

# How to Buy a Collector Car



**Most new collectors can't wait to run out and purchase their first collector vehicle, whether it's a car, truck or motorcycle. But next to purchasing a home, a collector vehicle is likely to be one of the bigger financial transactions most people ever make. You wouldn't run out and purchase the first home you view, and you should approach purchasing a car with the same planning and forethought.**

In most cases, buyers have a good idea of the type of car they're looking for. But which model or particular vehicle may depend upon how you intend to use it.

- Do you want a show car to win prizes but have little interest in driving it?
- Do you want a car for distance driving and touring?
- Do you want to use it for racing or rallying?
- Do you want a car to cruise around town and take to local shows?
- Do you want to do your own maintenance work or will you have someone else do it?
- Do you want to share your hobby activity with the family or will you drive the car solo?



## NETWORK KEY POINT 1

Make sure you're clear on how you want to use a car before you start looking for one. If you buy a good driver and you really want to show the car, the costs of getting it in concours condition could be prohibitive.

The greater the number of a given make or model built, the better the chance of finding the particular vehicle you want in a wide range of conditions. In most cases, it will be easier to find a presentable car for driving and touring than one that is in the superb condition required to win shows. The following tips and techniques will help to make your purchase a smooth and successful process.

### STEP 1: RESEARCH

**The mantra of all serious collectors is research, research and more research. Whether there's one car you're considering or you have your mind set on a few models, the next step is to learn all you can about the type of vehicle you're in search of – be it a car, truck or motorcycle. This includes:**

- History
- Condition Factors (trouble spots and strengths)
- Original Equipment
- Market Value

A well-informed buyer is always at an advantage in the collector marketplace.

If you want a car that you can show at top concours – like a Type 57 Bugatti – there are few to choose from and the entry price will be high.

## STEP 2: FINDING CARS FOR SALE

Once you have identified the vehicle(s) you're seeking, it's time to find ones that are for sale. There are several ways and places to go about this.

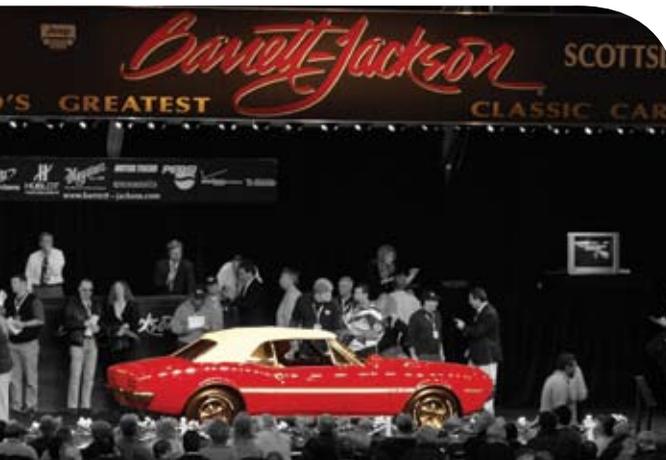
- **Print Advertising:** *Hemmings Motor News*, *Sports Car Market* magazine, *Old Car Trader*, club publications and newspapers
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- **Online Auctions:** eBay Motors, Yahoo!
- **Live Auctions** (check websites and get on mailing lists)
  - Barrett-Jackson ([www.barrett-jackson.com](http://www.barrett-jackson.com))
  - Bonhams & Butterfields ([www.bonhams.com](http://www.bonhams.com))
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  - RM Auctions ([www.rmauctions.com](http://www.rmauctions.com))
  - Russo and Steele ([www.russoandsteele.com](http://www.russoandsteele.com))
  - Silver Auctions ([www.silverauctions.com](http://www.silverauctions.com))
  - Worldwide Group Auctioneers ([www.wwgauctions.com](http://www.wwgauctions.com))
  - Other regional companies

- **Word of Mouth:** Six degrees of separation may be a fun theory but in the collecting world, it works. Talk to collectors, dealers, brokers, consultants, historians, your neighbors and anyone else who will listen. Many cars turn up from non-collector sources.

Some vehicles are plentiful and always available in quantity. However, many others are highly specialized and will require research and time to locate, or you'll need to wait for one to become available. Many a serious collector has spent years searching for or convincing an owner to sell a particular car, truck or bike.

