

Picking the Auto Dealer of Used Cars - Car First or Dealer First?

How to buy a used car

Buying a used car

Used car or new? What car is right for me? Where to look for used cars, what to look for when buying a used car? There are many questions you may have when it comes to used car buying process. In this article I will answer to some of these questions and hopefully, make the used car buying process easier for you. There are many essential facts you should consider before buying your next car so you won't regret your decision for a moment afterwards.

New or used car

By purchasing a used car, you can save a lot of money. A new car depreciates quickly in the first few years and after 3 years, it is worth only about 60-70% of the original price. In fact, as soon as you leave the dealership, your new vehicle is suddenly worth \$1000-\$2000 less. When purchasing a new car you basically are paying for its fresh "new" aroma and warranty. Yet, buying a new car does not always mean the buyer will get perfection. A new car may come with problems associated with poor design or manufacturing defects that may have been already repaired during the warranty coverage period if it's a used car. The same is true for all kinds of recalls and service campaigns. Another advantage of buying a used car is that you could buy a loaded model with all the bells and whistles that you might not be able to afford had you bought a new car.

However, buying a used car is still a bit of a gamble - there is no guarantee that the car is accident-free, has real mileage, and was properly maintained. There may be some hidden problems like a worn out automatic transmission, or engine problems that may not have been obvious when you test-drove the car. So, next you must ask yourself: Will I save money when buying a used car? How do I eliminate the risk of potential problems and is this actually possible to do? Read on to find out more information.

How do you get a used car dealer's license?

Used Car Dealer's Licenses

This will depend on your state.

For example, to become a licensed car dealer the State of California Department of Motor Vehicles requires a dealer applicant to take a six hour preparation class to become a licensed car dealer. There are 2 main types of dealers, retail or wholesale. Retail Dealers have more restrictions as liability which required more dealer insurance as well as a larger dealer bond, but retail dealer are the only dealers allowed to sell to the public. Wholesale dealers may only sell to other dealers.

The applicant must take the class and pass a 40 question test, then submit an application and a bond, then submit photos and pass an on-site inspection. Upon review the DMV inspector will review the dealer's application and then approve the temporary license. Often the largest struggle for those attempting to start a retail dealership is the zoning for the city or county to allow a dealership at the chosen location. Make sure that the location you choose is zoned properly and/or will be an acceptable location for a retail dealership. Rarely do wholesale dealerships struggle getting proper zoning permission from the government.

Once a would be dealer passes the test they must prepare for DMV approval from the inspector. To prepare the following tasks must be done. The applicant must produce 11 photos 1)building 2)outside sign 3)display area 4)office 5)business license 6)resale permit 7)telephone 8)inside signs 9)locked cabinet 10)checkbook 11)dmv dealer book

Then the applicant must submit: zoning approval letter, OL902 certificate of class completion, TSM888 business license resale permit fictitious name statement telephone listing livescan fingerprint card personal history questionnaire completed dmv dealer application bond in the name of the owner / dealership.

Temporary license can be granted within 30 days permanent license can be granted within 120 days.

Here is more input and advice:

- You may need to call your state tax office.
- In Tennessee a person wishing to obtain a "Motor Vehicle Dealer's License" must apply for one through the State Department of Commerce and Insurance, Motor Vehicle Division. They have a list of requirements that can be printed from their website. Requirements include: having a building with office furniture and a business phone, a display area large enough for 15 vehicles, a sign, liability insurance, a garage facility or Service Agreement with a local repair garage, and a surety bond or letter of credit for \$25,000. The Dealer License Fee for used cars is \$200.
- I am in the process of opening a used car dealership in California. You go to the DMV and get all the required forms. Go to the county office to apply for a business license and a fictitious name permit. Then contact the Franchised Tax Board to get your resale #. Secure a \$50,000 used car bond (each state is different). Secure your location because you have to show proof of lease to the DMV.
- In California, you can't have two different dealerships with the same address if your thinking about sharing a place with another dealer. You can't share a business address with any other type of business period. The front door of your office must be facing outside.
- As far as I know, most states require a sales office and have a required size. Must be inspected by the DMV before a license is issued.. NC is now requiring a DMV training class that must be done before they will even accept an application.

Indiana wholesale dealers can get licensed by first renting an office in a complex already approved for this purpose by the Indiana Secretary of State. You do not have to be an Indiana resident to qualify for this license. In addition to the office rental you will be required to have a liability insurance policy for the business and a \$25,000 Bond. There is no class but you will

attend a one hour meeting with a state inspector. Occasionally the inspectors require an audit of your documents and will meet at your rented office. To find one of these facilities simply search for Indiana wholesale dealers and a number of brick and mortar properties come up. Careful though, there are scammers. Make sure there is a real office and the company you deal with owns the property. The better property owners will assist with all the documents required for licensing and tax certificates. Ask what they charge for this. This could include filing for corporate status, obtaining an Employer Identification Number (EIN), Indiana Merchant Certificate (RRMC) and Tax Identification number (TID) and of course the Secretary of State's Wholesale Dealer License. Once licensed as Indiana wholesale dealers the licensees can register to buy and sell cars at auction in all 50 states and in other countries worldwide. The four license plates issued to Indiana wholesale dealers with this license are legal in all 50 states as well.