## For further information or assistance

- Contact **ACEF (free services):**
    - Consumer advocacy and information organization

- Read our guides:
    - Buy a car in 10 steps*
      *(for beginners in French)*
    - Buying a car you won't regret*
      *(Complete guide translated into 5 languages)*

*Available on our website (tools section) or in printed copy from our offices


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**www.acefestrie.ca** **info@acefestrie.ca**

**(819) 563-8144**

ACEF Estrie
Association coopérative d'économie familiale de l'Estrie
Membre de l'Union des consommateurs



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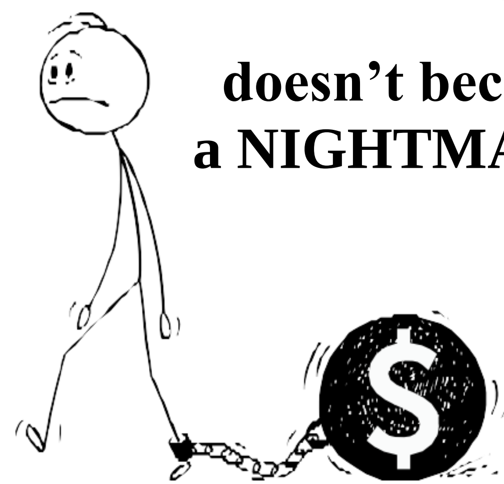
FONDATION POUR LES CONSOMMATEURS


# Buying a car

**So that the dream...**

**doesn't become a NIGHTMARE!**



## 2 case studies

**1. List price** for **Aya**'s car: **$8,990**

+ Taxes (GST+SQT): $1,346
+ administration fee: $899 + tax
+ Extended warranty: $2,275 + tax
+ GPS: $600 + tax
**+Total interest over 5 years = $17,371**
(Interest rate: 29.99%)

**<u>Reality</u>**
**Total amount to pay: $27,385**
**Total amount to pay** if Aya decides to pay over **6 years**: **$30,557**

**2. Marco** thought he was paying for his car for 5 years

**<u>Reality</u>**
**84 payments = 7 years**

Many people thought they **were buying** a used car.

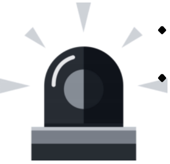
What they end up with is a **lease**, often at a **price they can't afford**.



## No credit file* or poor credit file

*If you're an **immigrant**, you won't have a credit file, so you'll have poor loan conditions, just like people with a poor credit file.

### Risks



- You'll pay a very high interest rate.
- You may end up with an **expensive lease** instead of a purchase.
- You will probably be charged for an extended warranty, GPS, or other fees.

### Solutions

- If possible, **wait 2 years to build or improve** your credit file (with a telephone account or credit card that **you pay off on time**)
- Save up to pay for part of the car in cash

***What is a credit file?***

- This is your credit history and the payment of certain accounts (credit cards, loans, telecommunications accounts, etc.).
- Lenders use the credit file to decide whether to approve a loan, at what interest rate and on what terms.

## Table 2 — Credit (or lease) contract

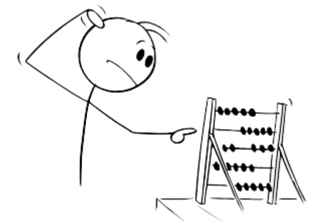
- ☐ **Loan (instalment sales contract)**
- ☐ **Lease**

| | |
|---|---|
| **Loan amount ($)** | |
| Annual interest rate (%) | |
| Annual credit rate (%) | |
| Payments<br>$ / month or $ / week | _________$/__________ |
| Amortization period<br>(term) | ____ month =___ years<br>or<br>___ weeks = ___ years |
| Other charges ($)<br>(loan insurance, etc.) | |
| Total credit charges ($) | |
| **Total amount payable ($)<br>(Total liability)** | |



# Before buying

## Step 1



### Do the math

- Your budget (rent, groceries, etc.) *
- **ALL** the costs of a car
  -Purchase (payments)
  -Maintenance (tires, repairs)
  -Fuel
  -Registrations, insurance

***Need some help calculating your budget?**

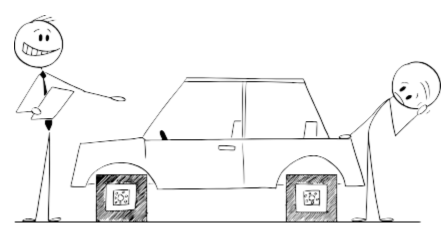
ACEF: 819-563-8144 or SBP: 819-563-0535

## Step 2

### Have your car inspected

**Strongly suggested:**

- Even if the seller says he has inspected the car.
- By a garage of your choice: that's your right!



## Before signing

**Step 3**

### Verify the purchase contract AND the credit

- Don't agree to an appointment just before the shops close, as sellers often profit to add items that increase costs (for example, very expensive extended warranties).

### A signed contract can NOT be cancelled*.

- Find out about all the costs by filling in the boxes in the 2 tables on the following pages (ask the seller all questions).

**Pay attention to the amount of the total liability**

*With very few exceptions (contact the ACEF for information)



**Table 1** **Car contract***
**To be completed before purchase**

| Checklist | Answer |
|---|---|
| Car price ($) | |
| G.S.T. (tax $) | |
| Q.S.T. (tax $) | |
| Extended warranty ($): not recommended as very costly | |
| Repairs guaranteed | |
| Other charges ($) | |
| **Car total price ($)** | |

***The label ("Window sheet") must be attached to the contract**