

Chapter 23 Buying and Owning a Vehicle

LESSON 23.1 BUYING A VEHICLE

THE CAR-BUYING PROCESS

Identify Your Needs and Wants

Buying a car starts with _____ (not just your wants). Start by asking yourself some basic questions, such as the following:

- _____
- _____
- _____
- _____
- _____

After you have made your list of wants and needs, decide which ones are most important. Prioritizing helps you identify what you must have and what you can give up if necessary to keep the price affordable.

Decide What You Can Afford

Before you start shopping for a car, determine _____. One general guideline is that you can afford monthly payments of no more than 20 percent of the money you have left after paying all your regular monthly expenses, such as rent, utilities, credit card payments, and so on.

Identify and Research Your Choices

Select several types of cars that would meet your needs. In the library or online, research the features of each possibility. Print and online magazines such as _____ offer an abundance of information on different car models. Look for articles about performance, repair records, safety records, fuel economy, and prices.

Decide Whether to Buy New or Used

A primary decision is whether to buy a new car or a used one. Cost is a major factor in this decision. _____. Can you afford the high price of a new car? Also, a new car loses much of its market value as soon as you drive it off the lot. A car can lose as much as 20 percent of its value in its first year. Buying a well-maintained used car can save you money.

Decide How You Will Pay for It

Find out how much money you will be qualified to borrow before visiting car dealers. _____ a new- or used-car loan prearranged through your bank or credit union. Preapproval separates financing from the process of negotiating the price of the car.

Check Insurance Rates

Check out the insurance rates on your vehicle choices. If a car is rated as a “sports car,” the _____ than for vehicles rated higher for safety and other features. A call to your insurance agent to get this information helps rule out choices that may result in insurance that is too high.

Search for Available Vehicles

Search your newspaper's _____ for cars available from dealers and from individual sellers in your area. Many areas offer a free print publication, such as Auto Trader, dedicated to used-vehicle listings.

Test Drive Vehicles

_____ the cars of interest to you. Compare ride, handling, braking, features, and cost. Try all the features to see how well they work. Play the radio to judge the sound, but then turn it off so that you can hear the sounds of the car as you drive. Is the engine quiet? Especially when evaluating used cars, listen for noises that might indicate a problem. When you accelerate, look for dark smoke from the exhaust. This is a sign that the car is burning oil, which would require an expensive repair. Look for rust and mismatched paint that might mean the car has been in an accident.

Check the History of a Used Vehicle

You can learn the history of any used vehicle. _____ is an alphanumeric number that identifies each vehicle manufactured or sold in the United States. This number is available on vehicle documents and on the dashboard on the driver's side. It is visible through the front windshield. Get the VIN from the used vehicle you are considering and enter it into the online search tool at _____. A detailed history for one vehicle costs approximately \$25, and you can get reports on several vehicles for around \$30.

Get the Vehicle Checked Mechanically

After the used vehicle has passed the VIN check and you've decided you'd like to buy it, have it checked out by a mechanic. You'll want to know whether the _____. A compression test can tell you if the head gasket is about to go out. You'll also want to be sure the transmission is okay. If the vehicle passes these two critical tests, then ask for a complete check to see what repairs might need to be made in the near future and their cost.

Determine a Fair Price

Decide what price you feel is fair before you make any offer for a car. Kelley Blue Book publishes a popular pricing guide for all models and years. You can find the publication in the library or online. By looking up the model and year of the car you are considering, you can find an estimated fair price for it. You can also get a feel for a fair price by checking other ads for cars of the same model and year to see what other sellers are charging. For a new car, the _____, or manufacturer's suggested retail price (MSRP), is the price shown on the tag in the car's window. A fair price for a new car usually lies somewhere between the sticker price and the price the dealer paid for it, called _____. Many car-buying web sites can give you the dealer's invoice price.

Negotiate the Price

Make up your mind that you will not be pressured into paying more than you think is fair. Stick to facts and don't reveal emotions to sellers. For example, don't make statements like, "This car is just what I want." This type of information can weaken your bargaining position. Make your initial offer lower than your top price. Then be prepared to negotiate.

Dealer Add-Ons

After you have agreed on the price from a vehicle dealership, the dealer may try to increase the purchase price with _____—high-priced, high-profit dealer services that add little or no

value. For example, dealer preparation is nothing more than cleaning the car and checking the air in the tires and the oil in the engine. These services should be provided without extra charge.

FINANCING YOUR CAR

Financial Institutions

_____ offer vehicle loans for 36, 48, 60, or 72 months. Longer terms mean lower monthly payments but higher total interest paid because you are using the money for a longer period of time.

Car Dealers

Most new-car dealers offer financing. On particular models and at particular times of the year, they may offer you better terms than those available from other sources. These special deals are sponsored by the _____ to stimulate sales or to promote a particular model. GMAC Financial Services is an example of a finance company that makes loans on cars through dealerships. Ford, Chrysler, and most other manufacturers offer similar programs. Although you finance through the dealer, you will make your payments to the finance company. Use caution with this type of financing. Don't allow a special promotional loan rate to influence you to buy a more expensive car.

