



**Newcomer Navigator NL** is a practical, easy-to-use platform designed to support newcomers as they settle in Newfoundland and Labrador. It offers step-by-step guidance, essential local information, and helpful tools to make your transition smoother and more informed.

Created by **Collective Interchange** and funded by the **Office of Immigration and Multiculturalism of Newfoundland and Labrador**. Visit: [www.newcomernavigatornl.ca](http://www.newcomernavigatornl.ca)



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## Guide to Buying a Vehicle in Newfoundland and Labrador

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If you're new to Newfoundland and Labrador, getting a vehicle may become an important part of settling in—especially if you plan to live outside the main urban areas, where public transportation is limited. Whether you need a car to commute, access services, or explore your new community, buying a vehicle is a big financial and legal step.

This guide is designed to walk you through the key things to consider before purchasing a car in the province, including the types of vehicles available, where to buy, and what to watch out for. While not a replacement for official or legal advice, it's a helpful starting point to better understand the process and make confident decisions.

### 1. Driver's License

Make sure you have a valid driver's license to drive in the province.

### 2. Budget

The Government of Canada provides useful tips on how to create a personal budget, which can help you better understand and plan for the total cost of owning a vehicle. If you're considering taking out a loan to buy a car, one common rule of thumb found online is the **20/4/10 rule**: aim to make a down payment of at least 20%, finance the vehicle over no more than 4 years, and ensure that your total car expenses—including the loan payment, insurance, and fuel—do not exceed 10% of your monthly income. Following this guideline can help you avoid financial stress and



make a more informed decision when purchasing a vehicle. More information visit [Government of Canada - Making a Budget](#)

Learn more about the [financial risks when buying a car](#)

### 3. Search

**Online search:** It will help you see what is on the market, prices, types, fuel consumption and other particularities of vehicles and their different brands.

You can find ads for used vehicles from direct owners on Kijiji, Facebook Marketplace, or NLclassifies; and used and new on the websites of dealerships of large brands such as Honda, Hyundai, Ford, Volkswagen, etc., for resale of vehicles or in autotrader.ca.

**Reviews:** Look for reviews of dealerships, to find out how good the vehicles they sell are; and of the models you've seen to know the pros and cons.

### 4. New vs. Used

#### New vehicles:

- Include **manufacturer warranties**, offering coverage for defects or damages at no extra cost.
- Come with the **latest technology**, better **fuel efficiency**, and **modern safety systems**.
- Allow you to **customize** the vehicle with accessories according to your preferences.
- Have a **higher upfront cost**, and their value **depreciates quickly** within the first few years.
- May involve **waiting times** for delivery.
- Often offer **lower financing rates** for buyers with a **good credit score**.

#### Used Vehicles:

- Have a **significantly lower purchase price** than new models.
- **Depreciate more slowly**, preserving their value over time.
- Generally come with **lower insurance premiums**, especially if the vehicle has a **clean history**.
- May involve **higher financing rates** or stricter conditions if you have a **low credit score**.

**Note:** This is an informational guide, please use official channels of the Government of Canada

### Special Attention to Used Vehicles in Newfoundland and Labrador

- Winter conditions require **salt on roads**, which causes **external and internal wear** on vehicles.
- Vehicles may **look fine on the outside**, but **hidden damage** to the **body and chassis** is common.
- Always request a **full mechanical inspection by a professional** before making a purchase.

### Comparison Table: New vs. Used Vehicles in Newfoundland and Labrador (2025)


Feature	New Vehicle	Used Vehicle
<b>Initial Cost</b>	Higher upfront cost	Lower purchase price
<b>Depreciation</b>	Depreciates quickly, especially in the first years	Slower depreciation after the initial drop
<b>Warranty</b>	Manufacturer's warranty usually included	May have limited or no warranty; optional third-party warranties
<b>Technology &amp; Safety</b>	Latest technology, fuel efficiency, and safety features	Older technology; may lack updated safety systems
<b>Customization</b>	Can be personalized with preferred features and accessories	Limited to what is available in the market
<b>Financing Rates</b>	Generally lower interest rates, especially with good credit	Higher interest rates, particularly with poor credit
<b>Insurance Cost</b>	Typically, higher insurance premiums	Usually, lower insurance premiums
<b>Availability</b>	May require waiting period for delivery	Available immediately
<b>Condition</b>	Brand new, no wear and tear	May have hidden wear due to winter salt and aging
<b>Mechanical Risk</b>	Minimal mechanical risk	Higher risk: professional inspection is recommended before purchase

