

# BUYING YOUR DREAM CAR:

*Insider Tips from Premier Financial Services*



## BUYING FROM A PRIVATE SELLER: ALWAYS "CA(R)VEAT EMPTOR"

To buy a car from a private seller 25 years ago, you had to be the first one at the seller's house, with cash in hand. Today, you might have to be the winning bidder in an online auction, or the first to wire a deposit. Everything moves at the speed of high-speed internet or 4G LTE.

Don't let speed of the transaction pressure you into purchasing a car you have doubts about, but do be mindful of potential title issues, hidden flood damage or even possible insurance fraud. "Be cautious but not frightened," a longtime Premier Financial Services customer advises, as he shares some of his experiences buying from private sellers. From the financial side, Premier's West Coast Sales Manager, Juan Garcia, suggests ways to make sure you get what you're paying for.

### Why Buy Privately?

Buying a car through a private seller has some advantages, which can differ depending on whether you're looking for a late-model or classic. "Private" seller sale can mean an individual owner/collector, or even a flipper. Often, it means bidding against others in an online auction, such as Bring-a-Trailer, eBay and most recently, Hemmings.

A private sale can involve the most expensive Ferrari ever sold (a \$70 million 250 GTO) or a crusty old you-name-it pulled from a barn, and anything in between.

With classics, if a private seller has the exact car you want, then it may be your *only* choice, because you may not find another like it for a long time – *if ever*. If it's a late-model luxury or exotic car, the seller is competing with dealers who might be offering the similar models with the reassurance of a certified pre-owned warranty. Perhaps, though, you

### Private Sale Quick Tips

Purchasing a car from a private seller has some risks, but these guidelines can improve your chances of snagging something special to put in your driveway:

- Be prepared to act quickly... but not hastily.
- Get comfortable with online auctions.
- Look beyond the CARFAX report.
- Beware of a "flood" of problems.
- Be willing to walk away.
- Make buying a car an adventure.



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can find a private seller who ordered the car just as you would have spec'd it yourself.

If you're a master negotiator, buying from a private seller *could* get you a bargain for a particular car, but don't count on it. A private seller might not have a dealer's overhead, but since he bought the car at retail, he's got more money tied up in the car than a dealer would.

## View from the Inside

As the West Coast Sales Manager for Premier Financial Services, Juan Garcia has seen plenty of successful private-sale transactions. He's seen some clunkers, too, but says there are ways to mitigate the chances of that happening.

"You have to have patience if you're looking for a specific car," says Garcia, adding that patience extends beyond just *finding* the car. The inspection phase is hyper-critical, for example.

"With private sales, you really need to put hands on the car," Garcia adds, also emphasizing the need for a third-party inspection with any transaction. "Spend a few hundred dollars to potentially save thousands later on."

Critically, Garcia warns of flood-damaged cars, a likelihood that has risen in recent years.

"One of the biggest problems is that we see a lot of cars where owners did not report

flood damage to their insurance company," he says. The idea, of course, is to pay out of pocket for repairs to keep the damage hidden and off a CARFAX report.

Appearances can be deceiving. As one example, Garcia cites a customer who bought a Bentley Flying Spur that "looked amazing," only later to learn when the car was being serviced that there had been significant but hidden and unreported water damage. Garcia also cautions that because rebuilding wrecked high-end cars for resale is such a lucrative business, it is essential to dig deeper than a CARFAX report.

"Premier requires an appraisal and pre-sale inspection," Garcia says. "The appraisal will ensure it is 'one' car, not built from two or more damaged cars. There are a lot of 'cut and paste' and clone jobs out there."

As another online resource, consider downloading the VINwiki app and joining this crowd-sourced auto history database. Add information about your car(s) or get information about one that's for sale. You might find details on an accident reported (or not) on CARFAX, for example, and possibly even see photos of the damage. When it comes

to Premier's arena of leasing, Garcia says some sellers will not necessarily understand how the concept will work with their transaction. "We prepare the seller for the process," he says.

Premier also prepares the customer, in the sense that the company checks market value and lends market value.

Also, the paperwork absolutely must be in order to do a transaction with a private seller. "We need the title in-house," says Garcia. "We can let the seller's bank act as intermediary or escrow company."

Finally, Garcia advises that a "great deal" does not end with the selling price. "You have to factor in all costs – taxes, license, registration, and transportation."

On that last note, Garcia is emphatic about what kind of transportation the customer should use to have the car delivered (if they are not driving it away.)

"Don't use an open carrier, and only hire a reputable company experienced with vintage and exotic cars," he says. "Even if damage can be repaired, the car will lose value."



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## The Customer's Perspective

Henry Larson (*not his real name*), a longtime Premier Financial Services customer, gets many of his cars from private sellers. He likes a lot of cars but has a particular interest in Ferraris and British cars.

"I guess I like torture," he jokes.

Larson acknowledges that it is easy to get caught up in the excitement of finding a car you've pined for. He offers a piece of advice, though, for those who might get too excited, especially when looking at the car, and tipping the negotiation in the seller's favor.

"My father always told me, if you are not willing to walk away, you've already lost."

Larson has another suggestion for those who have the time: "I highly recommend driving cross-country with a car you

don't know," he says, also recommending having a friend along to share the driving and the experience.

Last summer, Larson acquired an immaculate 2003 Bentley Arnage T with 6,000 miles, fully documented, through the Bring a Trailer auction site, from a seller in New York State. (Premier provided lease funding for the transaction.)

"The seller disclosed everything about the car, gave it a safety check and installed new tires," he says.

Larson flew from Southern California to New York with a friend and the two shared driving for the trip home, adding 50 percent to the Bentley's odometer reading and enjoying every mile.

"We weren't in a hurry. We'd wake up early each day, enjoy the scenery, make stops, and at night have a great steak dinner. It was driving bliss."

As for problems that might occur on the road, Larson wasn't worried.

"I'm a AAA member, so that takes care of any towing if needed," he says. On his recent cross-country drive, the Bentley's check engine light came on, and he called the seller, who helped him diagnose the problem and get back on the road.

"The car was all that was promised," Larson says, adding that he's had his share of cars that went the other way.

Larson has also acquired cars – with and without problems – through auctions. In some cases, he's received compensation from auction companies for major undisclosed problems with cars.

In comparison, he feels that when buying from a private seller, you have a better opportunity to get to know the car before you commit.



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