

Buyers beware of flooded cars

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GRAND RAPIDS, Mich. - In the market for a good used car? Watch out for vehicles that sat submerged for days in the flooded streets of New Orleans, Biloxi or other Gulf Coast cities ravaged by Hurricane Katrina.

Insurance companies usually purchase such vehicles from policyholders, declare them "totaled" and then sell them at auction to be resold for parts, many of which will still be suitable for use in other cars and trucks.

But some unscrupulous dealers and wholesalers buy flood-damaged cars at scrap prices, clean them up, retitle them and resell them. The vehicles may look good, but their electronics and safety systems are likely damaged - and threaten the safety of the new owners.

After virtually every major U.S. flood, the Better Business Bureau warns prospective used-car buyers to be on the lookout for flood-damaged vehicles.

"You want to be extra cautious," said Ken Vender Meeden, president of the Grand Rapids-based Better Business Bureau of Western Michigan. "Unfortunately, deals that sound too good to be true for cars could include damaged goods. 'Let the buyer beware' applies most readily in post-hurricane-type disasters."

When Hurricane Floyd struck Florida in 1999, an estimated 75,000 vehicles were ruined by floods and totaled by insurance companies, according to Carfax Inc., a Fairfax, Va.-based firm that performs background checks on used vehicles.

More than half of those cars and trucks, however, were resold to buyers unaware of the vehicles' past or uninformed about the extent of the damage caused by flooding, Carfax said.

Carfax estimates, based on information it has received from law enforcement and government authorities, that between 250,000 and 500,000 vehicles could have been damaged by floodwaters generated by Katrina.

Prospective buyers should have a used car's history researched to make sure a flood-damaged title hasn't been issued for it, Carfax spokesman Larry Gamache said. A search using a vehicle identification number can be performed for a fee at Web sites such as Carfax.com and AutoCheck.com. A mechanic also should inspect the vehicle.

"A mechanic is going to be able to look for signs of water damage that won't appear on a title document or a piece of paper," Gamache said. "Things like water levels in the engine well, rusting wires. He can look inside your ventilation system and see if there's any debris."

Prospective buyers also can do a bit of detective work themselves. The National Automobile Dealers Association, which represents approximately 20,000 new car and truck dealers, offers a 10-step inspection checklist to guide shoppers.

While there's no foolproof way to detect vehicle flood damage, NADA officials say potential buyers should inspect the interior, trunk and engine compartment for rust, musty odors and other signs of significant water damage.

"Dealers are very concerned these affected vehicles could enter the used-car market," said Jack Kain, chairman of the McLean, Va.-based association. "Fortunately, there are steps that car shoppers can take to detect water damage and protect themselves."

While nearly all states have laws against sellers misrepresenting flood-damaged cars and trucks to their buyers, the nation needs a uniform system for clearly identifying such vehicles, said Clarence Ditlow, executive director of the Center for Auto Safety.

Ditlow said his Washington-based advocacy group has lobbied state and federal lawmakers to mandate the words "flood-damaged" be placed on certificates of title of all flooded vehicles.

He also wants to require that "flood-damaged" markers be placed on door jambs of affected vehicles. The sale of all used cars should include disclosure sheets listing any known problems, he said.

"Every consumer buying vehicles should be aware that they may be buying flooded vehicles," Ditlow said. "Just because you live in Nevada, don't think you aren't going to run into a flooded vehicle."

Jim Casey, a manager at Berger Chevrolet in Grand Rapids, said his dealership checks the titles of all used vehicles it purchases at auction and accepts in trades to make sure none have had flood damage.

Casey advised potential buyers to closely examine titles, which can be altered, falsified or laundered through another state. In Michigan, titles for good cars are printed on green paper while titles for salvage vehicles are printed on orange paper.

"There are ways to get a clean title [for a flood-damaged car] and that's the thing that people need to be aware of," he said.