] was?

R: No.

M: Okay. What did he tell you the cost of the [REDACTED] was?

R: The manufacturer's price that he showed me was about \$18,000 to \$19,000. But they were willing to sell it to me for about \$17 something. So I assumed that that was pretty good. I had done no prior research.

M: Okay. So your \$12,000 to \$15,000 range ended up being \$17,000 and change, or whatever.

R: Yes.

M: Okay. And how was that for you?

R: That was actually pretty good because once I had already went in knowing the amount of monthly payment that I would be willing to pay.

M: Oh, so you said something to him about that?

R: Yes.

M: What did you say?

R: I said that I don't want a car to be over \$450, because I had already calculated, even with the used car, even though the monthly payments would have been lower, that was kind of my max. So, I told them that, and he was like, yeah, I think we can get you in there. He said it also depends on your down payment as well.

M: And did you have an idea at the time what you would be willing to put down?

R: Yes.

M: Okay, and what did you tell him?

R: \$1500.

M: And what did he say when you told him that?

R: He said that's perfect. He said that's actually a good amount of a down payment.

M: Okay. So that's out of bucket (?) with...

R: Yes.

M: Okay. So, at any time during this conversation when he said he could probably get you the car for like \$17 something, did you ever say to him – did you ever negotiate at all any more with that, or did you just say that sounds really good because they're telling me it costs \$19,000.

R: Yeah. I didn't negotiate or anything. Once he told me that, I said okay, that sounds pretty good. While sitting there when he would walk off a couple of times, I would kind of go on my phone and kind of pull up and look at some of the prices of the [REDACTED] while we were sitting there. That was the first time I had ever researched the [REDACTED].

M: Okay. And what did you find when you did that quick little research on your phone?

R: That he was pretty much right. Most of the [REDACTED] did run in that range, about \$18,000, \$19,000. So, I felt that he was being honest with me about the price of it and by him offering it at a lower price I felt that it was a good enough deal.

M: Okay. And can you tell me – so overall, when you're thinking about the experience of settling on a price for your car, overall what was the good part about that, and what was the not so good part about of that?

R: I think the good part about it to me was that I was able to – because we have technology now – I was able to at least sit there and kind of do a little bit of research while I was already in there since I hadn't done any before, since that wasn't my purpose for going in there. So, I was glad that I was able to actually look at some stuff and kind of see the range and see that I was getting a discount on it. The only bad part I would say is – and as I'm thinking about it now, as we're talking, is maybe I could have said, hey, okay, well, do you think you could find me something for this price – or maybe I could have tried to negotiate something a little bit better with it. But this was kind of my first time having this type of experience. I've bought a car before, but never directly from the dealer.

M: Oh, uh huh. How have you purchased cars in the past?

R: I've usually gotten cars either from a private seller or I've gone to a smaller dealer, like not a [REDACTED] dealer or a [REDACTED] dealer, but like [REDACTED] or [REDACTED], or something like that.

M: Yeah, okay. Good. Thank you very much. You're being very helpful. I really appreciate it. Can you tell me, did the dealer at any time when you were talking to the salesperson, did they indicate at any time that you could get a better price if you agreed to certain conditions?

R: No.

M: Okay. Did you trade in a prior car when you bought this car?

R: No.

M: Okay.

OBTAINING FINANCING

M: Now we're going to talk about financing and how you paid for the car.

R: Okay.

M: So, let's talk about that. How did you pay for the car?

R: With cash down-payment and then the rest of it was financed.

M: Okay, so \$1500 you said, right?

R: Yes.

M: And the rest of it was financed.

R: Yes.

M: Alright. And tell me what, if anything, you liked, or what, if anything, you disliked about the financing experience that you had. Tell me about the financing experience. Did the salesman do it? Did you go to somebody else? Did you do it at the same place where you talked to the salesperson or did you go to a different place? Tell me a little bit about the experience.

R: Okay. It wasn't the salesperson. I ended up having to go to a finance person – same location – but I went to the finance person's office to fill out everything. I'll say the bad part about that – which I understand it's necessary – is the amount of paperwork that I had to sign and it goes by so fast. There are a lot of things that I think I didn't quite understand, but because it's so much paperwork I don't think anybody really wants you to sit there and read through all of it while you're sitting there. So, that's one bad thing. I tried to skim it as much as I could before I signed everything, but I just don't think there's enough time to do that.

M: Can you tell me what you remember? Because, you know, this is an interesting conversation. You're implying that you did try to look at it.

R: Yes.

M: Do you remember what you looked at in particular? Like what did you focus on versus what did you just skim by? Do you need some water?

R: No. I don't know if that would help, but I'm fine. I just want to keep going, though.

M: Yeah, that's fine.

R: I think one of the things I know that I definitely tried to focus on is always the sales contract – with what I’m putting down, the amount, because I like to see what my interest rate is. So I always try to look at that part. And then there was something about a lemon law in [REDACTED], so I tried to read through that part. And then there’s all the pages after that, that had the really tiny print and all these paragraphs where I was just trying to make sure – I wanted to make sure that that I wasn’t signing anything that was basically signing my life away, so to speak. So, I’m not signing something and not realizing later oh, well, I signed this and it says I can’t do X, Y, and Z, and I didn’t realize it.

M: Um hmm.

R: So I’m trying to make sure. I tried to catch all of the little things like that and I had some other warranties and stuff I had signed on the floor, so I was trying to read all that.

M: When you say you signed on for warranties, do you mean extra kinds of things?

R: Yes.

M: Okay, we’re going to talk about that – there’s a section about that, and we’ll talk about it and we’ll ask you all about that, so thank you for bringing that up. I really appreciate it. How did you decide to finance through the dealer as opposed to go to other places to finance?

R: I think that was more so because I just was already there. I had tried to apply for some financing beforehand, before I even ended up at the dealership, and I was getting a lot of “No’s” which I kind of already had an idea based on my credit score that that may happen. That’s why I was looking for a used car with lower prices in the first place. And so, while we were there, to have him say, oh, somebody is going to finance you – it was like, yes, okay. So that’s pretty much how I ended up with financing at the dealer, because I could get financing.

M: Um hmm, okay. So, it was kind of like the first person you spoke to that said we can do this for you.

R: Yes. They said we can, and own a brand-new car at that. And I don’t know if this is the right place to put that in or not as far as the financing, but that was one of the other things that kind of sold me at a certain point, is because the salesperson told me that the finance companies would rather finance me for a brand-new car than a used car because of all the protections on a brand-new car.

M: Oh, isn’t that interesting. See, I learned something new.

R: That was new to me, too. Because it didn’t make sense to me why someone would finance me for something that cost more than something that cost less, but when you buy a brand-new car you have the warranties and the powertrain and all the things behind that, so.

M: When you explain it to me, it makes sense.

R: Yeah, it does. When he explained, after a while I was oh, okay, I get it.

M: Um hmm. Can you tell me – let's talk about what financing terms you discussed with your sales representative. What were the most important terms of the deal for you? What did you – so you established the price of the car – then from there, what did you say to him or what did he say to you? Either way. Did he initiate the conversation or did you initiate the conversation about the terms of the deal?

R: He initiated the conversation. It came into play as we were discussing the option with the brand-new car, what the monthly payment would be after I said how much I wanted to put down. Then he discussed kind of the terms – if you put this much down, it will be this much per month over this amount of time. There wasn't a lot of leeway for the program that he was discussing with me. It had specific terms for specific amounts for specific credit ranges, like that.

M: Okay. And at any point in time when you were discussing these terms or he was discussing them with you, did you contemplate or think about negotiating any of them, or did you feel like you had no negotiating room?

R: I felt like I had no negotiating room.

M: Okay, and why is that?

R: Because of the type of program that it was, it seemed to be real strict in what its terms were. And I think I was afraid that if I tried to negotiate something else then I probably wouldn't be able to get anything.

M: Okay. Can you tell me, at any point in time did the dealer suggest or did you suggest the possibility of refinancing the vehicle or renegotiating the interest rate or monthly payments sometime after the purchase of the car?

R: Yes, but very shortly. Kind of just a happenstance kind of conversation.

M: Do you recall how that evolved? Like, did he bring it up? Did you bring it up?

R: I kind of brought it up, just kind of – oh, so, if I get this car now, do you think after a certain amount of time I could refinance it or trade it in and get something else? He was just kind of like, sure, you know. If you pay your note and stay in good standing, you should be able to refinance it, get a lower rate. So, it was kind of just a check type of thing, not me specifically saying hey, if I do this, can I do this – but more so like, okay, if I get this car do you think I could probably refinance so I can get the car I want? He said sure, you know.

M: Um hmm.

R: I think it was like sure, you can do that, type of response.

M: So in the end, even though you were really happy about getting a new car and that you were able to get financing to buy a car, in the end you still want your [REDACTED], is that what I'm hearing?

R: Yes.

M: Okay, very good. So, he basically said if that's what you want to do, then there's a possibility of you being able to do this.

R: Yes.

M: Did he say anything more than that, like how you would go about doing that?

R: No.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: Now let's talk about additional products and services that you sort of alluded to. First tell me, did the dealer offer you these products and services, and if so, which ones did he offer you and what information did he tell you about them?

R: They offered extended warranty and gap insurance.

M: Um hmm, so let's talk about both of those.

R: Okay.

M: First of all, what did he tell you about that extended warranty – what it is – and then you said you did get that?

R: Yes.

M: Okay, so you'll explain to me why you chose that, and then for the gap insurance, did he explain what that was?

R: Yes.

M: And did you get that, too?

R: Yes.

M: Okay, good. Tell me what he said to the best of your recollection, and also did he tell you anything about what they cost?

R: Okay. For the extended warranty he pretty much explained that when you get a new car it's covered for a certain amount of years or months or miles, whichever comes first. So, the extended warranty kind of covers you for another set after the original manufacturer's warranty runs out. So, it would cover certain things like powertrain or engine, certain things like that, but it wouldn't cover basic maintenance, like if I was supposed to get the oil changed and I didn't and something happens. You know, something like that. So it didn't cover those things. He basically said it's kind of more security after the original warranty runs out if something happens to your car.

M: Uh huh. And do you know what your manufacture warranty is on the car? Do you know how many miles or how many years or whatever?

R: That's a good question. I don't remember.

M: Okay. Did he tell you that it's a good idea for you to get this product? Or did you go in thinking you were going to get this product?

R: No. I didn't know anything about that before I went in there, until he brought it up and said it's probably a good thing to get because it was a new car. Yeah, I didn't know anything about the extended warranty. I think I had heard of it from other people that owned cars about extended warranty, after the manufacturer's warranty, and there's this thing, like, oh, nothing happens to the car until day one after the warranty runs out.

M: Um hmm. And what did your husband say? Was he with you when this happened or no?

R: Yes, he was with me.

M: What did he say?

R: I definitely did talk to him about it, and he kind of more so left it up to me. He said, you know how you are with cars, so it may be a good idea, but...

M: What's the implication? You're kind of rough on cars?

R: I'm kind of rough on cars. Like, nothing happens to them, but when it comes to me and getting things fixed, I'm always like, oh, can you take this or can you do that, can you fix it? So, like that. So, he was like you might want to think about getting it. It was more so him and I kind of discussing it. The dealer brought it up and offered it, but it's not like they were oh, you need to get this. So.

M: You guys are cute. Let me ask you this. At the time did he mention what it cost to get this extended warranty?

R: No.

M: Okay, so this was the sales rep who was telling you all this, or was this the finance person?

R: The finance person.

M: Ah, so when you were in the finance office and you were talking about the extended warranty at the time, he didn't mention what it would cost?

R: No.

M: Okay. So, when did you find out what it would cost? Or did you not even, because he rolled it into your deal?

R: Yes. He rolled it into my deal. I think I sort of saw it at the point of me signing the paperwork. I happened to see it on the list on the side.

M: And what did you think when you saw it? Do you remember how much it was?

R: I want to say it was \$1500, I believe.

M: Well, we'll see, because...

R: I want to say it was \$1500. When I saw it, I was like oh, wow. But at that point I was like, well, I said I wanted the extended warranty, okay. And it was rolled in there anyway, so I'll be paying for it monthly, so, yeah. I kind of just went with it.