## STEP 3: MAKING A PURCHASE

- 1) Ask a lot of questions before you go see the vehicle.
- 2) Do your research: learn the strengths/weaknesses and problems/idiosyncrasies associated with the target car. This is also when you need to become familiar with the valuation of this car and similar examples.
- 3) Take your time – never feel as if you have to rush into a purchase.
- 4) View as many individual examples of the vehicle as you can.
- 5) Inspection – Go see the car or send someone you trust (who knows cars and what to look for).
- 6) Make up your mind: If you've done your homework properly, it shouldn't require a lot of thought as to whether or not to make the purchase.
- 7) Ensure that the title, registration and bill of sale are in order; otherwise registering the vehicle could be difficult.
- 8) Pay for the car.
- 9) Insure it with an Agreed Value insurance policy.
- 10) Take the car home and enjoy it!



Although there are sometimes less costly ways to buy a car, none are more exciting than going to a live auction.

In many cases – especially when there are multiple examples of a particular make and model on the market – the buyer has an advantage. Sometimes that advantage can be turned into bargaining power. However, when you’re looking at a very rare or one-of-a-kind vehicle, there probably won’t be much room to negotiate.

## NETWORK KEY POINT 2

You’ll have much more bargaining room when you’re negotiating for a high-production car than for one that was built in limited quantities.



With a car like the Barracuda that was built in fairly large numbers, the price can go up depending upon the engine and other equipment.

## STEP 4: “LET THE BUYER BEWARE”

**Smart sellers attempt to make their car sales “as is, where is,” meaning the buyer assumes all responsibility for making sure the car is what he/she expected before the money changes hands.**

Release of liability of misrepresentation, in whole or in part, is also standard to some degree in the live auction business. Not all sales include release of liability for the seller and often enough, a seller’s statements can come back to haunt him/her. But most of the time, the buyer carries the burden of his or her decisions. The cost of litigation can be prohibitively expensive, so it’s less costly and certainly more productive to investigate a potential

purchase before money changes hands. As the buyer, assume you’re on the hook for whatever transaction you make; any extra caution will serve you well.

## STEP 5: DUE DILIGENCE

**The first and second steps in due diligence are the same no matter where or how the vehicle was found, and that is, gathering information and doing preliminary research.**

### Private Sale

For a car being sold privately, ask the seller many questions and decide if the vehicle really interests you. Ask why the car is being sold, about the history and what kind of documentation goes with the car. Most importantly, ask specific questions about condition. If the car is some distance away, ask for photos. This may be your dream car, but the condition or a questionable history may be all it takes to stop you from going any further.



## NETWORK KEY POINT 3

Always do your homework. Know everything possible about your chosen model. Also ask a lot of questions so you have a clear picture of the exact car you’re trying to purchase and why the owner is selling it.

### Live Auctions

These steps hold equally true for cars at live auctions. The big difference is that a good auction company should be able to provide some advance information in a catalog or from a company representative. The time available to do additional research on auction cars may be limited to a few hours, so be prepared to act quickly. The less time available to research, the more psychology comes into play. Buyers at auction often reduce their final bids for cars that may have issues while paying premiums for cars that are clearly perfect with no questions unanswered.

## Online Auctions

Online auctions offer some of the same time restraints as live auctions while also presenting the problem of far-flung distances. It may make sense to fly cross-country to attend a live auction with 30 cars that may be of interest to you. But is it worthwhile to fly across the country to see just one car on eBay Motors that's going to sell in a few days? Only you can answer this, but for most the answer is no. You have two choices: Adjust your bids for the car to suit your level of interest and comfort with the condition and history, or hire someone to go see the car. Many essential steps that will help you to buy a car online are covered in the Hagerty pamphlet *Buying and Selling Online*, which you may request by calling 888-310-8020, menu option #3 or click on "Freebies" at [www.hagerty.com/library](http://www.hagerty.com/library) to download a copy.



## NETWORK KEY POINT 4

It's always risky to buy a car sight unseen. If you can't look at a car before buying it, hire an expert or send a knowledgeable friend.

### Dealer/Broker

In theory, a car offered through a private sale or dealer/broker should allow buyers more time for due diligence, unless the car is in such demand that many potential buyers are clamoring to own it – a generally rare situation. A good dealer/broker should also be willing to supply much of the information you'd like. If the dealer or private seller isn't willing or prepared to provide the information you need, you have to either conduct your own research or walk away.



## STEP 6: INSPECT THAT CAR

If the car passes basic muster but you haven't seen the car in person, now's the time.

