

Examine Used Cars for Flood Damage

*By Michelle Singletary
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When the floodwaters finally recede on the Gulf Coast, no doubt there will be thousands of water-damaged cars that will flood the used-car market.

If you don't want to end up unknowingly buying one of these vehicles, you had better do some homework, advises Jeff Fortson, an Atlanta-based auto consultant and the editor of Jeffcars.com, a car-buying educational Web site targeted to women and minorities.

Fortson said many of the victims of Hurricane Katrina may become victimized a second time as they search for reasonably priced used cars to replace the ones they lost or as they buy cars to get around the unfamiliar cities where they have been relocated.

"Many of the people displaced did not own a vehicle," Fortson said. "Now, many of these individuals are in locations that will require them to have transportation."

Unfortunately, these inexperienced and low-income car shoppers are ripe for conning by unscrupulous sellers.

It is common for flood-damaged vehicles to end up in the used-car market, according to Art Spinella, president of CNW Marketing Research Inc.

On average, about 1 million flood-damaged vehicles are sold each year. But these cars and trucks should not be sold for transportation, Spinella said.

"Flood vehicles can be sold for their parts," Spinella said. "There isn't a single vehicle that came out of Katrina that should be sold. They should all be scrapped."

There isn't anything illegal about selling a car that has been damaged by a flood, but that fact should be disclosed to a buyer, said Chris Basso, media-relations manager for CarFax, which sells vehicle-history reports.

Basso said an estimated 250,000 to 500,000 cars may have been damaged during Katrina.

"From previous storms, our experience has been close to half of flood-damaged vehicles will return to the road, and some of those cars are cleaned up by unscrupulous sellers and sold to unknowing consumers, which is a shame," Basso said. "They're buying cars that they think are fine but are rotting from the inside out."

One way to determine whether a car, truck or SUV was damaged by a flood is to check its title history. This history report is available from many dealers for free, or you can buy the reports from Carfax.com or AutoCheck.com for about \$20.

CarFax announced recently that GE Fleet Services will help the company identify vehicles destroyed by floodwaters following Hurricane Katrina. GE Fleet Services will provide a list of vehicle identification numbers (VINs) for GE-managed fleet vehicles, such as company-leased cars, damaged in storm-ravaged areas of the Gulf states.

Before Hurricane Katrina, used-car inventories were high due to the unprecedented employee-pricing promotions on new cars, Fortson said. This meant used-car prices were advantageous for buyers. According to CNW Marketing Research, the average price of a used car sold by franchised new-car dealers dropped to \$10,339 last month, the third straight month of declining prices.

Before you purchase a pre-owned vehicle, especially within the next few months, take these precautions:

- Be sure to check the history of the vehicle. If you have to pay for a report, do it. With that history in hand, you may find out such things as whether the car was in a flood or sustained major damage in an accident. You can check for odometer fraud. CarFax has histories on nearly all cars titled since 1981.

However, don't think that just because you get a history report and nothing shows up, you're all clear. For instance, Fortson said he pulled a history report for a pickup truck being sold by a police officer in the Atlanta area and found nothing to indicate the car was damaged. However, after taking the truck to a certified mechanic, he discovered it had been in both front-end and rear-end collisions.

Some con artists engage in "title washing," said Basso of CarFax. This can happen because not every state requires a title to specifically state that a vehicle has sustained flood damage. So sellers will take a car to a state that doesn't require such a label and remove the reference from the title. "Scam artists take advantage of these loopholes," Basso said.

- As a second line of defense, have a trained, certified mechanic inspect the vehicle. And your cousin Bud, who likes to fool around with cars on the weekend, doesn't count unless he's a certified mechanic.

"Bud may not know what he's looking for," Fortson said.

The cost to have a vehicle inspected is about \$100. "This is worth the expense on the front end so you can avoid headaches on the back end," he said.

- Take the car for a test drive. Drive it on the highway so you can see how it reacts at high speeds. Drive it in stop-and-go traffic.
- Check for water damage yourself. For example, if a car has a sunroof, look for a water ring around the opening. Pay particular attention if the carpet has been shampooed. If you notice an abnormal odor, this may be a sign of flood damage. If you smell mold, hit the road and don't look back. Look for rusty bolts and screws.

When it comes to a used car, don't be penny-wise and pound-foolish. Spend the money to have the vehicles checked out.