M: Did it increase your – to buy that for \$1500 or so if that was what the cost was – did it increase your monthly payment?

R: It did.

M: How much did it increase your monthly payment by, do you remember?

R: It increased it – well, I don't know how much that increased it individually, because I also got the gap. But overall they increased it probably about \$60 or \$70 total a month.

M: Okay, thank you very much. You have a good memory. Okay, let me ask you this. For the gap insurance, how did that conversation ensue?

R: The finance manager mentioned the gap while we were in there.

M: What was your understanding of what the gap was?

R: My understanding was that if something should happen to the car, like a total loss, something happens to it like that, and what the insurance company gives you to cover it, if it's not enough, gap will step in and pay the balance of the loan that's still left on the car.

M: Okay. So when you heard that, what did you say to yourself?

R: When I heard that, I initially – well, when he mentioned it initially, I was like, oh, I didn't know they had things like that, number one. Number two, I was thinking I don't need that, because he started saying – he then mentioned that it was also more money. So I'm thinking, okay, yeah, I really don't want to have to add anything else on to this. But then, talking with my husband, he actually said that it's probably a good idea to get it. He started talking about how accidents are in our area – just different things. And he said, you've never had a brand-new car before, which is true. I've always had used cars. He says you've never had a brand-new car before. He said I think you should get it to be safe. And I said, hmm. And I still contemplated it just because every time I added something it was increasing my monthly note. Because at this point now we're already over what I said I wanted to pay per month, but I ended up adding it anyway because, I said, you're right, you never know what may happen. And this is just a conversation with my spouse, not with the finance manager. He just said what it was and told me how it worked.

M: And this was included with the extended warranty and the gap insurance – it added around \$60 a month, you said, to get them?

R: Yes.

M: It wasn't above...

R: No.

M: Okay, got it. Okay. And did they mention – again, same question – did they mention to you what the cost of the gap insurance was at the time?

R: No.

M: Alright.

CONTRACT AND POST-PURCHASE

M: Did you have an opportunity to read your retail installment contract and any other paperwork you had before signing?

R: No, not fully. Just kind of the skim thing. It was more so like he said okay – this paper is this and I just need you to sign here, initial here. And then I'd do it and he'd slap another paper. That's one of those downsides that I was talking about earlier – to review all the paperwork. They're flipping it through to you so quickly that you don't get a chance to really sit there and – I mean there is so much, you're not going to sit there and go oh, okay, for every single word. But even still, not enough time to really sit there and say, oh, well, what does this mean when it says this?

M: Um hmm. Did you fill in any of the numbers on the paperwork, or did they fill it all out?

R: On the sales contract?

M: Yes.

R: No, that was already filled in.

M: Everything was filled in.

R: Um hmm.

M: Did you sign a hard copy, or did you sign it online? Was it an online signature or on the paper?

R: On the paper. In his office, yes.

M: Okay. Let me ask you this. Other than the rushing part of it in that part, was there anything else you didn't like or anything else that went particularly well that made you feel good about this part of the process?

R: I don't think there was anything that I didn't particularly like outside of the paperwork part. I mean, it went – on the downside and upside – it went fairly quickly, but still, at the same time, it went fairly quickly to go through the paperwork. But I liked that he did explain the extended warranty. I didn't know the cost, but he did explain what it was for and what it does. The gap insurance he explained what it was and what it was for.

M: Did he try to sell you any other extended coverage?

R: No.

M: Nothing like a special tire coverage or dent coverage or anything like that?

R: No.

M: Okay, what about rust-proofing or any of those things?

R: No.

M: Okay. Have you had any contact with your dealer since purchasing the car?

R: No.

M: Alright, so he hasn't called you and you haven't called them.

R: No.

M: Okay. Same thing with your –

R: They called me when my tags came in.

M: Okay.

R: Sorry.

M: That's okay. Have you returned the car for any reason at any time since you purchased it?

R: No.

M: At any time during your conversation at the dealer, either with your sales rep or with the finance person or anybody else, did they at any time talk to you about installing a tracking device on your car?

R: No.

M: Okay.

OVERALL UNDERSTANDING

- M: Now what I'd like to do if it's okay with you is to go through your paperwork, okay?
- R: Okay.
- M: And talk about it and look at it and see kind of what it's all about.
- R: Okay.
- M: Let's start first with – I'm looking for your retail installment contract, where it shows you what your payments are and what your...
- R: Here it is.
- M: Perfect. Okay. This is awesome. Thank you for bringing that in. Tell me about this document. What is your understanding of what that document is?
- R: My understanding is that this pretty much says what my percentage rate is, the total finance charge over the life of the loan, how much I'll end up paying by the time the loan is done, and what my monthly payments are, when they start, and approximately how many of those monthly payments I'll be making.
- M: Okay. Let me ask you this, overall when you're looking at that document, would you say that it's easy to understand or difficult to understand?
- R: I would say that it's easy to understand. It has everything kind of broken down. It tells you specifically what it is. I think it's pretty easy to understand.
- M: Okay. And would you say that it was completely filled in, that every box was filled in with something when you signed it or did you see any blank boxes when you signed that document?
- R: No, it was completely filled in.
- M: Okay. And can you tell me, looking at that document what I'd like for you to do now is, is there any information on that front page that you're looking at right now – then we'll turn the page – that is different or was unexpected from what you had discussed with your finance person?
- R: No.
- M: Okay. And can you tell me – point to the monthly payment on that document and tell me what it is they say that you pay monthly for your car.
- R: \$487.33.

M: Okay. And you originally had gone in there saying you don't want to pay more than...?

R: I didn't want to pay more than \$400 to \$450 a month.

M: Alright. So the \$489 in part was due to some of the additional things?

R: Yes.

M: Alright. Were you okay with that?

R: Yes.

M: Okay. Now I'd like for you to point on the document to the interest rate on there and tell me what the interest rate is.

R: The interest rate is 20.21%.

M: Okay. And your reaction to that based on what your expectations were and...?

R: To be honest, that's better than what I thought it probably was going to be when I went in there.

M: Okay. What did you think it was going to be?

R: I really thought it was going to be 26% or 27%, because of my credit. So that was actually – it's still high, obviously, but it's better than I thought it was going to be.

M: Okay. Can you now point out to me the length of payments on that sheet and what does it say?

R: It says the number of payments will be 72.

M: Okay. Tell me about that. Did you expect that? How did you feel about that?

R: I didn't expect that. I honestly didn't know that you could have 72. The most I had ever seen was 60. So, I didn't even know they had 72.

M: Okay. So your reaction to that? Were you happy about it? Were you not happy about it? How did you feel?

R: I wasn't exactly happy about it because that's longer than what I'm used to, but again, I was thinking okay, well, I'm about to get a car, so I just kind of went with it. But it was definitely longer than I had ever...

M: At any time during the discussion with your salesperson or finance person, did you say can you show me what it would be if it were 60 months, or anything like that, or you just said this is the deal they're presenting to me and I'm okay with that?

R: Yeah, I kind of just said okay, this is what they're presenting to me and went with that.

M: Okay. Fair enough. Now I want to ask you about a document called a spot delivery document. Are you aware that you got a spot delivery document?

R: I don't know what that – I mean, if you show me, based on the name you're saying I don't even know what that is.

M: Okay. Take a look at this. Tell me what you think this is.

R: I think it says that I'm getting the car – I don't know.

M: Okay.

R: This sounds so bad – that I don't know what this is.

M: No, it doesn't sound bad at all. I'll be honest with you, do not worry about it. There's a lot of documentation here, so. What I'd like to know is at any time during your experience at the dealership, either with your sales rep or probably more likely with your financial person, did they ever say anything to you about spot delivery and what it was?

R: No.

M: Okay. When you left the dealership that day – because you said you only went once, right?

R: Yes.

M: Okay. Did they say to you if you sign this spot delivery document it's because we're allowing you to leave the lot with the car without knowing the deal is final? Did they say anything like that?

R: Okay. I do recall the finance manager mentioning something about the deal with the finance company usually takes a couple of days or some time. Yeah. I do remember him saying the deal with the finance company usually takes some time, so I'm getting the car without everything being finalized.

M: Okay. Did you at any point in time get a letter or something that basically said okay, the deal has been finalized, or no?

R: No letter or anything, but the finance company did give me a call, like an introductory call.

M: Oh, really? What did they say to you?

R: Kind of more like a welcome to [REDACTED] type thing. You purchased a new vehicle. This is your monthly payment. Kind of like that, and then I think they sent a letter, too, saying this is your payment. They start this date. This is how you can pay – online at this site. So it kind of broke down how I could make payments.

M: When you make your check out, are you making your check out to the [REDACTED] dealer, or are you making the check out to somebody else?

R: Yes, the finance company, yeah. I pay online directly to the finance company.

M: And the finance company – what's the name of it?

R: [REDACTED].

M: [REDACTED], okay. So, the [REDACTED] – you said you bought it from a [REDACTED] dealer, right?

R: Yes.

M: The [REDACTED] dealer sold your loan to [REDACTED], or [REDACTED] took on the loan, is that it?

R: Yes.

M: Okay. The car that you purchased, it was the car that you looked at when you started this whole thing?

R: Yes.

M: It wasn't like you had to look at a different car or anything like that.

R: No.

M: Okay. And everything else was the same that you agreed upon?

R: Yes.

M: Okay. Now what I'd like for you to do is turn to the second page – let's look at the second page of the retail total contract and tell me what you see – does it have listed on there the basic information like the sale of the car, the down payment you made – all of the things we've been talking about thus far – and also, does it say anything about the added products and services that you purchased?

R: Yes.

M: Okay. Tell me what it says.

R: It has a section that says “Other Charges.” And it has the extended warranty.

M: And how much was it?

R: \$1400.

M: Oh, you were really close. I’m impressed, I’ll tell you. Okay.

R: And then it does have the gap. It’s not in the same section as other charges, but...

M: Okay. And what is the gap, how much did the gap cost?

R: \$850.

M: Okay. Is that what he told you it was going to be, or did he not mention that?

R: He didn’t mention a specific amount. I remember him saying it would add a couple hundred dollars onto the amount financed. That’s all he said.

M: Um, okay. And are there any other additional charges on that retail installment contract you’re looking at?

R: There are license and registration fees, title fees. A dealer processing charge. That’s about it. My down payment.

M: Okay. When you think – you had said that you were hoping the car was \$18,000 or \$19,000, right?

R: Yeah.

M: And that they offered it to you for \$17,000.

R: Um hmm.

M: And what are you ending up paying for the car, do you know?

R: It actually looks like, with the dealer processing charge, I’m going to assume that this line that says total cash price is \$19,031.

M: Okay. Did you expect that? Are you surprised about that?

R: A little surprised.

M: In what way?

R: Because this is nowhere near the \$17,000 that I thought it was going to be, I mean even with the dealer processing charge. Because it looks like it started out at \$18,731.

M: Um hmm.

R: Yeah, I'm a little surprised. Now, it did become \$17-something down here, but that's after my \$1500.

M: Okay. So, what do you think added to the cost of the car that made it come in at \$19,031? What's your thought on it?

R: Well, even looking right here, it says "including accessory services and taxes." Maybe taxes, I don't know. Because I don't see anywhere on here where it says that kind of stuff, like anything for taxes or anything.

M: Um hmm.

R: So that's my assumption, that taxes made it go up.

M: Okay. Alright. When you look at your total payments, what does it say your car is costing you for total payments? You have to go to the front page for that.

R: Total payments: \$35,087.76.

M: Okay, so that includes what?

R: That includes finance charges.

M: Okay, alright. Now take a look at this. Tell me what it is.

R: Okay. This is the extended warranty contract.

M: Okay. Do you remember talking about that when signing that document?

R: Yes.

M: Okay. Was there anything surprising on that document from what you can remember?

R: No.

M: Okay. Take a look at this and tell me what this one is.

R: That's where I got that from.

M: What? Say it out loud.

R: Oh, I'm sorry. On here it says the price for the vehicle is \$17,650. So, that's what I remembered before, about why it was \$17 something.

