

Chapter

Buying and Owning a Vehicle

Lesson 23.1

Buying a Vehicle

Learning Objectives

- List and explain the steps of the car-buying process.
- Explain vehicle financing choices, including leasing.
- Discuss consumer protection laws for new- and used-car buyers.
- Identify the costs of owning and operating a car.

The Car-Buying Process

- Identify your needs and wants.
 - What do I need to do with a car?
 - How much will I drive?
 - Will I take the car off-road?
 - What features would I like to have on the vehicle?

The Car-Buying Process

- Decide what you can afford.
 - Monthly payment
 - No more than 20 percent of the money you have left after paying your regular monthly expenses
 - Other costs
 - Maintenance
 - Fuel
 - Auto insurance


The Car-Buying Process

- Identify and research your choices.
 - Select several types of cars that would meet your needs.
 - Research the features of each possibility.
 - Compare the features of the models you are considering against your list of wants and needs.

The Car-Buying Process

(continued)


- Decide whether to buy new or used.
 - Cost is a major factor when buying a car.
 - A new car is much more expensive.
 - A new car loses value as soon as you drive it off the lot.
 - Buying a well-maintained used car can save you money.
 - On the other hand, a used car is likely to need more repairs.

On average, 

A **new** car loses **11%** of its value the **moment** you leave the lot.

During the **first 5** years the car depreciates by **15%-25%** each year.

After **five** years the car is worth **37%** of what you paid for it at the dealership!



Chapter 23

The Car-Buying Process

- Decide how you will pay for it.
- Cash or Financing
- If you choose financing
 - Find out how much money you qualify for) before visiting car dealers. (called preapproval)
 - Check out the insurance rates on your vehicle choices.

The Car-Buying Process

(continued)

- Check the history of a used vehicle
- Get a used vehicle checked by a mechanic
- Test drive the vehicle.
- Compare and try all the features and options
- <http://sacramento.cbslocal.com/2013/10/14/call-kurtis-how-you-can-take-back-a-used-car/>



The Car-Buying Process

- Decide on a fair price before you make an offer.
 - For a new car, it's usually between the sticker price and invoice price.
 - **sticker price**, is the price shown on the car's window.
 - **invoice price** is the price the dealer paid for the car.
 - For a used car, it's usually based on Blue Book value
 - Negotiate the price.



STANDARD FEATURES

- | | |
|--|---|
| <p>MECHANICAL & PERFORMANCE</p> <ul style="list-style-type: none"> - 1.5L, 4CYL, TWIN-CAM, 16VALVE ENGINE - TOYOTA HYBRID SYS., INCLUDES HYBRID TRANSAXLE, INVERTER & HV BATTERY - 2 PERMANENT MAGNET MOTOR GENERATORS - FRONT WHEEL DRIVE - ELECT. CONTROLLED CONTINUOUSLY VARIABLE TRANSMISSION (CVT) - POWER RACK AND PINION STEERING - POWER FRONT DISC BRAKES - INDEPENDENT FRONT SUSPENSION - MACPHERSON STRUT TYPE - 175/65R14 RADIAL TIRES <p>SAFETY</p> <ul style="list-style-type: none"> - REGENERATIVE ANTI-LOCK BRAKE SYSTEM (ABS) - DRIVER/PASSENGER AIR BAG (SRS) - 3-POINT SEAT BELTS WITH PRETENSIONERS & FORCE LIMITERS | <ul style="list-style-type: none"> - KEYLESS ENTRY AND SECURITY SYSTEM W/ ENG IMMOBILIZER <p>EXTERIOR</p> <ul style="list-style-type: none"> - ALUMINUM ALLOY WHEELS (4) - REAR SPOILER - COLOR-KEYED BUMPERS, DOOR HANDLES, AND DUAL POWER OUTSIDE MIRRORS <p>COMFORT & CONVENIENCE</p> <ul style="list-style-type: none"> - AUTOMATIC CLIMATE CONTROL - LIQUID CRYSTAL VEHICLE INFORMATION DISPLAY - POWER WINDOWS AND DOOR LOCKS - AM/FM CASSETTE W/4 SPRKS - FRONT CUPHOLDER - CABIN FILTERATION SYSTEM - CENTER CONSOLE BOX - INTERMITTENT WINDSHIELD WIPERS - ADJUSTABLE FRONT HEADRESTS - REAR WINDOW DEFOGGER W/TIMER <p>*** FULL TANK OF GAS ***</p> |
|--|---|

PRIUS 4-DOOR HYBRID GAS/ELEC SDN

VIN:  MODEL/YEAR: 1222A/2001
 COLOR: ELECTRIC GREEN /GRAY (06R4/95)

MANUFACTURER'S SUGGESTED RETAIL PRICE \$19,995.00

OPTIONAL EQUIPMENT

FE 50 STATE EMISSIONS
 CF. CARPET FLOOR MATS 70.00

Compare this vehicle to others in the FREE FUEL ECONOMY GUIDE available at the dealer.