## 5. Financing Options for Buying a Vehicle in Newfoundland and Labrador

Here are the main financing options available for buying a vehicle in Newfoundland and Labrador. Each option has its own advantages and considerations, especially for newcomers building credit in Canada.

### 5.1. Loan:

Getting a loan is one of the most common ways to finance a car. You can apply through a bank, credit union, or directly at the dealership. Each lender offers different interest rates, payment terms, and financing amounts. However, you usually need a good credit score to qualify. If you're new to Canada, you may not meet the requirements yet. Keep in mind that longer loans result in more interest being paid overtime. Always read the full contract and compare offers before planning.

- You can apply for a loan through the **dealership** where you plan to buy the vehicle or from a **financial institution**, such as a **bank or credit union**.
- Dealerships often provide **financing estimates** and budget simulations when you inquire about a vehicle.
- Each lender offers **different interest rates, loan terms, and financing amounts**.
-  **To qualify**, you typically need a **good credit score**. If you're new to Canada, you may not yet be eligible—**start building your credit** by paying bills on time and managing accounts responsibly.

#### Keep in mind:

- The **longer the loan term**, the **more interest** you will pay overall.
- **Read the full contract carefully** before signing—never feel pressured to accept an offer on the spot.
- **Compare offers** from multiple sources, and refer to guidance from **Canada's Financial Consumer Agency** for impartial advice

### 5.2. Leasing:

Leasing a car means you're essentially renting it for a set period (usually 2 to 5 years), with fixed monthly or bi-weekly payments. This option is typically available for new vehicles. Leasing allows you to drive a newer car at a lower monthly cost than a loan, and many leases include warranty protection. However, you don't own the

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vehicle, and you may face extra charges if you exceed mileage limits or return the car with damage. It can also be expensive to end the lease early.

Leasing is usually available for new vehicles and functions like a long-term rental (often 2 to 5 years) with monthly or bi-weekly payments.

#### Pros:

- Lower monthly payments compared to a loan.
- Option to upgrade to a newer vehicle more frequently.
- Often includes warranty coverage for manufacturing defects.
- At the end of the lease, you may choose to return the car, purchase it, or lease a new one.

#### Cons:

- You don't own a vehicle.
- You may end up paying more overtime without building ownership.
- Breaking the lease early can result in high penalties.
- Additional fees may apply for exceeding mileage limits or for vehicle wear and tears.

### **5.3. Rent / Rent-to-Own**

Some dealerships offer rent-to-own programs, where your rental payments go toward eventually owning the car. This can be a flexible option for newcomers who don't yet qualify for loans or leases. While leasing, rent-to-own plans are often designed to help buyers build credit and move toward ownership. It's important to understand the full terms, including what happens if you stop payments or want to return the vehicle.

- Some dealerships offer rent-to-own or vehicle rental programs as an alternative to traditional financing.
- These options can be appealing if you're building your credit or not yet eligible for a conventional loan.
- A portion of your rental payments may go toward eventually purchasing the vehicle.

#### Be sure to:

- Read the full agreement carefully.
- Understand your rights and responsibilities.

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- Review detailed guidance from the Financial Consumer Agency of Canada on rent-to-own vehicle plans.

Read more [Shopping around for auto-financing](#)

## 6. Purchase

Whether buying a new or used vehicle, it's important to understand your rights and responsibilities as a consumer. Below you'll find practical advice to help you make an informed and safe purchase:

### 6.1. New:

Before purchasing a new vehicle, you can request a test drive to evaluate the model and features. Dealerships typically offer various financing options and may allow you to negotiate extended warranties, maintenance packages, or vehicle exchanges in case of serious defects.