M: Right.

R: And then I do see the dealer processing charge of \$300 that we saw on the other paper. But then I do see the sales tax.

M: Okay.

R: And other fees. So yeah, I was right about on the other one, that the tax is what made it jump to the \$18,000 something.

M: Um hmm, okay.

R: But I still don't know exactly what this document is, because it's very similar to the other one with some of the breakdowns.

M: The Retail (unintelligible) contract. This is similar.

R: Yes, it's similar with the breakdown of the different fees and things like that.

M: Okay. Alright. Tell me what this document is.

R: This is the prior year's document. And how they explained this to me is that the dealer just said this is just saying that my car was not used for anything before I was getting it, pretty much.

M: Okay.

R: That's how he explained it.

M: Alright. And then, what is this right here?

R: This is the [REDACTED] lemon law form, which basically how he explained it is that they're not selling me a car that already has some kind of problems or something like that, and Maryland has a law where if that is the case they have so many days to get it repaired or get it fixed.

M: Um hmm, okay. And that's what he described to you?

R: Um hmm.

M: Okay, very good. Thank you. And then what's this one?

R: I think this one – I don't...

M: What does it say at the top?

R: "Notice Pursuant to [REDACTED] Code" something. Is that supposed to be transportation? I don't know what that stands for. Yeah, just skimming this, it looks like it's pretty much saying that the deal is not final yet, but I'm taking the car.

M: Okay. "Notice Pursuant to [REDACTED] Code. For finance or lease sales or financing or lease agreement you entered into with the dealer is not final and must be approved by a third-party financial institution. If the terms are approved, the sale cannot be cancelled. If the terms are not approved of the vehicle to get approved, the dealer must notify you in writing within four days of delivery of the vehicle to you, and you or the dealer may cancel the sale."

R: Huh.

M: Were you aware of this, or it was one of those documents that...

R: It was one of those that I honestly don't even (unintelligible).

M: Okay. Alright. You talked about a prior use one. And then what's this one? That's the last one.

R: This is the power of attorney. I do remember this one. It's me giving them permission to be able to go to the [REDACTED] and do my title and tags.

M: And all of that.

R: Yes.

M: Okay.

R: That's one of the easier ones.

DISCUSSION OF OTHER DOCUMENTS OR OTHER POINTS/FALSE CLOSE

M: You've done great, by the way. I really appreciate it. I'm going to ask my colleagues if there's anything else they want me to ask you. While they take a minute to think about that, I'm just going to ask you to summarize for me – after all of the discussion, reviewing the documentation, talking about both the shopping experience, the cost or pricing experience, the financing experience, the additional product and service experience – what would you tell me your overall feelings are about this whole car situation?

R: I think as a consumer there's a lot that we don't understand and don't really know about the car-buying experience. We think we do. You know, we go in and we may have done our research on pricing and what we want and what we're looking for, but when it really comes down to it, I think we're signing off on a lot of stuff and we still don't understand it. I realized that as we were sitting here going through that. Some of these things I signed, obviously, but I don't even know what they are.

M: Okay. And how does that make you feel?

R: A little embarrassed, actually. A little embarrassed because it's such a – it's not a house, but it's still a major purchase. It's not a small amount of money that you're putting down, that you're paying on monthly. You know, like that. So it feels a little embarrassing to say, oh yeah, I don't know what that is. I signed it, but I don't know what it is.

M: Um hmm.

R: It feels a little crazy.

M: And do you think everybody feels that way? Or only you?

R: I don't think only me. I would say a good amount of people probably do, because I can't imagine that with all the people coming in and out of a car dealership and in and out with the finance people that everybody sits there and takes the time to really fully read through and understand everything. Some people may do some research afterwards, but sometimes at that point it's too late. I mean, even with one of those documents. Like hey, the sale is final, you know? You don't know that and then something happens and you're like oh, I can't do anything now. So, no, I don't think it's just me.

M: Okay.

CONCLUSION/FINAL COMMENTS

- M: Last question. Are you loving your car?
- R: I actually am, now, to be honest. So, yeah.
- M: Good. I'm glad. Congratulations.
- R: Thank you.
- M: It's very nice when you like your car.
- R: Yes, it really is.
- M: Okay. That was really everything. Do you have any questions for me, or are you good?
- R: I'm good.
- M: Okay, awesome. We have a gift for you, so it's important that you not forget to pick it up.
- R: Okay.
- M: Wait a minute. This is the [REDACTED] – that's not you.
- R: Huh-uh.
- M: Okay. Let me show you where you've got to go to get your gift, assuming I can...
- R: Let me ask you this while I'm here.
- M: Sure.
- R: So, I know without going too much in depth, but the purpose of this is to kind of find out how the shopping experience goes, how to...?
- M: Yeah. It's everything about the car buying experience from the moment you start looking for a car to the moment you start talking to different dealers, to the moment you start talking price about the car, from the moment you – yeah. It's really sort of the whole nine yards.
- R: Okay.
- M: You have been incredibly generous with your time and doing all your homework and getting everything to me, so thank you very much.

R: Yes, thank you.

M: We're done. Thank you.

// end of recording //



AUTO BUYER STUDY

127083 [REDACTED]

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: So if you can, for the record, just state your first name?

R: [REDACTED].

M: And [REDACTED], can you tell us what is the most recent car that you purchased? When did you purchase it?

R: A [REDACTED]. And I think [REDACTED].

M: Ah. Okay. So as recently as [REDACTED].

R: Yes.

M: Okay. Wonderful. And what did you like, if anything, about the experience you had shopping for and choosing a car?

R: It was pretty easy. I had looked at a used car first and went with private credit union financing. And due to, I guess, lack of inventory, they wanted 150% of Kelley Blue Book value. And my credit union wouldn't approve that.

M: Ah.

R: My previous car was a [REDACTED]. And so I was happy to get something that was less than 20 years old. But something that was completely new that nobody had driven before was really kind of cool.

M: Uh-huh. So in other words, you had made one decision initially. And in some ways thanks to your credit union, it didn't work out. So then you went the next step, which was to actually go and buy a new car.

R: Because I honestly didn't think I'd get financing for a new car. And I was kind of scared about the car payment. Because after many years of no car payment, having a car payment was kind of scary.

M: Right.

R: And also increased car insurance and all the extra costs that come with a new car.

M: Yes. Right. Okay. Well that sounds like a good story. Congratulations. Was there anything that you didn't like about the experience you had shopping for your [REDACTED]?

R: It was more a week after or a couple of weeks after. I had bought all of the warranties, the gap coverage, everything. Within a week, the check engine light came on. And they told me that, oh they make the cars more, are more ecofriendly. And they coat all of the important wires with tasty squirrel bits. The squirrels like to eat them. So I was scared to death. And also then quite alarmed to find out that if the squirrels had eaten through my wiring harness, I wouldn't have been covered for that, even with all of the warranties. And they didn't mention that that's something that has been known to happen. Luckily, it wasn't that.

M: Really?

R: Yeah.

M: And how did you find that all out?

R: My check engine light came on.

M: Right. And then...

R: Within a couple of weeks, within like a week of owning the car. I hadn't even made my first car payment yet.

M: But how did you find out that the squirrels eat the...?

R: The guy at the repair shops said, oh it's probably squirrels.

M: Holy mackerel.

R: And I'm like; I have not owned this car very long. And then also when I bought the car, I had gone away from the dealer and bought an Autostart. And so that of course had to be installed. And then part of the package that I got was an appearance package, which included Scotch-Guarding the seats and protecting and putting a protective coat on the actual whole of the car.

M: Uh-huh.

R: So the first month I owned the car, I didn't drive it very much, because it seemed to be going everywhere.

M: It seemed to be going everywhere? What do you mean?

R: Yeah. Like I had to drop it off for the day for it the installation of the Autostart. I had to drop it off a day for the appearance package. It was a couple of days for the check engine light.

M: What is an Autostart? Can you tell me what that is?

R: An Autostart is there is this button on my keyring that I press and my engine starts up.

M: Oh. Okay. Got it.

R: It's a remote start.

M: Got it. Okay.

R: It's really nice.

M: Okay. So instead of having to put a key in and turning it on.

R: Yeah. It's great for warming it up.

M: Yeah. Okay. Great. Thank you. What influenced your decision on what car to buy?

R: I was looking at used cars. And budget was very low because I was not planning on buying a car, any car. Because all of a sudden on my old car, the brakes rusted out. It was like I'm not getting back in that thing, even though it had been fixed. So, necessity of getting a car. I looked at used cars and wanted to keep it under \$10,000 for a used car because that's what my loan was for.

M: Ah.

R: But then when I couldn't get the loan for the used car, I went... It's like, well why don't I go look at new cars? And I didn't want to spend that much. So I got basically the previous year's model, what was on the lot, and pretty much the bare-bones.

M: And what made you decide on a [REDACTED]?

R: My previous car was a [REDACTED].

M: Okay.

R: And it lasted 18 years.

M: Okay. So it was good (inaudible).

R: Yes.

M: Okay. And what influenced your decision to buy it where you bought it? Where did you buy it?

R: [REDACTED].

M: Okay.

R: I went to the [REDACTED] website. And they had a few that were bottom-of-the-line-ish and looked good. And they were close by.

M: Okay.

R: So it was almost. It was about... I had to buy a car that week because otherwise I had no transportation.

M: Uh-huh.

R: So I was kind of cutting it down to the wire because we were thinking used car. And this was approaching the weekend. And the next week, I needed a car. So it was kind of, you know...

M: Yeah. And you said you it was; you saw something sort of bottom-line. What did you mean by that?

R: I got the [REDACTED], which is the cheapest [REDACTED] possible.

M: Oh okay.

R: It was a choice between a [REDACTED] and a [REDACTED].

M: Okay.

R: The [REDACTED] was one step up, but had no extra frilly things. The [REDACTED] was well, blue. And I like blue better than silver.

M: So color was an influence.

R: I liked... I don't like white and silver cars.

M: Okay.

R: So I... And the [REDACTED] had a few more features. And also I liked that the [REDACTED] is smaller. I wish I had gotten the [REDACTED] hatchback, but that wasn't available.

M: Okay. Great. Thank you very much. At any point did you see ads for this car or ads for the dealership?

R: Not that I've paid attention to.

M: Okay.

R: I'm sure watching TV I have seen them. But that wasn't a deciding factor.

M: Okay. Once you reached the dealership, how long did the entire process take, from the time you arrived until the time you left, with or without having a deal?

R: Probably about three hours. And I left with the car.

M: You left with the car.

R: Yes.

M: Okay. Very good. Thank you so much.

AGREEING TO A PRICE FOR THE CAR

M: How did you go about getting a price for your car?

R: The price they told me. I'm not a bargainer at all.

M: Okay. You're not a bargainer.

R: I don't haggle. I'm not good at it.

M: I know. I understand. Can you tell me did you do any research ahead of time before you went in to find out...?

(Door opens)

M: Thank you, [REDACTED]. To find out what type of pricing you should expect to pay for the car?

R: I only basically did a search online to find out if they had something that was... We had upped the price. We had seen that it was for \$13,000 with military discount. We didn't realize it was military discount, because that was in the really fine print.

M: Uh-huh.

R: But then this one was close. I think I ended up paying \$18,000 with everything.

M: Okay. Oh, they're asking if you could speak up a little bit. I guess it sounds like a whisper, at the end of the sentence.

R: Oh. Sorry.

M: That's okay. That's okay. I'm glad they sent the note in though because I hear you just fine here. So good. Okay. So you went in. You accepted the price they gave you, because you're not a negotiator. What, if anything, did you like about the experience with regard to the price part, you know, pricing the car? When you were talking with the rep at the dealership, what was that like for you? What did you like about that part? What didn't you like about it?

R: He was really cognoscente of that I wanted to not spend a lot. Because like I said, it was like oh no, I need a car this week. I'm not really expecting it. No money down. Kind of overwhelmed by the whole car shopping process.

M: Uh-huh.

R: Because I was given my first car. So this was really the first time I went car buying.

M: Ah. Okay.

