



NEGOTIATING FOR A NEW CAR

1. Car dealers make money four ways: 1) markup on the new car, 2) commission on the loan/lease, 3) resale of the trade-in, and 4) packs/nibbles/fees/service contracts at the end.
2. Get current **dealer price [factory invoice *minus* holdback], option, rebate, and financing** information. Some sources: consumerreports.com and edmunds.com.
3. Arrange to take delivery on the **last day of the month**.
4. Make the salesperson invest **as much time with you as you can stand**.
5. Your Envelope: **O** = dealer price (strive for a profoundly negative reaction.)
 T = dealer price + \$500-700.
 B/L = dealer price + \$700-900.
6. **Prearrange your financing** (and keep this to yourself.) Discuss monthly payments **only** to keep the illusion that you might use the dealer's financing.
7. Faithfully follow the **Rule of Halves** as you work through your Envelope, no matter how embarrassingly miniscule a concession may seem.
8. Feign interest in a possible **trade-in**. **Know** what your old car is worth. Insist that trade-in discussions be handled separately from the new car price negotiations.
9. Feign interest in possible **dealer financing**. Insist that financing discussions be handled separately from the new car price negotiations.
10. **Nibble** at the end. This is **not** the time for modesty, restraint, or fairness.
11. Beware of the dealer's **good guy-bad guy, intimidation, and unethical** tactics.
12. Reject last-minute dealer **packs/nibbles/fees/service contracts**..
13. Once a **firm price** is reached, "decide" to sell your old car yourself instead of trading it in, and reveal your prearranged financing.
13. Buy **in-stock** cars only. If the car you want isn't on the lot, shop elsewhere.
14. Buy "hot" (i.e., high demand, specialty, and limited production) cars **out of town**.