All offers and agreements must be provided to you in writing. Carefully read all terms and conditions before signing the sales contract.

In many cases, dealerships will assist with the vehicle registration process either for free or for a small fee. If not, they will provide you with clear instructions on how to complete registration yourself.

### 6.2. Used:

Be cautious with advertisements stating, "as is, where is," as these indicate no guarantees on the vehicle's condition, often reflected in a lower price compared to the market average.

Before finalizing the purchase of a used vehicle:

- **Inspect the vehicle thoroughly:** Check the engine, bodywork, upholstery, paint, tires, spare tire, and tools. Look underneath for rust or structural damage.
- **Test drive:** Ask to drive the vehicle to evaluate its performance and handling.
- **Ask questions:** Request the vehicle's maintenance history, any major repairs or accidents, existing warranties, and a Carfax report if available. Always get

this information in writing.

- **Check for liens:** Verify through the Personal Property Registry (NL Services) if the vehicle has any outstanding liens or legal claims.
- **Inspection:** Confirm the vehicle has a valid and up-to-date mechanical inspection from an authorized workshop. Negotiate who will pay if a new inspection is required (typically around CAD \$70 or more).
- **Consumer protection:** Review information from the provincial government on your rights as a consumer. Keep in mind that the vehicle must pass inspection to be registered and legally driven. If it fails, you risk losing your money without being able to use the vehicle.
- **Age recommendation:** Avoid purchasing vehicles older than 10 years unless you are certain the vehicle was minimally used and kept in a covered garage.
- **Negotiate:** Discuss available financing options, request written quotes, and research online what factors you can negotiate to reduce the price.

### 6.3. Direct Purchase

The person selling the vehicle must provide the following information:

- **Owner:** corroborates that the person selling the vehicle is registered as the owner and if there is more than one person registered that they have all signed the sales contract or Bill of Sale.
- **Value:** You must corroborate the value of the vehicle in the Canadian Red Book. You must use the vehicle's license plate or its first 10 digits of the VIN. For this you can contact the [Motor Registration Division \(MRD\)](#).
- **In addition:** check the [Insurance requirements](#), [inspection requirements](#), [Sales Tax on Vehicles](#), [transfer and registration payment](#).
- **Transfer and registration:** it is done within the first 10 days of having purchased the vehicle in the [Motor Registration Division \(MRD\)](#). Check step by step on the provincial government's website to make sure you have all the information you need to register your vehicle.

## 7. Vehicle registration

To register the vehicle in your name, you must have the purchase invoice (a document that shows the price, make and model of the car, the vehicle's serial number and the seller's details). Check what you need at [Buying a Vehicle in Newfoundland and Labrador](#).

## 8. Additional Resources

9. <https://www.canada.ca/en/immigration-refugees-citizenship/services/new-immigrants/new-life-canada/driving.html>
10. <https://www.gov.nl.ca/motorregistration/vehicle-ownership/>
11. <https://www.gov.nl.ca/motorregistration/vehicle-ownership/buying-a-vehicle-private-sale/>
12. <https://www.rbcroyalbank.com/en-ca/new-to-canada/buying-first-car-in-canada/>
13. <https://www.canada.ca/en/financial-consumer-agency/services/loans/financing-car/financing-options.html>
14. <https://www.canada.ca/en/financial-consumer-agency/services/loans/financing-car/financing-options.html>
15. <https://hellosafe.ca/en/car-loan/calculator>
16. <https://www.canada.ca/en/financial-consumer-agency/services/loans.html>
17. <https://www.canada.ca/en/financial-consumer-agency/services/loans/financing-car/shop-around.html>
18. <https://www.gov.nl.ca/dgsnl/files/consumer-consumer-affairs-carpamphlet.2017.pdf>
19. For more inquiries: <https://www.gov.nl.ca/motorregistration/>

**We hope this information is helpful in your process of buying a car in Newfoundland and Labrador!**