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Experts warn against buying
'flood cars' after hurricane
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By Bob Goldstein
FRONT PAGE
THE ARIZONA REPUBLIC

Beware of used-car bargains cropping up in coming months that could be "flood cars," vehicles that were submerged in murky water after Hurricane Katrina.

Buy one, and it will be the worst lemon of your life.

Thousands of used cars and

trucks that spent lots of time under water in New Orleans are expected to hit Arizona used-car lots and street corners in coming months, based on past experience with flood aftermaths.

These vehicles are usually "totaled" by insurance companies, then put up for auction as unredeemable flood cars to be resold for parts. The problem is, there are un-

scrupulous dealers and wholesalers out there who buy those cars at scrap prices, clean them up to look like new and resell them. A car that has been under water is essentially ruined, but the damage can be hard to spot with a cursory inspection. There are signs buyers can look for, like mud lodged behind the dashboard or a musty smell, but experts advise taking any used vehicle to an

auto shop for a thorough checkup before buying.

When Hurricane Floyd struck Florida in 1999, an estimated 75,000 vehicles were ruined by floods and declared totaled by insurance companies, according to Carfax, a Virginia firm that does background checks on used vehicles.

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Experts warn against 'flood cars' for sale

USED CARS

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But more than half of those cars and trucks were resold to buyers who were either unaware of the vehicles' flood-car past or uninformed about the extent of the damage caused by flooding, Carfax reports.

"They were shipping cars by rail to the Southwest," said Mike Mullan, a Phoenix auto broker and longtime automotive retailer. "They know that as long as they get the car out of the (flood) area, the (buyer) just thinks it's a standard run-of-the-mill used car."

Although the car might look and run fine during a test drive, every electrical, mechanical and structural component in the car is damaged and will soon break down.

"Basically, you're looking at a car that's rotting from the inside out," said Chris Basso, a spokesman for Carfax. "You never know what's going to happen with a car that's been under water."

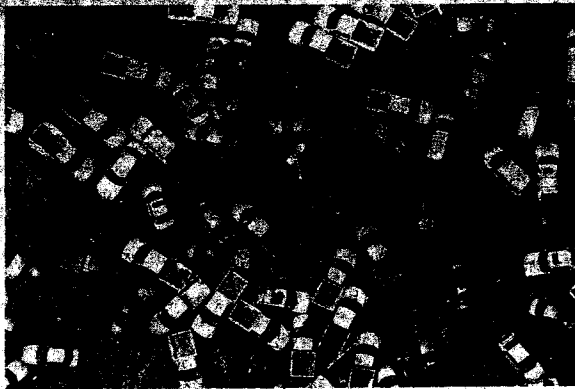
Water is not the only thing causing the damage, he added, but all the mud and filth that is suspended in the floodwater.

"If you've ever seen floodwater, it's disgusting," Basso said. "Human effluent, chemicals, oil. Anything that the water runs through, the water picks up, and it all gets into the car."

Fine, gritty silt also gets into everything, from electronic components to engines and transmissions, and causes extensive damage, said Phil Eglin, owner of North Seventh Street Auto Repair in Phoenix.

"You'll never get that out of the car," Eglin said. "I've seen it with pickups that launched boats at Saguaro Lake. You get a little too far into the water, it gets into the differential (rear-axle gears) and eats up the bearings."

In most states, a vehicle that had been declared totaled by insurers will have its title "branded" with a notation that reads "salvage" or something similar. Arizona uses the salvage notation.



DAVID J. PHILLIP/ASSOCIATED PRESS

Vehicles damaged by Hurricane Katrina sit in floodwaters in Slidell, La.

every pasts and washed titles, performing histories designed to discover past damage, insurance claims and title shenanigans. Prospective auto buyers can get a vehicle's history checked for a fee at carfax.com.

Phoenix-based DriveTime, one of the nation's largest used-car chains, uses the title-history firm Experian to check out vehicles before buying them at auction and putting them up for sale on the company's lots, Chief Executive Ray Fidel said.

"The first thing we do is a variety of different car history reports," said Fidel, whose company projects sales of \$4,000 cars and trucks in 2005.

The auction also has to identify them, if they've been in a flood.

DriveTime mechanics look for signs of flooding when they perform pre-sale inspections, company spokesman Jon Ehlinger said. If flood damage is detected, the vehicle is kicked back to the auction company for a refund.

Fidel said the reputations of used-car dealers are damaged by people selling illegally, especially those who profit from the misfortune of others.

"There are those who take advantage of any situation, and with something like this flood (in New Orleans), the dark side will pop up its ugly head," Fidel said.

curbside at one time. A buyer who falls for a curb-stone scam and whose car starts breaking down probably will find it hard to contact the seller, many of whom use fictitious business names and addresses, and untraceable cellphones, Mullan said.

There are also simpler ways that flood cars get resold to innocent buyers as regular used cars. Sometimes, private owners whose cars are damaged in floods will have them cleaned up and sold outright without

the insurance companies ever being involved. With the Internet, it's easy to perform such transactions with distant, out-of-state buyers.

Eglin has inspected cars for prospective buyers that turn out to have flood damage, he said, and he knows how to detect flood cars by sight. The main giveaway comes from looking with a flashlight behind the dashboard, where there usually will be clumps of mud left from the flood. The mud is hard to remove for a detailer cleaning the car, he said, without further damaging delicate wires and electronic parts.

A pre-sale inspection is an important tool for anyone buying a used car or truck, Eglin said, and most shops will perform such a service for a nominal fee.

"That's why you take a car for inspection, because otherwise you can end up with a real problem," he added. "It can be hard to tell that a car's been submerged. But if you find any skeletons of fish, that should be your first clue."

But there are ways to lose the brand, often by having the car retitled in different states until the word "salvage" gets dropped, a process called "washing" the title.

"A person with the right knowledge would find it easy to run titles through a number of different states to disguise where it came from," Mullan said. "In some states, you don't even have to have the car present to get a new title."

Carfax is the best-known firm that specializes in uncovering used vehicles with unsa-

Many small-time sellers of flood-damaged vehicles will buy a half-dozen of them at auction "for pennies on the dollar," Mullan said. But instead of scrapping them, they clean them up, wash the titles and ship them to a different state, especially areas in the Southwest where flood damage is not expected.

Then they put them out on street corners with "for sale" signs, a method known to the car business as "curb-storing."

Unscrupulous sellers may have a dozen cars for sale at

How to detect a flood-damaged vehicle

- Check if there are telltale odors inside the car, such as a damp or musty smell. See if the carpets or upholstery look too new, don't match properly or fit poorly.
- Check under the dashboard for signs of mud. Look inside the glove box, beneath the seats and in the trunk. See if you can spot a waterline or unusual signs of rust.
- Try out the heater and air conditioner, turning them off and on several times. Look inside the vents for mud or water damage. Also check the lights, wiper-turn signals, cigarette lighter and radio.

- switches are working properly.
- On the body, check along the seams and edges of windows for signs of dried mud.
- Under the hood, watch for signs of water or mud. Check the oil and other fluids for cloudiness, which would show water contamination.
- Ask the seller directly if the car has been flood-damaged.
- Do a Carfax title search for the vehicle's history, which would show whether it has been listed as totaled by an insurance company in another state. Contact the firm at www.carfax.com. Have the vehicle identification number or VIN ready.
- Take the vehicle to a mechanic