R: And the used car and the new car. And it's like what do I choose? And he was really great. And I kept on; my mom was with me, and asking her opinion. And he's like, this is your car. You need to make the decision. So that was kind of good because she actually liked the [REDACTED] a little bit better, or the [REDACTED] a little bit better.

M: Uh-huh.

R: But I liked the color of the [REDACTED] better. And I liked how small it was.

M: And did you mom...? Was your mom involved at all in the negotiating part?

R: Only, she kind of when we got to the part about like the adding of things, she kind of steered me away from things because she's like, that's really expensive. You're already buying the new car. Do you really need...? I had wanted the appearance package because I wanted the Scotch-Guarded seats because I go to the [REDACTED] a lot and come home disgusting.

M: Ah-ha.

R: Would be the nice way of putting it. And I wanted protection for the seats. Because it's like the [REDACTED] was 20 years old. What did I care?

M: Yeah.

R: But this one's brand new. So and actually talking like that, going well... So then he gave a package that included everything I wanted for a little bit more than the one thing. Because I knew I wanted gap insurance. That was not...

M: And why did you want gap insurance? Explain to me what is gap insurance?

R: Gap insurance is if my car broke a month after I bought it. And of course the car loses value as soon as it goes off the lot. If it broke a month after I bought it, I would obviously owe more on the car than the car is worth. So gap insurance covers that gap.

M: Ah.

R: And I thought that was important, especially since I was putting no money down. Because also, it was winter. And a lot of car accidents happen in winter. And it was a new car that I wasn't used to. And it was a lot of money. And I didn't want to be off the hook. And I had especially really thought about gap insurance with the buying of the used car. And I could have come up with a down payment to where that wouldn't have been an issue. But it's like then if I'm in a car accident, I'm basically screwed.

M: Ah.

R: So gap insurance was one of the more important things. Also because the newer cars have all the computers and everything on them, I wanted the package that protected everything for... I think I had it go out to the number through my whole payment cycle. Because the last thing I wanted was a car and something break on it due to normal wear and tear. And I'm still making payments on it, yet I then I have to pay a repair bill. And my dad is a mechanic.

M: Ah.

R: But the new computer things; he says breaks a lot. And he also recommended a [REDACTED].

M: Uh-huh. Did he recommend the gap insurance to you? Or that was something you just knew about?

R: No. That was something I knew about. I had heard horror stories. So I knew about that and wanted to get that. Because last thing I wanted was to make this big purchase, which was scary because I had never bought a car and this was the biggest thing I have bought before on credit, or anything. And so the idea that I would be on the hook for something that then I wouldn't own if I was in an accident and it was totaled.

M: Uh-huh. Okay. Thank you very much for explaining all of that to me. I appreciate it very much. Tell me a little bit was there anything about when you were going through the price part of purchasing your car, that made you uncomfortable or that you didn't like?

R: I don't like haggling. I think I could have gotten a lower price if I was a little better at haggling or could have maybe gotten a few features thrown in that would have been nicer. Like it would have been really nice to have heated seats. But I think because I'm by nature that's the price, that's okay. And they expect you to haggle at car dealerships. I don't like haggling. It makes me uncomfortable. So that I don't like.

M: Okay. And could you tell me what was the original price of the car? And what was the price you agreed to finally pay for the car? And if you need to... Do you need to consult your paperwork?

R: Yeah.

M: Did you get your original paperwork back?

R: I didn't need a copy of it because I have it at home.

M: Oh okay.

R: So I actually made a copy specifically. So I have all my finance documents online linked.

M: Okay. Okay. So take a look at this so you can give me the information to the question. And then I'll look at it afterwards, too.

R: I paid, it looks like \$18,433. And I had thought when I went in that it would be a little bit less. Like we were looking that it was \$1300 online.

M: \$13,000 you mean?

R: Oh yes. \$13000. \$1300 would have been nice.

M: Yeah. That sounds good.

(Laughter)

R: \$13,000 online, but that was with military discounts. And I did buy some extra warranties. So I did pretty good.

M: Uh-huh. Okay. All right. And so your impression about what the original price was; do you know what that was without the military discount?

R: I think I paid close to the original price because we didn't haggle at all.

M: Okay. Okay. And did the dealer at any time indicate to you you could get a better price if you agreed to certain conditions?

R: Not that I know of.

M: Okay. And did you trade in your prior car when you bought this one?

R: No. It's probably worth like \$200. My dad is trying to sell it for me. He's a mechanic.

M: Okay.

OBTAINING FINANCING

M: Okay. How did you pay for your car?

R: Completely financed.

M: Completely financed. That's right. You said you didn't have a down payment.

R: Right.

M: Okay. And you financed it through?

R: Their financing company, which is [REDACTED].

M: Okay. And can you tell me did you look around for different types of financing? Like did you...? You said when you were looking at the used car, that you checked with your credit union. Did you do the same thing?

R: No I did not. I was concerned, because I know my credit score is not the greatest. And I have a lot of things hitting my credit. And we just spur of the moment decided well if I don't qualify for a used car, why don't we go check out a new car? And my mom had said usually with new-car financing, their financing is sometimes even better than your credit union.

M: Ah.

R: And she's really good with money and used to work at a bank. So I figured defer to her on that part.

M: Uh-huh.

R: So we just went with their financing. No real research.

M: Okay.

R: And I was happy with my interest rate. It was like 2.99%, which is pretty low.

M: Uh-huh. Okay. All right. And you based that 2.99% as being pretty low based on?

R: The fact that it's... It is a secured loan and my credit score is not the best. And I had actually recently out of curiosity looked at what my credit union would offer. And one, they would not offer as long of a loan, which I know that you pay a little more in financing. But it makes your overall payment lower, which is kind of nice.

M: Yeah.

R: When you're not expecting to have to buy a car.

M: Right.

R: So I knew... And I liked their terms. So I went with them, rather than looking. And by the time I had signed the paperwork, I think it was nine or ten o'clock.

M: At night?

R: Yeah.

M: Uh-huh.

R: So I think, you know, I couldn't have obviously called the credit union at that time.

M: Right. Okay. And can you tell me when you were dealing with the financing of the vehicle, where did you do that? Like in other words, were you with your rep, your car rep or with you with somebody from the finance department? Were you at the same place where you talked to your rep? Or did you go somewhere else?

R: I gave my rep the information. They ran my credit. And then we went into the back with I guess the final salesperson who told me... I think at that time, he told my interest rate. And then we decided we wanted the extra things. And then he figured out what the payment would be a month.

M: Okay. So was it the sales rep that did that or the finance rep did it?

R: The finance rep did that, but I gave my sales rep the information.

M: Okay. So when you were talking to your sales rep, at some point he asked for your...

R: Once I decided I wanted the car.

M: Okay. And what did he ask you to give him?

R: I think Social Security number and a recent paystub.

M: Okay.

R: Which I had brought with me because I come prepared.

M: Uh-huh. It sounds like it. Okay. And so he took those items back to the finance department?

R: Yeah.

M: And then at some point, you went back...

R: We waited like it seemed forever.

(Laughter)

R: And then went back and discussed financing and everything.

M: Okay. All right. Great. Tell me a little bit about that whole process. Think back on when you went into the finance department to meet with the finance rep. Tell me what happened from the moment you got in there? What did they say to you? What kinds of questions did they ask you? How did you respond? That sort of thing.

R: Well, I was a little overwhelmed. [REDACTED]

M: Oh my.

R: And I was signing that I was agreeing to everything before I even saw the final terms.

M: Oh really?

R: [REDACTED]. So I'm going like, oh my god. I hope I'm doing the right thing. Really. Because like I said, I've never bought a car before.

M: Right.

R: And didn't know about the process. This is kind of all new to me.

M: Right.

R: And my mom had bought a car, but she paid cash for it. So it was kind of a completely different process. So I had never been through the process of buying a car either through myself or with somebody else.

M: So actually, the one thing that you did say I want to ask, follow-up a little bit with, you said that you actually signed the paperwork without having agreed to the final terms?

R: Yeah.

M: What do you mean by that?

R: I think it was conditional on the approval of financing and stuff. Like I said, I was a little overwhelmed by everything. So it's hard to completely remember back how things were.

M: Uh-huh. And can you tell me what, if anything, you had agreed to at the time that you signed the finance paperwork?

R: I had agreed to that yes, I'm interested in the car. And if the financing works, I will purchase the car.

M: Uh-huh. And had you agreed on the price of the car by that point?

R: Yes.

M: Had you agreed on the interest rate at that point?

R: I don't think so. I don't even remember seeing the interest rate until near the end of everything.

M: Okay. And had you agreed on what the monthly payment would be at that point?

R: I think there was a base monthly payment. But then when I went back in with the financing guy, I wanted to add some things to it. And that was more where I saw how the monthly payment would change.

M: Okay.

R: Because I had wanted to add the various packages.

M: Okay. Let's see. At any point during the time, or since you purchased the car, have you ever discussed refinancing the vehicle or renegotiating the interest rate or monthly payments on the purchase of your car?

R: I haven't really discussed it. I looked, just curiosity, at a credit union to see if the interest rate would be a lot better. But actually I'm pretty much right in their range. And also, they only, for the price of my car, don't do as far out through my credit union.

M: You mean the length of the loan?

R: Yeah. The length of the loan. So I kind of looked, but didn't commit to anything.

M: Uh-huh. And to the best of your knowledge, is that something that actually can be done, that you can refinance?

R: You can always refinance anything.

M: Yeah? All right. And how do you know that?

R: Just general knowledge I guess.

M: Okay.

R: My mom makes sure, even though I do like to spend a lot on credit, that I am credit savvy and have learned about you can always refinance stuff.

M: Uh-huh.

R: Especially secured loans.

M: Okay. And you're referring to this as a secured loan. Meaning what exactly?

R: If I don't pay my loan, they take the car away.

M: Okay. Okay.

R: Basically.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: All right. So, you did start talking about this. So I'm going to explore this a little bit more. Did the dealer offer you additional products or services to purchase or did you suggest you wanted those additional products and services?

R: He offered them. And then I'm like, ooh that one sounds interesting. Kind of like, that sounds useful. That sounds useful. And of course, there were... I think there was only one or two that I had no interest in, like a protection package, an actual antitheft package. Because where I am and where the car is, is not really an issue. And I think like a beauty package, not the protect package, but the package to make it look prettier. It's like, I want it to run. But I don't want it to smell like barn. So those were my... And I wanted to make sure; of course the gap coverage was #1.

M: Uh-huh.

R: And then the appearance package was #2 for me. But my mom thought that it was more important to pay for the warrantee and make sure all my oil changes and everything were covered, especially since it was a new car. So we kind of argued on that. And then the guy saw us kind of arguing about it and made it so that it was only a few dollars more to add the three packages together.

M: All of them. Okay. All right. Do you know what the cost of each additional package was that you purchased?

R: I think it's in my paperwork.

M: Okay. Do you want to take a look and point it out to me? That would be great.

R: Let's see. The Easy Care for the warrantee was \$1599. The VIP for maintenance was \$999.

M: So that's the maintenance service agreement where they...?

R: Yeah, the oil changes and everything.

M: Okay.

R: And I think the \$1559 includes the gap, the basically if your engine dies, they fix that, and also the... Or no. Optional gap contract is \$600.

M: So that's in addition to the \$1500 and the \$900?

R: Yeah. And I think the Easy Care is the protection, the beautification package or whatever you want to call it.

M: You mean for the seats?

R: Yeah. And the outside. And then the warrantee thing. I have another sheet that actually has all of that. But I didn't bring that sheet.

M: Okay. And when you were looking at those packages, did they explain to you or not what was included in all of those additional packages that you were buying?

R: There were different levels of, especially like the warrantee package. The gap was just gap. And I had already known about that. So I didn't need that explained to me. The appearance package, he went through all of the packages and explained each one. And also, they were on a screen. So I could also read. And it said; this package covers this and this package covers this plus this. So very explanatory. And it showed at the bottom level like how much this would add to your bill for each of the packages.

M: When you say how much it would add to the bill, was it how much it would add to total price of the car?

R: Total price of the car.