CITY MPG

52



HIGHWAY MPG

45

Actual Mileage will vary with options, driving conditions, driving habits and vehicle's condition. Results reported to EPA indicate that the majority of vehicles with these estimates will achieve between

44 and 60 mpg in the city, and between

38 and 52 mpg on the highway.

2001 PRIUS
 4-CYL., 1.5 LITER DISP.,
 VVT-I, DOHC, EFI ENGINE,
 AUTOMATIC VARIABLE GEAR
 RATIO TRANSMISSION.

Estimated Annual Fuel Cost:
 \$ 421

For Comparison Shopping,
 all vehicles classified as

COMPACT

have been issued
 mileage ratings
 ranging from

** to ** mpg city
 and

** to ** mpg
 highway.

*INFORMATION NOT AVAILABLE AT TIME OF VEHICLE PRODUCTION.

DEALER NAME/ADDRESS: SHIP TO:

PORT/PLANT: PORTLAND

22019



Manufacturer's suggested retail price includes manufacturer's recommended pre-delivery service, Gasoline, license and title fees, applicable federal, state and local taxes and dealer and distributor installed options and accessories are not included in the manufacturer's suggested retail price.

DELIVERY, PROCESSING AND HANDLING FEE 455.00

TOTAL \$20,520.00

TOYOTA'S LIMITED WARRANTY COVERS TRACTION BATTERY/SPECIFIC HYBRID COMPONENTS 8 YEARS/100,000 MILES; COMPREHENSIVE 3/36,000; POWERTRAIN 5/60,000; CORROSION PERFORATION 5/UNLD. SEE WARRANTY INFORMATION BOOKLET FOR SPECIFIC INFO.

An extended service contract may be available for this vehicle. Ask dealer for details.

238K60 377 WC E0568



0000
128

Financing Your Car (Shop around)

■ Financial institutions

- Banks (higher loan rates)
- Credit Unions (lower rates for members)

■ Car dealers

- New car dealers (Honda, GM, Ford, etc....)
- Used car dealers

■ Buying vs Leasing a car

	Buying	Leasing
Ownership	You own the vehicle and get to keep it as long as you want it.	You don't own the vehicle. You get to use it but must return it at the end of the lease unless you decide to buy it.
Up-front costs	They include the cash price or a down payment, taxes, registration and other fees.	They typically include the first month's payment, a refundable security deposit, a down payment, taxes, registration and other fees.
Monthly payments	Loan payments are usually higher than lease payments	Lease payments are almost always lower than loan payments
Early termination	Not applicable but loan must be paid off to own the car.	If you end the lease early, early-termination charges can be costly
Future value	The vehicle will depreciate but its cash value is yours to use as you like.	The future value doesn't affect you financially. However, you don't have any equity in the vehicle.
Mileage	You're free to drive as many miles as you want.	Most leases limit the number of miles you may drive, to 12,000 per year. (there is a charge for excess miles)
Excessive wear and tear	You don't have to worry about wear and tear, but it could lower the vehicle's trade-in or resale value.	Most leases hold you responsible. You'll have to pay extra charges for exceeding what is considered normal wear and tear.
End of term	At the end of the loan term, you have no further payments.	At the end of the lease (typically two to four years), you'll have to finance the purchase of the car or lease or buy another.
Customizing	The vehicle is yours to modify or customize as you like.	Any modifications or custom parts you add will need to be removed before you return the car. If there is any residual damage, you'll have to pay to have it fixed.

Costs of Owning a Car

- Fuel (Gas, Hybrid, or Electric)
- Depreciation
 - Depreciation is a decline in value due to normal wear and tear.
- Registration and title (**Annual cost**)
- Insurance
- Vehicle emission fee
- Smog fee for old cars
- Regular maintenance and repairs
 - Oil change, tires, brakes, etc...

New Car Warranties

- A new-car warranty provides a buyer with some assurance of quality.
- Car warranties vary in the time and mileage.
- The main aspects is the coverage against manufacturer defects.

FTC Rule

- The Federal Trade Commission's "Used-Car Rule," called the **FTC Rule**, requires that dealers fully disclose to buyers what is and is not covered under warranty for the used vehicle.