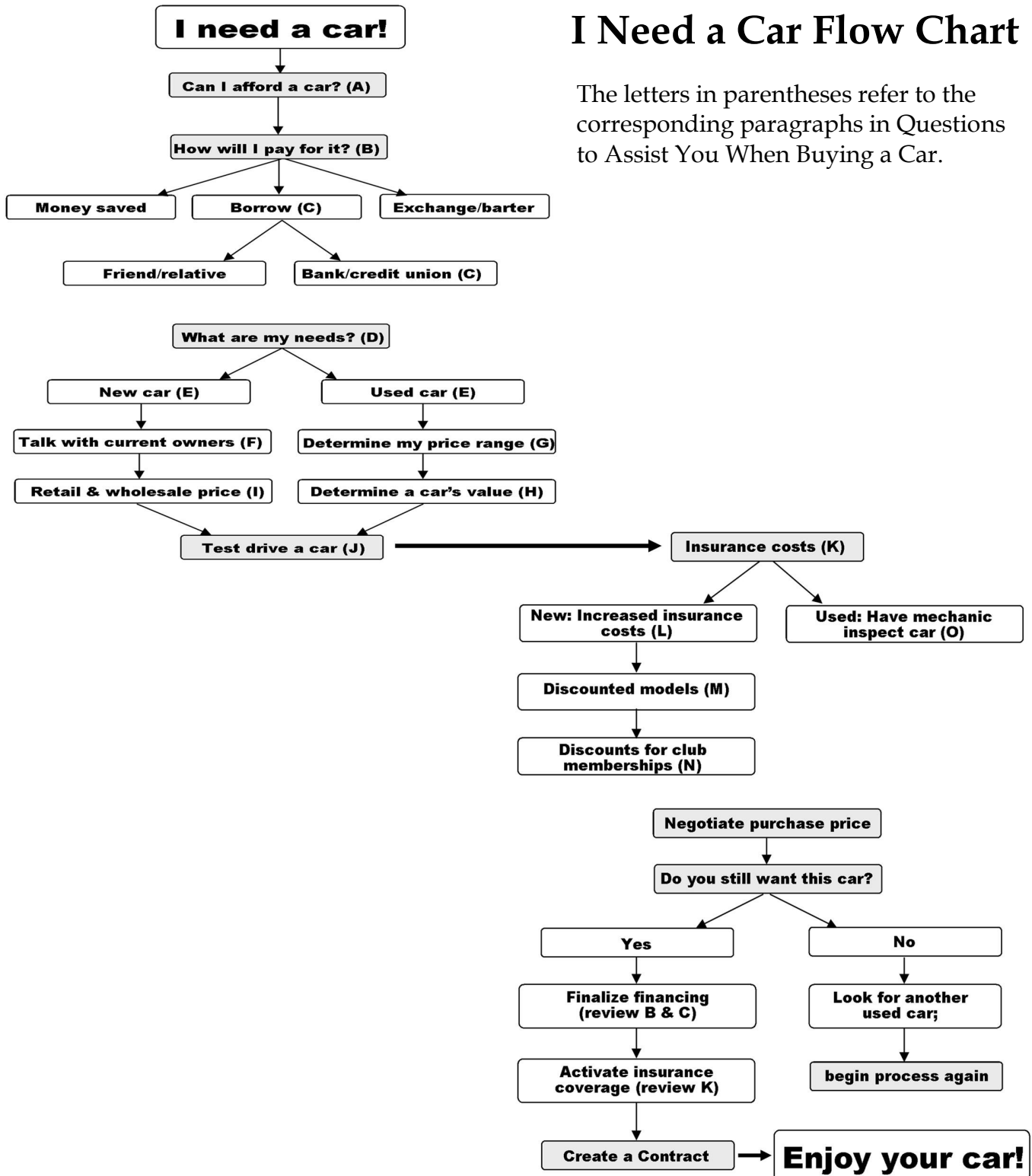


Creating the NOW



I Need a Car Flow Chart

The letters in parentheses refer to the corresponding paragraphs in Questions to Assist You When Buying a Car.



Creating *the NOW*



Questions to Assist You When Buying a Car

A. Can you afford to buy a car? The cost includes the purchase price and the annual cost for insurance, gas, maintenance and repair. If you do not know how much those costs are, ask your parents or talk with an insurance agent about coverage and costs.

The cost for gas will depend on how many miles per gallon your car gets, the price at the pump, and the amount of miles driven. Repair costs will vary depending on the miles driven, the car's age, and the condition of the used car. Dealers usually offer special financing. If they offer no interest loans, then the price will be less flexible. There's always a tradeoff for a lower interest loan from a dealer. Also check with lending institutions for their requirements.