M: Okay. Got it. Okay. So in the end, what was the process for deciding which of those packages you were going to go with? Because those were a number of packages.

R: Well I wrote the gap package. My mom, who was helping me, agreed that gap insurance was the most important.

M: Okay.

R: I thought the appearance package was rather important because I'm spending all of this money on something. I'd like it stay nice. And then she and I thought the warrantee package to protect the engine if something goes wrong and to fix things if there's a manufacturer defect was important. And we were trying to decide. She talked me out of the appearance package because it's like, well you really can't afford that. That's way too big of a payment. So but then the gentleman heard me. And he said, well if you all three of these packages, you can get a discount a little bit. And so that's how we went with all three.

M: Uh-huh. And so with the discount that he applied, did that make it affordable for you?

R: Yeah. It would have... I mean before, it was like \$100, or no, not \$100. I think it was like... Because the breakdown was monthly, how much it would add to your monthly bill and then also how much it would add to the price. And I think he reduced, like if you add all three of these packages, you kind of get the third one at a big discount by at least half. And well it's stupid to not get that one now. So we ended up getting the three that I had wanted.

M: Okay. So do you recollect how much, like what your monthly payment was before you accepted those packages?

R: I do not.

M: Okay.

CONTRACT AND POST-PURCHASE

- M: So now let's talk about post-purchase for a minute. Did you have an opportunity to review your paperwork before signing?
- R: He went through the paperwork with me. And then kind of reviewed it. Then signed it. Reviewed and then signed each different thing.
- M: Ah.
- R: And went over the packages and signed them, but didn't read all the fine print.
- M: Uh-huh. And when you were reviewing the paperwork with him, did you actually read and review it while that was happening? Or he was...? How did that go?
- R: I was kind of following along.
- M: You were following along. Okay. What, if anything, did you particularly like about that process? And what, if anything, did you particularly not like about that process?
- R: I liked that I did not have any paper to bring home. They were completely electronic, which is great because I don't like paper, as a rule. So at the end of the process, I got a flash drive with all of my signed, with copies of all of my signed paperwork on it.
- M: Wow! So you do you mean you actually didn't walk away with copies of the paperwork?
- R: Electronic.
- M: You...
- R: It was all electronic. Wow.
- M: Wow.
- (Door opens)
- M: Thank you, [REDACTED] need these tissues or does she have her own box.
- M: There should be some there. I'll check.
- M: Okay. Thank you very much. Hmm. Okay. So here they have a question about this, which is sort of what I just kind of asked you. You saw it on the screen. Did you see it only on the screen?
- R: Only on the screen.

M: Okay.

R: Which was fine with me because I'm not a paper kind of person.

M: Uh-huh. Did you sign the contract electronically?

R: Yes.

M: You did. Okay. The top of the... Okay. I guess the top of your paperwork says, "[REDACTED]" Please explain. Let's look at that. Because I don't know what that means either. Maybe you can find it.

R: Is it the credit reports?

M: I don't know. Let's see. Oh, here. [REDACTED]. That's what they're looking at. Do you see that at the very top?

R: Oh. I actually think that might be because it was a, it was a big computer screen basically into a glass thing. And I was signing everything there. So I'm guessing this is copy customer, completed, signed electronic form. I'm guessing maybe they hold a copy of the electronic form somewhere.

M: Hmm.

R: In hardcopy. I don't know honestly.

M: Okay.

R: That was what I was given. And like I said, everything was electronic. I just printed it out before I came.

M: Okay. Completed signed electronic forms held by [REDACTED]. Okay. So you think that that's just a company that holds the paperwork?

R: Maybe. That would be my assumption.

M: Okay. Did you see the paperwork before signing?

R: I did not see a physical paper copy. But like I said, I went through everything on the screen and signed on the lines with an electronic pen.

M: Okay.

R: Kind of neat.

M: Was it on paper or was that copy electronic also?

R: Electronic

M: Okay. Did you leave with a copy of the contract on paper?

R: No.

M: Okay.

R: Which actually I liked.

M: Yeah. I heard you say that's neat. Uh-huh. Did you leave the dealership with the car before you had the terms in writing?

R: I left with the terms in writing in electronic form, which to me is as good as paper. Everything was signed, and I left with the car.

M: Uh-huh. Okay. So when you say you had the...

R: The flash drive.

M: The flash drive. Okay. Very good. Thank you. I appreciate you answering those additional questions. So had you had an opportunity to review...? You said that. What did you like? You answered that. Have you had any contact with the dealer since purchasing the car?

R: I have. I brought it in for the check engine light, because their mechanic shop is right next to their dealer.

M: Okay.

R: I was not happy about that. And I also brought it in for the protection packages to be applied.

M: Okay. And did the dealer ever contact you?

R: The day after, the sales person called me, asked how I liked everything, reminded me about the rating process that anything lower than perfect is not perfect on him.

M: How did you feel about that?

R: It was kind of weird, but I understand that they get rated on things. He was very helpful, very understanding of things. I liked him. So, I usually don't rank people 5 out of 5 because unless they go above and beyond. But since that, since their things are kind of weird, I rated 5 out of 5 because he was good. Of course, that was before the check engine light came on. And that really... I don't think I actually would have downgraded

him on that because that wasn't his fault. He didn't make the warrantee plan that doesn't cover critter damage. He definitely did not decide to put the ecofriendly sleeve wrapper on the important wires.

M: Uh-huh. Have you had any issues with the car since then?

R: Other than the check engine light, which ended up thankfully not being critters. Ended up being, they don't know, a ghost. It hasn't happened again. So I'm okay with it.

M: Okay. So let's go back to looking at the paper. I think you already told me, but let's reconfirm. Can you tell me what was your annual percentage rate?

R: 2.99%.

M: Okay. Did at any time you even think about canceling your original deal?

R: I was really concerned when I brought the car in for the check engine light. It's like can I just not pick it up and pay for anything if it's rodent damage? But that was the only time.

M: Okay. At any time do you know whether or not placement of a tracking device was discussed with you or required?

R: Not that I know of.

M: Okay. So you're not aware of any tracking device being placed or activated on your car?

R: I think they had an option in one of the protection packages to put like one of the things the police can track.

M: Uh-huh.

R: But since I did not choose that package, because like I said, it's not important to me. Where I go is not really a big crime area.

M: Okay.

R: So I think that would have been maybe the only protection, or tracking device.

M: Okay. All right.

OVERALL UNDERSTANDING

- M: So now let's look at each. You keep the paperwork in front of you for the time being. Let's look at each of these individual pieces of paper. So the first one I want you to focus on is the retail installment contract. And overall, what would you say about this document? Was it easy or difficult to understand?
- R: Pretty easy to understand for me.
- M: Yeah? And tell me what makes it relatively easy to understand?
- R: Tells me what my percentage rate is. Tell me what my payments will be.
- M: And what are your payments?
- R: \$280.32 a month.
- M: Okay.
- R: And it tells me when that payment's is going to need to be start being made. And also how many payments I will have to make. All on the front sheet.
- M: And how many payments?
- R: Seventy-two.
- M: Okay. And can you tell me was any of that information, to the best of your knowledge, left blank when you signed the paperwork?
- R: No. It was all filled in.
- M: It was all filled in. So when you looked on it online, you saw all of that information.
- R: Yes.
- M: Before you signed it.
- R: Yes.
- M: Okay. And who filled it in, you or the dealer?
- R: The dealer.
- M: All right. Okay. You pointed out your monthly payment, told me what it was. For your monthly payment, I know you said you don't like to haggle or negotiate. Did you ever discuss the amount of your monthly payment with your rep at the dealer?

R: I think in the beginning of our search, we had said we wanted to keep it under \$300.

M: Okay.

R: The monthly payment. Because I was more concerned about how much it would be a month, rather than how much the car is going to cost. I cared about the interest rate to a point, but I was more concerned about what that monthly payment was going to be.

M: Uh-huh.

R: Because that directly affects me right now.

M: Uh-huh. And at any time, did the dealer rep say anything to you about, well, also about the term of the payments? So in other words, how long? You said it's 72 months. Is that...?

R: I wanted to go out the furthest to make the payments the least amount possible.

M: Okay.

R: Because I know if you, with most things, if you pay it off early, that's not a penalty. And I figured it's better to have the minimum payment as low as possible. And if you have extra money, pay it off early, then to have to strive to make a big payment.

M: Ah. So you're under the impression that if you wanted to pay more any given month or at any given time, you could do that.

R: I could pay it off right now if I had the money and wanted to.

M: Okay. Okay. And you pointed to the APR. So you know where that is. And you told me what it was. That's great. And the length of the payments. So let me just again, one more time, please forgive me. Did the dealer initially suggest 72 or did you...?

R: I had looked at how long. I think I had actually asked what is the longest I can have the payment go out to be.

M: Okay. And he had told you 72.

R: Yeah.

M: Okay. And did you at any point, ask him what the payments would be if you didn't go as far out as five years?

R: I wanted to go out as long as possible because I was already thinking that around \$300 would be hard to make until my budget kind of settled. Because I wasn't... Unexpected

events are never expected. So I wanted to make it as far as possible. I didn't want to even think about a higher payment for a shorter amount of time.

M: Right. Got it. Okay. So now I'm going to ask you a question. Did you get a document, look through there? Tell me if you received a document that's called a "spot delivery agreement?" So maybe let's look back here and make sure that it's not...

R: I do not see it, but I was given other documents that I did not receive or even... I had been given, like I said, a big group of documents from the sale. And it was all electronic.

M: Uh-huh.

R: And I only actually kept like... Like I kept this one. And I kept the descriptions of all of my plans. I didn't bring that one.

M: Okay.

R: So I didn't keep everything. I just kept the ones that I thought were important.

M: Okay. So, the spot delivery agreement is an agreement that you would have signed, which would allow you to take the car from the lot without actually having all your financing approved.

R: So it's kind of like the temporary title thing that I signed?

M: Oh I don't know. Did you sign a temporary title?

R: I signed something that allowed the dealership to do the title and plates without me, rather than me having to go to the MDV. That was fine with me.

M: Right.

R: I signed a few agreements that I don't know if I necessarily got copies of them. Like I said, I only kept copies of the ones like the purchase agreement, which is important, and the description of the plans.

M: Okay. Yeah. So just so I get it correct. The spot delivery agreement occurs when the dealer allows the car buyer to drive off the lot with the car on the spot, when the sale and financing are technically not yet final.

R: I think the financing was final when I left because I signed everything. And they had actually given me a sheet that said this is when your first payment is due.

M: Uh-huh.

R: So I would think that based on that, that my financing was finalized, honestly.

M: Okay. And they never contacted you afterwards to say you need to come in to sign anything in addition?

R: Everything was signed.

M: Okay. Very good. And your payments that you've been paying every month are the payments that appear on there?

R: Yes.

M: Okay. Okay. And the add-on menu, you showed me the things. Right? The additional things.

R: Uh-huh.

M: Has your understanding of any of these additional packages that you purchased changed in any way since you purchased the items?

R: I learned that the chewing of any of the wires is not covered. And I thought everything was covered, especially since that would obviously be no fault of mine because my knowledge of chewing the wires. They're the one that made it tasty. I think that's a manufacturer defect. But I learned that that was not covered. And that was actually quite alarming. So that was about it.

M: How does that affect you, as the owner of a car? Do you park outside?

R: I have no choice. I don't have a parking garage.

M: Okay.

R: I am now paranoid that my car will be a tasty treat. But I had actually looked online and did some more research on it. And granted; there was one instance in [REDACTED] listed, which is close to me. But most of the cars that were listed were either [REDACTED] or [REDACTED]. I forget. My car was not listed at all as one of the tasty treat ones.

M: Ah. Okay. I learn something new every day when I do this research. Okay. Tell me is there a credit application in that list, in that set of data that you have there?

R: No. There isn't.

M: Okay. Do you recall filling out a credit application when you were at the dealership?

R: I'm pretty sure I just gave my name, my Social Security number, and a copy of a paystub.

M: Okay. That was it.

R: Yes.

M: And then they ran it or did what they did.

R: Yes.

M: All right. I asked you about the tracking device. So there's no issue there. And you don't remember them mentioning anything to you about a tracking device?