Some buyers like to send or accompany hired experts to do their examinations. But there is no reason you can't do a fair job of examining most cars on your own if you know what to look for. This examination process may take a few minutes or may take hours depending on the car, but it is a step that should not be skipped. A detailed checklist and tips for completing your own pre-purchase inspection are covered in the Hagerty pamphlet *Collector Vehicle Inspection Basics*.



Background research on that make and model of car should make you or your hired expert aware of the strengths, weaknesses and idiosyncrasies of the car to be examined. This examination should include checking the relevant numbers and the physical condition, and reviewing the ownership documents and any historical documentation. Only when you're convinced of what the car is and that you actually want it, should the process move forward.

### Hiring the Experts

Hiring professionals to examine a car is always an option. If you've done virtually any research on the cars you're after, you probably know who has written the books and magazine articles or who the club technical adviser for those cars is. Call them and find out their fees to inspect cars or if they can recommend someone else to do the job. Also, check a club roster for

collectors near the target car. Many seasoned collectors are happy to help and can give you a fair, independent assessment of condition.

Within the hobby, there are many experts and skilled amateurs who provide research and investigative services. Some specialize in authenticating particular types of cars, while others are skilled at researching history of individual cars. *Hemmings Motor News* and various club publications will list such people under “services offered” or by the various marques they’re associated with. Some of the auction companies and most appraisers also provide pre-purchase examination services. Lastly, remember to do a Google search online for experts on the car in question, or check out the American Society of Appraisers ([www.appraisers.org](http://www.appraisers.org)). Please keep in mind that although the Internet has become an indispensable source of research and referral, it’s important to get outside verification of any information you find.

## STEP 7: PRICING & FINANCING

**Part of the upfront due diligence process is researching values and pricing for the car in question. Price guides, auction results (available online) and watching sales prices on Ebay Motors will help you to become aware of actual selling prices.**

The best way to set a price or value for any car is by carefully checking both asking prices and actual sales prices for comparable vehicles. The best way to do this is through a combination of following auction prices, classified ads, buyer’s guides and word of mouth. Clearly, the better the example and the fewer built, the higher the value.

Once the value and pricing of the car has been established, it’s time to line up the funds to pay for your collector car. Should you decide to borrow money, the costs of financing and the rules vary from state to state and from company to company. Many banks may not offer loans for collector cars, so it may be necessary to go to one of the specialty companies such as Hagerty

## NETWORK KEY POINT 5

Never rely on one source for a car’s value if you can possibly avoid it. Check with a variety of sources and you’ll be much better informed.

Finance or others listed in *Hemmings Motor News* and a variety of hobby publications. To learn about the different ways to finance a collector vehicle, see the Hagerty brochure *Financing Options: Strategies and Choices for the Collector*, which you may request by calling 888-310-8020, menu option #3 or click on “Freebies” at [www.hagerty.com/library](http://www.hagerty.com/library) to download a copy.



## STEP 8: CLOSING THE DEAL

**The process of completing a purchase is fairly straightforward. Unless you’re doing business with a big dealer/broker or an auction company, handling the paperwork for a collector car purchase is mostly a do-it-yourself endeavor.**

If you have the conviction to make the purchase in the first place, you should have the desire to make sure the deal is done legally and in such a manner as to allow registration of the vehicle in your home state.

In a private transaction, it’s a good idea to write up a “bill of sale” between you and the seller acknowledging what’s being purchased, what’s being paid and how the transfer is being done. When signed by all parties, a bill of sale provides protection for you to prevent someone from insisting after the deal that they never agreed to the transaction. It also serves as proof to your Department of Motor Vehicles (or Secretary of State) of the price and terms of the transaction. The basics for a bill of sale include:

- Seller’s Identification: name, address, phone number and driver’s license number. You may also want to include the seller’s e-mail address.

- **Buyer's Identification:** name, address, phone number and driver's license number. You may also want to provide your e-mail address.
- **Proper identification of the car:** year, make, model, VIN or chassis number, any descriptive items and extras included in the deal.
- **The purchase price:** Show the total for the transaction, and then separately list if a deposit was made that day and the balance due. Never list a lower or false price.
- **Signatures and date:** All parties should sign and date the bill of sale.

Reputable dealers/brokers should offer some sort of written confirmation of all transactions; if they don't, you should insist on it. Online purchases are bound by the terms of the website being used, so be careful to read the terms and conditions of any site you frequent. These sales are usually treated as private transactions and still require the appropriate safeguards.