Leasing a Car

Rather than purchasing a new car, you might consider leasing. A car lease is similar to an apartment lease. It is a written _____ (in this case, a car) for a specified time period and monthly payment. You do not own the car. You are simply renting its use. However, at the end of the lease period, you usually have an option to buy the car for a price specified in the lease agreement. The selling price specified in the lease is based on the expected value of the car at the end of the lease term.

CONSUMER PROTECTION FOR CAR BUYERS

Lemon Laws

_____ exist in many states and protect consumers from the consequences of buying a defective car. A _____ defects that the manufacturer has been unable to fix after repeated attempts. You have a lemon if, in the first year of ownership or 12,000 miles, (a) you've taken the car into the dealer for four or more unsuccessful attempts to repair the same substantial defect or (b) your car has been out of service for a total of at least 30 days. Lemon laws allow you to get a new car or your money back. Unfortunately, this protection is not automatic. You need to have good documentation and be prepared for a long process. A proceeding called arbitration and a possible lawsuit may be necessary to enforce your state's law.

The FTC Used-Car Rule

People who buy a used car must be concerned about whether it has some hidden defects or potentially expensive repairs ahead. The Federal Trade Commission's "Used-Car Rule," called the _____, requires that dealers fully disclose to buyers what is and is not covered under warranty for the used vehicle. The FTC Rule is designed to protect used-car buyers. This rule does not guarantee that the car has no problems. However, it does require used-car dealers to inform consumers prior to purchase about who will be responsible for paying for certain repairs if they occur after the sale. The rule requires dealers to place a sticker, called the "Buyer's Guide," on all used cars they offer.

Lesson 23.2 Maintaining a Vehicle

COSTS OF OWNING A CAR

Fuel

Most engines today are gas powered. Gasoline is a fossil fuel that is refined from crude oil taken from the earth. The cost of gasoline depends on world supplies of crude oil, political conditions, and world energy markets. The amount of gasoline you consume depends on your car's fuel efficiency, the number of miles you drive, and your driving habits.

In an effort to reduce fuel costs and reduce air pollution from exhaust fumes, you may wish to buy a hybrid or alternate energy vehicle. A _____ that uses alternate energy sources, such as natural gas or battery power, in addition to gasoline. Hybrids can get high miles per gallon while cutting the cost of operation substantially. As technology improves, you will see vehicles developed that use other types of energy, from electricity (with cars that recharge when plugged into your home outlets) to natural gas or eco-fuels that are environmentally friendly. By cutting fossil-fuel emissions from cars, air quality is preserved and enhanced. Alternate sources of energy will also help reduce our dependence on foreign oil and the volatile prices that go with it.

Depreciation

Depreciation is a decline in the value of property due to normal wear and tear. As a car ages, the number of miles driven increases, the physical condition begins to deteriorate, and mechanical difficulties arise. Also, styles and consumer tastes change over time. All these factors usually cause cars to lose market value. However, not all cars depreciate. Older vehicles called _____, which are in excellent condition, may appreciate, or increase in value, if people value them as collectors' items.

Depreciation is the single greatest cost of owning a car. The cost of gasoline comes second. In most cases, the age of a car is the most important factor in determining its resale or trade-in value. Other factors include mileage, mechanical condition, model popularity, size, and color. A car will retain more of its value over time if it is well maintained and has low mileage at the time of sale. Popular models depreciate more slowly than other models.

Registration and Title

All states charge fees for title and registration. A _____ is a legal document that establishes ownership of the vehicle. A car title lists the legal owner (usually the lending institution) and the registered owner (you). You must pay title fees and sales taxes only at the time you buy the car. In addition, you must also pay an annual _____ or license tag fee. The license plate on your vehicle carries a sticker that shows you have paid the current year's renewal registration fee.

Vehicle Emission Fee

In many states, you are required to have your car tested to be sure it is meeting environment standards for vehicle emissions. _____ are often required every two years once the car is four or more years old.

Maintenance and Repairs

The _____ will tell you what services your car needs and how often. Typically, you can expect to change the oil every few thousand miles, have a major engine tune-up every

20,000 to 30,000 miles, and perform other maintenance at scheduled intervals. Car systems that you should monitor and maintain include emissions control, air conditioning, brakes, and transmission. You should also plan for unscheduled repairs. Such things as flat tires, broken belts, and leaky hoses happen from time to time, and the repairs can be costly.

Accessories

Many people choose to add certain features to make their vehicles safer, more functional and attractive, or more efficient. These items include _____, snow tires, wheel covers, striping and paint features, alarm systems, and sound systems. In some cases, these accessories will add to the value of the vehicle. In other cases, they will subtract from it. Some devices, such as portable DVD players, are personal property and can be easily removed from the vehicle when you sell it.

EXTENDING THE LIFE OF YOUR CAR

Because a car is expensive, you will get your best value (cost versus benefit) if you take care of your investment. By performing routine maintenance, taking care of the interior and exterior, and practicing good driving habits, you can keep your car running well and looking good.