R: Honestly, I wouldn't really care.

M: Okay.

R: I'm a government employee. I'm tracked by so many people.

(Laughter)

R: They can do whatever they want.

M: Okay. And so those are the only contracts, paperwork you got, except for? Which are the ones that you kept at home?

R: I got some other things, but they weren't important to me. So I deleted them. The only other thing I kept was the description and what's included on my Easy Care package and my gap insurance.

M: Okay.

OVERALL EXPERIENCE

M: So as we're finalizing our time together, I'm going to, if they have any additional questions, they'll send a note in. But in the meantime, can you tell me overall, after this entire discussion and time we've spent together, can you summarize for me your final views on your overall experience of purchasing and financing your car?

R: I think according to some of the questions, I seem to be a responsible car buyer, even though it was kind of like, you're buying a car right away. Like I knew about gap insurance. I knew where to find my finance charge. I knew where to find my payment. Also, I seem to not know that they put tracking devices on some cars. It also seems that some dealerships don't do the paperless route, which I actually loved. But I can understand some people that are not as electronically inclined as me could really hate that.

M: Okay. So overall, you would say your experience was...?

R: It fit me well.

M: It fit you well. That's a nice way to say it. Thank you very much, [REDACTED]. And those are all the questions that I have for you. You've been very gracious. I greatly appreciate the time you gave us today. And the effort you made to get us your paperwork, that's really important. I'm going to ask for it back.

R: Because like the one gentleman who called, it's like did I even have the right paperwork?

M: Uh-huh.

R: It was like this is the only thing that says my interest rate. That's what I was worried about.

M: Yeah. Yeah. Nope. You have what we need. So I really appreciate that. And you were the [REDACTED]. I'm going to put that down so I have that. So we are good to go. Thank you very much for all the time you gave me today.

R: Do they have any more questions?

M: No. I think that's it, because they're pretty quick. They run it in for us so that you don't have to wait. And the interview was very good. So, we appreciate it.

// end of recording //

[REDACTED]

AUTO BUYER STUDY

154230

Project #FTC1501

SHOPPING FOR AND CHOOSING A CAR TO PURCHASE

M: For the purposes of this interview, would you please state your first name only?

R: [REDACTED].

M: Okay. And [REDACTED], can you tell me what is the most recent car that you purchased and when did you purchase it?

R: It was a [REDACTED]. And it was in [REDACTED] of last year.

M: [REDACTED] of last year. Okay. And what did you like, if anything, about your experience shopping for and choosing a car?

R: What did I like about it?

M: Yeah. For shopping and choosing a car.

R: Okay. I had been thinking about it for quite some time, to replace my current car, well the previous, which is a [REDACTED] that was basically 20 years old.

M: Okay.

R: So I was replacing that. And I had been thinking about it over, actually a fairly long period of time, a year. And I probably would have moved sooner, but the old car passed, unexpectedly passed the inspection and I held on to it a little longer. And when I went ahead, I had done a fair amount of research in terms of our needs and reliability things, checking out sources. So I had kind of settled. I looked at two, basically two different brands.

M: And what were the brands?

R: [REDACTED]. So when I reached the point of making a decision to go ahead, I did, I ended up using [REDACTED] as, you get a discount if you go to [REDACTED]. And they send you to a specific local dealer. So that's how I ended up with [REDACTED]. It is [REDACTED]. I believe it's [REDACTED].

M: You mean in terms of the dealer?

R: Yeah. [REDACTED]

M: Okay. So you said you did a lot of research.

R: Particularly about the car, you know, which kind I wanted to get.

M: Uh-huh. And how did you do that research? Just curious?

R: Hmm. The usual sources, Consumer Reports and a couple of other internet sources where they're reviewing and grading cars. And test drive. And friends.

M: Uh-huh.

R: So that's how I kind of settled on those. And then after the, had the wife ride in it, too. So we did all that.

M: Okay.

R: Of course, (inaudible). We don't buy cars that frequently. So we own most of our cars usually at least 10-15 years, ten years, 10-15 years.

M: So can you tell me what, if anything, didn't you like about your experience shopping for and choosing a car?

R: Do you mean when I got to the dealer or...?

M: Just in general the shopping experience. Yeah. We're going to get the specifics later.

R: Yeah. Well, I can't say that it's anything in particular, other than, you know, to some extent, the pressure of a big purchase. And I want to make the right decision. Although in retrospect, I think I went down a little bit of a track that, yeah, I really need... Because I'm thinking in terms of oh I'm going to have this car for a long time, da, da, da. Then I think after I purchased the car, I said, look. I'm ■-years old, you know. We're okay financially. So do I really need to get the car that's going to last...? That was the second thought I had, which is fine. But I think it factor in to, which we may get into later, but buying the maintenance plan and all that stuff.

M: Yeah. We are going to talk about that.

R: Yeah. (Inaudible). I have a little bit of remorse, but it's a done deal. So it's not that kind of "oh no." But I was thinking; well why was I thinking that? Because that's what I usually.... And, hmm. So anyway, that's a little bit.

M: Okay. We'll talk about that in a minute.

R: Okay.

M: All right. Can you tell me what influenced your decision on what car to buy and who to buy it from?

R: Hmm. Well I thought I answered that to the extent that who to buy it from, because I went through [REDACTED].

M: That's what they told you. Okay.

R: That dealer.

M: Uh-huh.

R: And as far as the particular car, as I said, I narrowed it down to two that were highly rated and reviewed and then based my decision. It could have gone either way. But just based it on look and feel when we tried it out.

M: Okay. Very good. Thank you. Did you see any ads at all about the car; that impacted your opinions in any way?

R: Hmm. Not really. Although, not about the car, which is another subject, the financing. I did see an ad about the financing.

M: Tell me about that. Do you recall it?

R: It was 0% financing.

M: Ah.

R: And it did affect timing because we had decided, you know, it's like, well how long is that going to last? Because I did... If it was available, I wanted to take advantage of it.

M: Uh-huh.

R: And so it was like through whatever. And then I called them. And they said; yeah, yeah, we've extended it for a month. So that gave me enough time. (Inaudible). I didn't know how long it was going to last, because they were only advertising it through the holiday or whatever. But he said, oh we extended it a month. So that came into play a little bit.

M: All right. Once you reached the dealership, how long did the entire process take from the time you arrived until the time you left, either with or without the deal?

R: Hmm. It didn't take an extraordinary amount. You know I would say probably a couple of hours. But let me think.

M: Uh-huh.

R: Because I know I went in and ordered the car. And I think that's when all that took place. But, you know, I'm a little hazy because I know with the extended warranty and all that, I'm just trying to think if we... I think we went through that at that point. I just can't remember. Because it's two-part. You go and you talk to the salesperson. And they write it up. And you talk about accessories. And I just, I'm a little hazy on whether the part that involved, you know, doing the financing... I think that happened at the same time.

M: Uh-huh. Did you go to the dealer more than once? Or did you...?

R: Twice. Once to talk to the salesman and order the car. And it was a fairly short period of time to go back and actually get the car.

M: Okay.

R: The only part I'm hazy on is did... Because I think we basically did it all the first time around. But I'm not 100% sure because I know... Because I remember putting down a \$500 deposit. So it may be the bulk of it was the second time.

M: Uh-huh.

R: But overall, I'd say about an hour and half, two hours. Because I know we spent time talking about accessories the first, you know, the first time.

M: Okay.

AGREEING TO A PRICE FOR THE CAR

M: Can you tell me how did you go about getting to a price for your car?

R: That was pretty easy because the price was set.

M: What do you mean it was set?

R: Well, going through [REDACTED], they give you... I mean [REDACTED] doesn't give you the price. But the dealer has an arrangement. And so this is the price. So there was no negotiating on the price.

M: Oh. So you mean [REDACTED] has some sort of deal with the dealership, that the price is set?

R: Yes. It's like a buyer service. I mean I had done enough research to know what a good price, you know, what a reasonable price was.

M: And what research did you do for that? Do you remember?

R: Hmm. [REDACTED] for one. And a couple of the online services so you know, have a target figure.

M: Uh-huh. So when you went into the dealership, what was your target figure?

R: Oh I don't remember the exact number. I mean not that... I can see what I paid.

M: Yeah. We'll look at that because we have it on your documentation. But is the amount that you paid, you know, is that what you expected to pay when you walked in the door? Or did you negotiate? You said you didn't...

R: No. There was no negotiation. I know I had written down a number. So I knew. Or a range. But part of it is I mean I verified. But part of it is having a fairly high confidence in something that [REDACTED] is running.

M: Okay. Got it. Okay.

R: Just as an aside, when I first starting going to [REDACTED], the very first time I said; pay a membership fee? No way! I'm not paying a membership fee to shop. I'm totally on the other side now. They make good products. Anyway.

M: Yeah. What did you like, if anything, about your experience obtaining a final price for your car?

R: It was pretty straightforward. As I said, there was no negotiating. I know in the past, I have done that, somewhere in the distant past in purchasing a car. So given that I had

decent confidence level about the process, you know, that felt good to me, not negotiating, not having to negotiate.

M: Okay. All right. Was there anything negative about your experience with the pricing part of your car?

R: No. Nothing. Just as, only to the extent that, as I've already mentioned, having second thoughts about paying the amount of money I did for the extended warranty and the maintenance plan.

M: Okay. We'll get to that.

R: Yeah. Actually, pricing wise, its price and it's part of what's being financed. But the actual price of the car itself, no. I didn't have any negative.

M: Okay. Thank you for that. I appreciate it.

R: Sure.

M: Okay. Do you remember what the...? You said you didn't remember what the price, what all the literature, [REDACTED] or whatever else you looked at or whatever said the price of the car should be?

R: Well we had the MSRP.

M: Yeah.

R: Which hopefully, you don't have to ever pay the MSRP, but sometimes people do I guess. And then, you know, like a target number.

M: Uh-huh.

R: And of course, then you've got to filter through what you're adding, you know, to the base.

M: Right.

R: The extras.

M: Right.

R: But, what was the question again?

M: Yeah. Did you know what that price was?

R: Yeah, yeah. Pretty much.

M: What was it, about?

R: I have no... Again...

M: You can't remember.

R: (Inaudible). And if I was, you know, [REDACTED] years ago, I would have had a better idea.

M: That's okay.

R: This is like, oh okay.

M: Yeah.

R: (Inaudible) level. I'm okay.

M: Yeah. That's fine. Did the dealer ever say to you you could get a better price if you agreed to certain conditions?

R: No.

M: Okay. Did you trade in a prior car when you bought this car?

R: I didn't. But I, before I made the deal, I took my old car to [REDACTED], not to sell, but to get a "what will you take for this car," with the idea of perhaps doing a trade-in, using that. So I did do that beforehand. And it was like [REDACTED].

M: Uh-huh.

R: But then, I forget the exact sequence. [REDACTED]
[REDACTED]. I said well, I'll just go sell it. But I decided to keep it, mainly for my son to have as a second car available for his family.

M: Okay.

R: Anyway. What was the question again?

M: So, you kept that car.

R: Yes. Okay.

R: But along the way, I was contemplating doing the trade-in. And when I did the thing with [REDACTED], it was the idea just to drive to the dealer and say here's what [REDACTED] is

offering. If you can do something the same or close to it, I would just have let the dealer have it, just for the ease of the logistics of it.

M: Right. Okay.

OBTAINING FINANCING

M: So how did you end up paying for your car, the one that you bought?

R: With dealer financing.

M: Okay. So you financed it through the dealer.

R: 100%.

M: Okay. And what do you mean 100%? You didn't put a down payment on it?

R: I did put a down payment of \$500.

M: But that was it? You didn't put anything else down?

R: No.

M: Okay. What, if anything, did you like about the financing experience of your car? And what, if anything, didn't you like about it?

R: That's the sort of thing I might have expected a surprise. But it was, it was not. And I know now from making the payments, there's no surprises. There wasn't any complication to that process.

M: Okay.

R: They had a number. And they just divided that number by, I think it's, it might be four years. It's three or four years.

M: Okay.