## NETWORK KEY POINT 6

No matter how well you know or like the person selling the vehicle, never complete a deal to buy a car on a handshake alone. Make sure you have a detailed bill of sale showing physical addresses and copies of all driver licenses.



Purchases made at live auction should include paperwork from the auction company. Large collector car auction companies all have procedures for handling paperwork, but small local companies that don't sell many cars may not have very good procedures. In these cases, it's up to you to make sure the proper documentation of the sale and for the ownership of the car is transferred to you.

## STEP 9: OWNERSHIP DOCUMENTATION

**What constitutes the proper paperwork for the car you just purchased? Any transfer must include some sort of proof of ownership by the seller that must be transferred to the buyer.**

Actual documentation will vary from state to state. All states use some legal document to identify the vehicle and the owner. This could be a title, registration certificate, owner's card or a number of varied items. But some states have only developed such requirements in the last few decades. Consequently, many older cars have no formal ownership documents, or the documents were not kept up to date. In some states, it's more difficult to get paperwork, so check with your state's Department of Motor Vehicles or go to [www.hagerty.com/dmv](http://www.hagerty.com/dmv) to learn the particulars of your state.



For additional information about the different types of paperwork and procedures to legally title or register your vehicle, you may want to request a copy of the Hagerty brochure *The Paper Trail: Title and Registration Basics*.

## STEP 10: PAYING FOR YOUR CAR

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**Although paying for a car may seem simple at first, there are many options. Your choice of payment method will vary depending on who you're dealing with and the amounts involved. Each option provides different levels of security but can add complexity and expense. Payment methods include:**

**Personal Check:** Most private sellers won't accept personal checks unless the check clears *before* you take a car. Dealers, brokers and auction companies will accept personal checks if they can pre-approve them to guarantee that the funds are available. As an alternative, they may also hold the car until the payment clears their accounts. Don't assume a seller will accept a personal check; always ask first.

**Bank Check (Cashier's Check):** Any check issued by a bank from its own account is called a bank check. This is not to be confused with a certified check, which certifies that you have funds in your account to cover the amount in question. A bank check is as good as cash, and because it's a check and is made out to a specific person, it carries the same level of security as any check. In some cases, there is a fee for a bank check.

**Money Order:** Money orders are very similar to bank checks but they don't come from banks. You deposit a set amount of money with the issuing company, and it gives you a certificate that allows the named bearer to collect the money. There are limits on the amounts that can be issued by some companies, so multiple money orders may be needed. Also, the cost to get money orders can be higher than for bank checks.

**Wire Transfer:** A wire transfer occurs when your bank or lending institution electronically transfers funds into someone else's account. The safest way to make a payment, it's the preferred method for large sums and for long distances. To arrange a wire transfer, you must gather account information for the recipient of the payment so your bank can transfer the funds. The

seller will also need to call his or her bank to verify the completed transfer. If you're planning on performing a transaction and taking a car with you, you'll need to do it during regular banking hours (usually before 3 p.m.) to allow your bank time to get the transfer completed the same day. The costs of wire transfers vary depending on your banking institution.

**Paypal® (electronic payment):** The new kid on the block for payments, Paypal® allows you to put payment on your credit card or take it directly out of your bank account through an Internet-based third-party payment processor. The fees vary and can be steep, but the method is safe, fast and convenient.

No matter how you pay for your car, whenever you're going to a strange place to see a car or to complete a purchase, bring along a friend for added security.

## STEP 11: TAKE IT HOME

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**You've inspected the car, agreed on a transaction price, completed the paperwork and made the payment. The car is now legally yours, which means you need to have it insured, preferably with an agreed value policy offered by a company specializing in collector car insurance. Now it's time to take the car home and enjoy it!**

For more information about the different insurance options available to you and to learn more about the choices you have when hiring a company to transport your car, you may want to call 888-310-8020, menu option #3 to request a copy of the Hagerty brochure *Insurance Primer* or *Transporting Your Car Within the States* or click on "Freebies" at [www.hagerty.com/library](http://www.hagerty.com/library) to download a copy.



Hagerty is the premier source for safety and protection information about the collector car hobby. For more information on enhancing your collector car ownership experience, log on to **www.hagerty.com** or call **800-922-4050**.



## Towing & Benefits Program

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