

# "Don't Get Taken For A Ride"

by Margaret Pittelkow



**T**he tow truck is one of the most recognized symbols of the emergency road service industry. It's also one of the biggest expenses a tow business owner can incur. Since the purchase of a new or used service vehicle will likely involve some type of financing, this month's column will focus on how to be as savvy a consumer about the credit side of your new vehicle as you are about what's under the hood.

What should you do before you sign on the dotted line? "A buyer who has done his homework and is clear on the total cost of his new investment will truly get the best price and terms," says Michael Paez, Senior Vice President, Sovereign Bank/Network Capital Alliance. (AAA has a financing program created specially for AAA affiliates with Network Capital Alliance.) "If the deal seems too good to be true, there are probably some questions you need to ask before you proceed," cautions Paez.

Know the exact cost of the equipment you wish to buy and get all promises in writing. Be sure to detail all specifications and component pricing. Ask about all rebates, incen-

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tives, credits and warranties that you may be entitled to. For example, AAA towing contractors are eligible for a host of benefits as a result of AAA's relationship with Network Capital Alliance and Jerr-Dan Corp. These benefits are designed to help AAA service providers improve their bottom line. Finance quotes should also be detailed and in writing, and should spell out what is due up front, monthly and at the end of the term. Of particular concern should be the end of term "buy back" or "residual."

Many low-rate deals quote only the rate during the term of the contract and don't take into consideration the residual, which can be substantially higher than the value of

the vehicle at the end of the term. Check the "hidden" costs of a contract as well as such costs associated with extra mileage or tedious early termination fees. Before you sign, ensure the document matches what, for how much and for how long you agreed.

Match the realistic useful life of the equipment to the contract term, the higher the utilization (hours and days per week on the road) the shorter the term should be. If you are in the market for a used vehicle, consider increased wear and tear maintenance, non-warranty service, the potential cost of down time, and perhaps shorter life cycle. Get the total picture and then compare.

If you have a trade-in, know the real value of this current vehicle before you hit the showroom floor. Every unit has a true market or wholesale value, which helps determine your Actual Cash Value, or ACV.

Your trade will impact the true cost of the new unit. If you have Internet access, you can seek out this information online at AAA web sites at [www.aaa.com](http://www.aaa.com). Click on the auto buying information tabs. Know your