R: But I mean it just, it was it is. I like that. You don't get that very often.

M: Uh-huh. So when you went into the finance... And tell me where you did the financial part of this? Was it in the same area where you talked to your sales rep?

R: There was a little office in the dealership.

M: Okay.

R: I've seen that before. You know, where the guy does, does the closing, as far as the finance part and talks to you about the things I did get, the additional warranties, and the financing, too. So one guy handled... One guy handled, not the salesman, but the...

M: So there was another person and they handled in the finance office.

R: Yeah. That's what I call it, the finance office. I don't know what they call it, the closing office or finance office.

M: Okay. That's fine. And can you tell me did you consider financing the car through any other source other than the dealer?

R: I didn't. And that kind of deal was available, but I did not consider it.

M: Okay.

R: Because I don't think you could do better than zero.

(Laughter)

M: Okay. Tell me, when you went into the finance department to talk about financing your vehicle, did you introduce what terms you wanted, like in terms of, you know, any of the variables involved in financing the car? You said you knew the interest rate. And you didn't think you could get any better interest rate.

R: Well, I was (inaudible) to that is there going to be a hidden fee or something, which is certainly not unprecedented. So I was at least careful to see that there wasn't.

M: Right.

R: And I was happy for that. And so there was... Yeah. So there wasn't...

M: Did you care what you were paying a month for your car? Was that...?

R: Honestly, the answer certainly would have been different most of the life. But we've reached a point. I'm retired and this and that. And yes. It's not a problem.

M: So I mean like did you go in there and say I want my monthly payment to be less than this or about...?

R: I didn't. I didn't. And I was... If that was a consideration, you know, I could have financed part of it and paid. But the payment is something I can handle on our monthly income. It's not a problem.

M: And what about the term of the loan? Did you go in and say this is what I want? Or did they say...?

R: I guess whatever they said was standard. I just want to see what it is so I can talk with... It's, so it's 48 payments. So it's four years.

M: Uh-huh.

R: Yeah. So hey. If they had made it ten years, I'd say, good. So I thought that was pretty reasonable. I can envision that they had an offer that was only for three years. But as far as I'm concerned, stretching it out would be fine.

M: So you didn't say to them, oh do you have one for 60 months?

R: Oh no.

M: Or do you have one for 72 months?

R: I didn't. I didn't.

M: Okay.

R: I just thought that that's what they were offering. So I wasn't saying do you have this or that. They just presented it as here's what we have. And I was actually pleased, that it turned out to be four years.

M: Okay. Do you know whether or not you can negotiate those terms?

R: Well I'm sure you could if you were paying interest, given that they're offering, you know... Obviously, you know, you're subsidizing the purchase of your car with this because they're giving you money. You're paying it back over time with no interest. So I mean in my mind, you could also look at it as well, yeah, I'm sure they do that stuff. Well we'll finance it at da-da or we'll lower the price.

M: Hmm.

R: But that never came up. I didn't ask. I just said well this is neat. This is kind of neat and clean.

M: Uh-huh. Okay.

R: So yeah. I don't even think I knew maybe initially... I don't know if they said through the advertising that it was four years, but obviously I didn't remember.

M: Uh-huh.

R: You know, because in my mind, three years is something probably that's not unusual. And then if I was paying on time, if I was... If I was being charged an interest rate, then I'd be more inclined to shorten the period.

M: Hmm.

R: So given that it's free use... Well, free, but yeah. Anyway.

M: Okay.

R: Yeah. I was happy with that.

M: Okay.

ADDITIONAL PRODUCTS AND SERVICES

M: All right. So let's get to the part of this process that you discussed with the dealer about the additional products and services.

R: Yeah.

M: So let's talk about that.

R: Yeah. Let's talk about that.

M: Did the additional products and services come up at all with the sales rep or...?

R: Yes.

M: It did.

R: Yes.

M: Okay. Tell me about that. How did that first come up?

R: Hmm. It didn't come up right away, but it came up in the course of discussion. This is something we offer and recommend. And what, I mean the product I think in my mind that swayed me towards getting an extended warranty. So it's two separate things, the extended warranty thing. It's the fact that this car, as most of them nowadays have so much more electronic stuff. It's got a, besides just the visual, the backup camera, it's got something else that I don't even know if I'm going to use. But it's the... And I test drove one where you, you know, it's not driverless, but it'll brake for you.

M: Ah.

R: If you engage this feature. And I could potentially see at some point not too far down the road, hey, this might be good to at least have a (inaudible) self-driving car.

M: Yeah.

R: And when I test drove it, did the test drive earlier with this feature, it's in the short-term, it's very hard to adjust to. Because it actually, you just take your foot off the pedal brake. And you come up to a stoplight behind another car and it stops for you. And the first couple of times, you know, it's pretty hard to let that go right away.

M: Right.

R: But anyway, so that's just part of saying that the... There were some things that could go wrong. That's what swayed me to... I haven't done extended warranties in the past.

M: So this is the first time.

R: I think so. Yes, with a car. Pretty much with most things based on my sense of whatever, reading and so forth, that extended warranties are not worthwhile.

M: Ah.

R: I mean (inaudible). But anyway.

M: Okay. So did the salesperson introduce this and give you literature about it?

R: Yes.

M: Did he or she tell you what it costs?

R: Yes.

M: Okay.

R: In fact, it might even be in there. I'll show you. Because there were... There were a couple of different... There were four or five different, you know, covered, like the overall warranty, extending it. You could extend it out, I think I ended up with seven years, 100,000 miles. I think that's it. We're going to see. But you could do a shorter one for less cost.

M: Ah.

R: And maybe also a variation in what it would cover.

M: Okay.

R: I'm not 100% sure on that. But I think. And I ended up I'm doing the max, you know.

M: Okay.

R: And it wasn't based on the salesman trying to sell me that. He presented me with the alternatives. But again, I went back to, okay. I mean he didn't say there's a lot of electronic stuff. I can see a salesman doing that, you know, and it's a good idea. And I had been toying... I did have time. It wasn't like I presented with and had to decide on the spot. I did have time to process it.

M: You did?

R: Yeah. And that's why I'm thinking maybe it was from visit 1 to visit 2.

M: Okay. Did...? So did you sign up for the additional packages when you were doing the financing part of it?

R: Yes.

M: Okay.

CONTRACT AND POST-PURCHASE

M: And when you were doing the financing part of it, did you have an opportunity to review your paperwork?

R: Yes.

M: Okay. Do you remember how you reviewed your paperwork?

R: What do you mean exactly?

M: Well I mean like did you skim it? Did you focus on certain things? If you did, what did you focus on?

R: I know I... There wasn't that much. You know there was the price of the car. And it's right in here.

M: Uh-huh.

R: The additional cost of the extended warranty. And the second thing was a routine service thing. That's a separate thing that I also signed up, which I think theoretically in the long run, assuming you're going to the dealer, will save you money.

M: Uh-huh.

R: So it was, again, that thing was sort of in my mind, okay I'm going to have the car. And so it might make sense to do that.

M: Okay. All right. So, those were the two things you got. You got the extended warranty and the extended service contract.

R: Yes.

M: Did you get anything else besides those two things.

(Papers rustling)

R: I got a processing fee.

M: Okay.

R: That's \$599. I think that's high, but...

M: And do you remember what they told you the cost of the extended service contract would be and what the cost of the extended warranty was?

R: I'm looking at it right now.

M: Okay.

R: Do you want me to tell you what it is?

M: Sure. Tell me what it is.

(Papers rustling)

R: Hmm. The, hmm. I'm trying to think which is which. They call one thing the "vehicle service contract."

M: Uh-huh.

R: And then it says [REDACTED] I think that must be the extended warranty. But it looks like the vehicle service contract is almost \$3000.

M: Ah.

R: Which seems kind of high! And then I think the additional warranty must be \$1510. But I might have them backwards.

M: Okay. We'll take a look in at both those, the other documents to look at them.

R: Yeah.

M: Can you tell me since you purchased your car...

R: I'm sorry. Let me interrupt.

M: Yeah.

R: It's ten years, 100,000 miles. I think I said seven.

M: Okay. That's good. Thank you.

R: And that's a pretty good... Because that's probably about all that I would put on it.

M: Uh-huh. Okay. So you said you had an opportunity to review the paperwork. Did you review it in writing like on paper? Or did you review it on the screen digitally?

R: Paper.

M: Okay. And when you signed, did you sign the paperwork or did you sign on a pad, like a digital pad? Do you remember?

R: Paper.

M: You signed on the paper. Okay. Since you purchased your car, did the dealer contact you or did you contact the dealer for any reason?

R: Hmm. I'm trying to think. Because of the... I've already gone in for my; I think it's at 6000 miles for the first service, which is now included in what I've already paid. And I actually went to a different dealer because it was more convenient. And I knew that there was no restriction, as long as you take it to a [REDACTED] dealer.

M: Uh-huh.

R: Not that must difference distance-wise. We live in [REDACTED]. This dealer is in [REDACTED]. And the other dealer is out in [REDACTED].

M: Okay.

R: So distance-wise it's about the same. But they were... There were not major reasons, but reasons. I was happy with that, too, that I had that flexibility, that I don't have to take it back to the dealer.

M: Uh-huh.

R: So back to your question was... I'm just trying to think. I might have made one contact with a question about something. And I can't even remember.

M: Okay.

R: About something in the car. I have a feeling I went back in and said; how does this work or this isn't working.

M: Uh-huh.

R: And that had to do with the garage door opener and syncing. I think I did go back and say I'm not sure I'm doing this right.

M: Okay.

R: And they helped me with that.

M: Okay. And did the dealer contact you post-purchase for any reason?

R: Well the usual, you get them through emails. I don't think anybody called me.

M: Okay.

R: I'm not 100% on that.

M: Okay.

R: But you get a lot. And I don't know whether they're coming from the dealer or from Subaru as a whole corporate, you know. But I've gotten a number of those.

M: Okay.

R: I think I might have filled out at least one. But others, I just... Okay.

M: All right. Did anybody ever mention throughout the purchasing process and finance process that you went through with the car, anything about putting a tracking device on your vehicle?

R: Not that I recall.

M: Okay.

R: But can you educate me briefly?

M: On what they are, you mean?

R: Yeah. How that would ever come up?

M: I don't know. Some people would put it on...

R: For like theft of a car, you mean?

M: Well it could be probably for various reasons.

R: Oh okay.

M: For some people, maybe it's theft. For some people, you know, it could be financial reasons. I don't know.

R: Yeah. (Inaudible) about scams. But then I can see, like you can track your phone, if you lose your phone. I have a feeling. You know, it's possible I have something. I'd have to look through the... I don't remember anybody bringing it up specifically.

M: I think they would have had to give you information about it.

R: They may have. Yeah. If I look through it here. But there may be multiple things that I could be thinking about and that you're talking about. Nobody said anything about putting a tracking device on my car.

M: Okay.

R: So that's clear. I just didn't know if there was something where they... Security.

M: Okay. That's fine.

OVERALL UNDERSTANDING

M: Let's go through your paperwork.

R: Okay.

M: Because that's going to take some time because you've got a fair amount of it. So let's look at it.

R: That's a big long sheet.

M: Yeah. Let's start with the big long sheet. What is this sheet? Can you tell me what it is?

R: This is the retail installment sale contract.

M: Okay.

R: Simple final charge.

M: Okay. And so tell me what you think a retail installment contract is.

R: Well to me, the primary purpose would be to show your financing details; the amount that's being financed and what the breakdown is in terms of your cost and most importantly, what you're paying a month.

M: Okay. So tell me, looking at this retail installment contract, tell me what information in on this contract. So if I were to ask you to point to your monthly payment, can you point to it on your yellow sheet?

R: Yes I can.

M: Okay. And how much is it?

R: \$693.46.

M: Okay.

R: The first payment was \$693.64. I guess that makes it come out even in the end.

M: Okay.

R: It's 18-cents off it looks like.

M: Okay. And can you tell me when you're looking at the number that's on there, can you tell me is that what you expected to see, based on your discussions with...?

R: Yes.

M: Okay. So it was no surprise.

R: No. It wasn't a surprise. I knew that number early on.