Maintain Fluid Levels

Many newer cars claim to run 7,000 or more miles between oil changes. But most mechanics believe that _____ can add years of life to a car. Oil lubricates the moving parts of the engine and keeps it clean. Oil must be changed to eliminate accumulated dirt and sludge. Your individual driving habits will dictate how often you should change the oil. For example, the frequent starting and stopping of city driving use up oil sooner than do long expressway trips.

Perform Routine Maintenance

Don't wait for trouble before checking fluid levels and inspecting belts, hoses, and tire pressure. Inspect _____ puts you in danger of a blowout. Most car owners find that by replacing parts periodically, they can avoid major problems. These ongoing routine checks and fixes should cost \$150 to \$300 a year but will save you major repairs in the long run. The owner's manual will tell you mileage or time intervals for certain checks and maintenance services.

Keep Your Car in a Garage

If possible, keep your vehicle in a garage. Using a _____ from theft and vandalism. It also protects it from weather, which can damage or destroy the vehicle's finish and even affect its mechanical condition. Low temperatures, for example, affect almost every component. The engine is harder to start, and the battery is weaker. Thus the starter has to work harder, and the charging system is stressed.

Preserve the Exterior

If possible, keep your vehicle in a garage. Using a garage protects the vehicle from theft and vandalism. It also protects it from weather, which can damage or destroy the vehicle's finish and even affect its mechanical condition. Low temperatures, for example, affect almost every component. The engine is harder to start, and the battery is weaker. Thus the starter has to work harder, and the charging system is stressed.

Wax the paint twice a year—before the cold and rainy winter and before the hot and dry

summer. Once the paint has begun to _____ (permanently lose its color and shine because of chemical reaction with the air), it is very difficult to restore the original gloss. In most cases, a vehicle with oxidized paint must be repainted to restore its shine. A _____ is a substance that can smooth out surface scratches, scuffs, and stains. Polishing compounds, often called cleaners or pre-waxes, can be tricky to use. They often contain abrasives, which are coarse materials that scour or rub away a surface. Used gently, an abrasive can remove the top layer of paint and expose the shiny paint underneath. But rubbed too vigorously or too often, an abrasive will strip the paint right down to the primer.

Preserve the Interior

The condition of the inside of your vehicle is also very important for good resale value. The _____ is the seat-covering material. Generally, cloth upholstery is more durable than vinyl. Although spills and dirt are more difficult to clean off of cloth upholstery, vinyl can crack and tear when it gets too hot or cold and can be punctured by sharp objects. Leather upholstery holds up best, but it is more expensive and requires regular cleaning and lubricating to keep it soft and to prevent cracking.

Floor mats will protect the carpeting and are a good investment. You can cover the interior of your trunk with an old blanket to protect it. Avoid eating messy foods in the car and vacuum frequently to keep your car's interior in good condition. Products are available to rub on vinyl dashboards and plastic interior surfaces to protect them from fading and cracking from exposure to the sun's rays. If you must park your car in the sun for long periods of time, you might consider covering the inside of your windshield with an inexpensive cardboard shade made for that purpose.

Follow Wise Driving Habits

_____ can keep your vehicle running efficiently for years. Some new vehicles have a "break-in period," during which you may need to drive differently. It is best to check your owner's manual.

When the vehicle is new:

1. Don't _____ . Vary speed as driving conditions permit.
2. During the first 1,000 miles, _____ .
3. Avoid _____ , and rapid gear changes to help break-in your brakes.
4. Drive at _____ , avoiding long trips, so your tires can get adjusted. You may need additional wheel balancing and front-end alignment.

For all vehicles:

1. Don't _____ . Give it 10 to 15 seconds to warm up to allow the oil to start circulating. Then drive off gently as soon as the engine is running smoothly.
2. Keep _____ in the radiator during hot weather and _____ in it during very cold weather.
3. Check and maintain _____ . Never drive a car when the "check engine" light is on. Take it in for service right away.

4. Make sure your _____ are in good shape at all times. Having a flat tire can cause more than an inconvenience.
5. When driving a vehicle with a _____, shift deliberately, pausing as you move through the neutral position.
6. Don't shift into a forward gear when your _____, or vice versa.
7. When stopped in traffic, hold the _____ rather than engaging the clutch to avoid excessive wear on the clutch.
8. Don't turn the steering wheel _____. This strains the front-end components. Turn the wheel only when the vehicle is moving.
9. Keep the windshield and back window free of ice, using a scraper rather than your wiper blades. Running wipers over a _____ the glass and tear the blades.
10. Glance at _____ lights as you drive. When your vehicle signals you to stop or to get something checked, do it right away. When your engine shows it's too hot, turn off the air conditioner and drive slower. If overheating is severe, pull over and stop the engine quickly. Open the hood, but do not unscrew the radiator cap (hot steam and fluid will gush out and burn you).
11. Follow a _____. Adjust your speed with weather conditions. For example, leave more space when it is raining because it will take longer to stop.
12. Keep up with _____; check the new driver's manual in your state at least every few years.
13. Drive courteously, _____, including bicycles, motorcycles, and pedestrians. Yield the right of way even when it's not required.
14. Finally, _____. It can save your life!