M: Uh-huh. Overall, looking at this installment contract, would you say it's relatively easy or relatively difficult to understand?

R: Hmm. I'd say it's relatively easy. I think it helps that it's 0%. So that compared to other contracts where, you know, you're being charged a percentage. Because the breakdown is this is what it is, the total, and it's divided basically by 48.

M: Uh-huh. Okay.

R: So it's easier to, pretty easy to do the math.

M: Okay. So now what I'd like you to do is point to the APR on the contract.

R: That's near the top, federal truth in lending disclosure, 0.00%

M: Okay. You found that. And again, is that what you expected?

R: Yes.

M: Okay.

R: No surprises there.

M: You're surprised?

R: No surprises there I said.

M: No surprises. Okay. Very good. Thank you. And did you review those two numbers, both your monthly payment and your APR before you signed this contract?

R: Yes. I believe I did.

M: Okay. Were you there with your wife when you did this deal? Or were you there by yourself?

R: By myself. She came to look at the car. Because this was basically going to be my car.

M: Oh, okay.

R: Although now it's one of the two kid car seats. Our grandchildren [REDACTED] [REDACTED], which is the one she drives primarily, the bigger car. And now it's in my car. Kids are riding in my car. They're making a mess of my car.

(Laughter)

M: Of course. But you love it. I can tell.

R: Yeah. We do.

M: Okay. So now what I'd like for you to do is point to the part of contract where it tells you the length of payments that you would pay.

R: Hmm. You mean when it would be over?

M: Yes. Exactly.

R: Yeah. It's right here with the payment schedule. Total of 48. And the, what I said was the first payment I guess is the last payment because it says due on [REDACTED].

M: Okay. All right. And was that the same or different from what you expected when you made your purchase?

R: That was what I expected.

M: And did you review that term when you signed?

R: Yes.

M: Okay. Did the dealer at any time suggest a different length of payment to you?

R: No.

M: Okay. Now I'd like to know if you made a down payment. And if you did, where does that appear on this contract?

R: Down in the itemization of amount financed, there's a, near the top, it has a \$500 figure, cash.

M: Okay. All right. So that's what you gave.

R: Yes.

M: Okay. And again, was there anything about that that was a surprise?

R: No.

M: Okay.

R: But, you know, now that I think about it, presumably the amount that I financed was everything total minus \$500.

M: Okay.

R: That makes sense. Right? I just didn't really think about it at the time.

M: Uh-huh. All right.

R: I just didn't really think about it at the time.

M: All right. And then let me ask you this. Did the dealer at any time suggest you put more of a down payment down?

R: No.

M: Okay.

R: I mean I know obviously, the first time when we made the deal, I did that. And it was... I didn't think about it one way or the other. I think that was what was suggested.

M: The \$500, you mean?

R: Yeah. I know I would have gone with whatever the minimum was.

M: Okay.

R: Whatever they need, kind of thing, you know, what's required.

M: Okay. Can you tell me did you ever receive a document that might be referred to as a spot delivery agreement?

(Papers rustling)

R: Hmm. What is that?

M: A spot delivery agreement is an agreement that allows the purchaser to leave the lot with the car prior to the deal being 100% finished.

R: I don't recall that. Is that usual or typical?

M: Occurs when the dealer allows the car-buyer to drive off the lot with the car on the spot when the sale and financing are technically not yet done.

R: Yeah. I mean that didn't happen.

M: And you don't have that document?

R: No. I mean because we had it all when we picked it up. This was all taken care of.

(Door opens)

M: Thank you, [REDACTED].

R: We've got a question coming in!

M: Okay. How were the prices of the service contract and maintenance plan presented to you?

R: Hmm. Do you mean as in what format was it presented in or timing?

M: No. I'd really like to know when you... You told me that the salesperson mentioned them to you.

R: And he showed me numbers at that time.

M: He did?

R: Yes.

M: But you don't remember what numbers, you said. Right?

R: No.

M: Okay. So looking at the...

R: There was no discrepancy, if that's what you're asking, between what he presented and what was final.

M: Okay. So what you have on your retail installment contract is exactly what he said they were going to be?

R: Yes.

M: Okay. So can you point to me the amount of money that you paid for the vehicle service contract?

R: Yeah. I see it. But I need to remind myself of... Okay. So this is the... That's what I figured. The maintenance plan is less expensive than...

M: Okay.

R: That's \$1510 on the contract. And then the extended warranty is \$2950.

M: So \$1510. And the extended warranty was \$2950.

R: And it's ten years and 100,000 miles.

M: Okay. So let's look now at the separate documents that you provided to me.

R: Okay.

M: So you have... Which one do you want to pull up first? It doesn't matter to me.

R: It doesn't matter to me either.

M: Okay. So let's look at the one that says "added security maintenance plan enrollment." Do you see that?

R: Okay. So this one is for the mechanical. What did you say it was? It said extended warranty or the maintenance?

M: I don't know. The top of the thing says "added security maintenance plan."

R: Added security maintenance plan.

(Papers rustling)

M: It's the one that totals \$1555.30, which I don't even see on here.

R: Oh. Yeah.

M: The basic charge is \$1510. And then the sales tax.

R: Yeah, \$1510. So that's the maintenance. I'm looking for the maintenance...

M: Right, maintenance...

R: And you've got a copy of what's in my file, right?

M: Yes. You should have it.

R: And this is what? Yeah. See, this is the same thing. But this is what the salesman showed me.

M: So initially, this is what that the salesman...?

R: Yeah. It's got the number right here, \$1510.

M: Okay.

R: So that's what I was saying about they offered...

M: Different levels?

R: Yeah. Exactly.

M: Okay. All right. And can you pull up the contract information then?

R: The one you're holding?

M: Yes.

R: Yeah.

M: And did we get a copy of that summary? Did you give us...?

R: This?

M: Yeah.

R: She just took the whole file and made copies. I didn't direct her.

M: Okay.

R: We're talking about this one, right?

M: Yeah. That's it.

R: Okay. Shoot.

M: Okay. So did you review this document?

R: Yes.

M: Okay. And was there any discrepancy between what you told it was going to be and what you ended up seeing on this contract?

R: No. This is what they showed first that shows it's the...

M: Same amount.

R: And they added a sales tax, which is not a surprise.

M: All right. So now let's look at the one that is your vehicle service contract.

R: Yeah.

M: This is the maintenance one we just looked at.

(Papers rustling)

M: Did you find it?

R: I got it right here. I was just looking to see if there was anything else relevant.

M: Okay. So you're also providing us with your, I guess when you went in, I guess what's in your folder.

R: Yeah. Everything in the folder. I had forgotten that I had gone back to the dealer within the first... They said to come back in and check it and get it washed. They were offering that as a freebee.

M: Right. Okay. So here is... This is the one, the mechanical failure service contract?

R: Yeah.

M: Yeah. You have that. So how much was that?

R: Hmm. \$2950.

M: Okay. And that's what's on your retail installment contract.

R: Yes, \$2950.

M: Okay.

R: I think it's kind of high.

M: You think it's kind of high?

R: I do.

M: Okay.

R: That's why I was saying I had a little buyer's remorse.

M: Right. Did you question them at all about it when, the day you were talking to them about it and signed the paperwork?

R: Hmm. I know we talked about... Okay. So as I said, it really wasn't... There wasn't any kind of hard sell or anything on that. And it was really me, not anything the dealer said about thinking about the electronic stuff.

M: Uh-huh.

R: Because as I said, I'm prone not to pay upfront for extended warranties.

M: Right.

R: But this was sort of a, okay, unique, more unique situation.

M: Okay. All right. Any other comments about your additional products and services?

R: You mean during the contract?

M: Yeah.

R: Hmm.

M: Did they offer you anything called, or did you ask about anything called "gap insurance?"

R: No. What is that? It sounds vaguely familiar. But tell me what it is.

M: It's the opportunity for you to not be responsible for the cost of the car should you drive off the lot and total your car and you...

R: And you don't have insurance at that point?

M: Not so much that you don't have insurance, but that what the insurance covers for the accident and what you owe on the car are two different numbers and you end up totaling your car, but you've only paid six months. Do you know what I'm saying?

R: Oh yeah. I gotcha. Yeah. Yeah. So in other words, it's an additional insurance plan to... You know, it's possible it came... I don't know for sure. I don't remember it coming up.

M: Okay.

R: I'm not sure. But if it did, I wouldn't have entertained it.

M: No? Why not? Just curious.

R: Well it's more like... Not the same thing as the extended warranty. Well I guess it is. It's a, if I'm understanding it, you're buying additional insurance. Right?

M: And that's a question I have. Do you know whether your own insurance company provides gap insurance, gap auto insurance?

R: I don't. I don't.

M: Okay.

R: It's with [REDACTED].

M: Okay.

R: And I've been very happy with what they do offer. But I don't know.

M: Okay. So looking through these other materials, I think you covered everything. Right? You have the retail installment contract. You do have a buyer's order. And the numbers all match.

R: Yeah.

M: And then you have the maintenance plan, which we went through.

R: Yeah. Oh here it is. I just noticed it. It's on this little sheet.

M: The gap insurance? Yes.

R: I didn't get it.

M: So you didn't buy it.

R: No. (Inaudible) go out and pay. Like there's five levels of a service agreement.

M: Uh-huh.

R: So, yeah. So I bought theoretically the... (Inaudible)

M: Uh-huh.

R: (Inaudible). Yeah. There's the gap. Okay. So that's coming down. And then you can get road hazard and exterior paint protection and ding shield. So yeah. So I guess it was presented in the sense that it was here on this sheet. I don't remember specifically...

M: Talking about it.

R: Yeah, talking about it. Because if I did, I didn't have any interest in it.

M: Uh-huh. Okay.

OVERALL EXPERIENCE

M: All right. So as a final question, my team back there, if they have any additional questions of you, will send them in before we close.

R: Okay.

M: But as we're waiting for them, if you can tell me thinking overall, about your overall experience in buying your vehicle, how would you describe it overall?

R: Oh, very positive. I know part of that is having done it before when I was younger, you know, that there were more things involved in terms of financing.

M: Right.

R: Whereas this was a lot cleaner in that sense, you know.

M: Uh-huh.

R: I mean it is being financed, but it's...

M: Right.

R: I'm not having to negotiate interest rates or go to the bank or a credit union to try to get the best. So all of that was avoided.

M: Right. Can you tell me, as a final question, what did [REDACTED] tell you about..? Did they tell you anything about what this process was going to be like? When you said you went into the dealership knowing this was the deal...

R: Yeah. I didn't obviously... I mean they don't tell you the price till you go to the dealer.

M: Right.

R: But I had a sense that it's just, you know, they have a lot of things that they offer outside of the products in the store, you know, like garage doors, they're dealing with a situation where they're directing you to a dealer. So the dealer gets the advantage of selling more products. And then you get the advantage of getting an additional discount.

M: Okay. So you made the assumption that because it was [REDACTED] and you've had good experience with [REDACTED]...

R: Absolutely.

M: And you know that their deal is they send a lot of customers to the dealer, that you were going to get an aggressive deal from this.

R: Well I know that it was... I had a good sense that it was going to be worthwhile. And it may be a deal that's comparable to other services that are out there.

M: Right.

R: Like I think Edmunds probably has one, you know, where they have some kind of thing. But yeah. I, just over the years, I am very comfortable and confident in the products and the way they handle things.

M: Okay.

R: So that kind of upfront without me... What is it? So what is the price? I mean I had an idea. But I knew that, you know...

M: So you didn't feel that you had to negotiate. You knew you were going in and you were going to get an aggressive price.

R: Yes.

M: Okay.

R: A good price. Yes.

M: Okay. Okay. You've been very helpful to me. Thank you so much for the time you gave me.

R: Okay.

M: I guess we did what we needed to do because they haven't come in. You're good to go.

R: Thanks.

M: All right. Thank you very much. Let me show you where you need to go.

R: Back to the front desk?

M: Yes. Okay. Is it chilly out?

R: It's a little chillier than yesterday, but we enjoy the nice weather.

M: I know. Right? We're lucky.

// end of recording //