B. How do you plan to pay for the car? Do you have money saved for the purchase of a car? If yes, is it enough to cover the total costs previously listed? If not, how much can you realistically save a month toward the purchase. This may affect the timeline for your goal. It is best not to rely on future income such as your salary unless it is only a set amount put aside each month toward the car purchase. Emergencies can happen and they can thwart your efforts.

In a world of high unemployment, one must be creative. An alternative to using a lending institution is to offer skills or services in exchange for a car. A family may have a second car no longer needed that they wish to sell. Perhaps a full-time babysitter is needed for the summer. Maybe an elderly or disabled person has a car they cannot use and are willing to exchange the car for assistance, housekeeping, grocery shopping, or performing other necessary tasks.

A relative, friend, or other may be willing to barter with their used vehicle. It could even be a three-way exchange. For example, A wants a used car and cannot afford it. C has a used car to sell and wants a motorbike. B has a motorbike he wishes to sell and needs someone to work for him during the summer and after school. He cannot afford to hire anyone since business is slow. The solution would be A works for B. At the end of an agreed upon time, B exchanges the motorbike for the used car from C and gives it to A for his work at the store. The store now has a trained worker and may be able to hire him for a wage which also helps A pay for the insurance and gas. Everyone wins. The possibilities are unlimited.

C. Will you need to borrow money? If yes, have you checked at banks or credit unions for the interest rates, the amount of the monthly payment, and the number of years on the loan? Be aware, lending institutions use a value below the amount dealers use to value the car. Institutions will lend a percentage of the lower amount.

The seller may be willing to accept monthly payments under an agreeable contract with all the details spelled out. He will probably use the car or something of equal or greater value as collateral until the loan is paid off. Read the contract carefully to make sure you understand all of it before you sign the contract. Be sure to keep a dated copy signed by both parties for future reference.

Another possibility would be to borrow money from a relative, friend or someone interested in earning a little higher interest on their money and not opposed to some risk. In exchange, they would probably use the car as collateral in case you default on the loan. A contract or written agreement of the terms should be signed after looking

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it over carefully and/or having an adult review it. Be sure to receive a dated copy of the signed agreement. Be aware of the value of the car and how much a lending institution would lend, the interest rate, payment amount and loan terms. Use it as a guide and avoid paying excess interest rates. If need be, get assistance from a third party or person knowledgeable in such matters.

D. What are your needs? If you will be driving long distances, safety and the cost of gas are important. Make a shopping list for what you want and need in a car and know what you are willing to give up on the list if necessary.

E. Do you have a specific make or model in mind? If so, you may use consumer-oriented magazines for their repair records, ratings, and information for used cars. Ratings and information for new cars are listed in the most recent edition. The internet as well as most libraries have these magazines. If you search the internet for the model and make, you may find a wide range of information. For new cars, look for sources other than the manufacturer.

F. Have you asked current owners what they like and dislike about their car? A good time to do this is at a gas station when people are pumping gas. Owners are likely to be honest with you about the gas mileage and problems with their car. Ask what owners like and dislike about the car and any problems they may have had, especially in the weak systems mentioned in the consumer magazines.

G. Have you looked at the prices of used cars? Look first at what you can afford and consider prices just above that amount since most sellers are willing to negotiate. Newspaper ads and the free local magazines offer information. A dealer or used car salesman can usually obtain a report of the car's history of accidents which does affect the car's value. There are also sites on the internet that offer this service. Be aware that all accidents or major damage such as from flooding may not be in the report, and there may be a charge for the report.

H. What is the value of the used car? Car dealers use a small book to help determine the approximate value of the car, depending on the car's condition and the added options. Car dealers have the books, but may not allow customers to see the information in the current copy. The internet can give you similar information if you do some searching.

I. Do you know the retail and the wholesale prices for your new car? The salesperson will often give you this information along with what they consider their best deal. Be aware cars are depreciating assets and quickly drop in value. If you do not have a good emergency fund and you are considering borrowing money for a car, revisit the idea of a used car.

J. Do you have a family member or knowledgeable friend to test-drive the car with you? If this is your first car, choose someone who will help look over the car and ask additional questions or notice things perhaps overlooked by you. You can find suggested check lists on the internet or create your own. Be sure to check the car's comfort, the side and rear-view mirrors for good visibility, standard equipment included in the price for a new car, and the other important items on your list.

K. What will your insurance cost? Your parents may be willing to put you on their policy while you are in school or until you reach a certain age. Ask your parents' insurance agent to explain each coverage, tell you which are required by law, the total cost under your parents' policy for your insurance portion and the cost if you have your own policy.

L. How much will your insurance increase for a new car? New cars cost more and your insurance coverage will depend on the price you pay for the car. This is another good reason to negotiate the pur-

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chase price.

M. Do you know when the current models will be discounted in price? Dealers will usually tell you this or send a card if they have your address. The current year models are discounted to make room for the new incoming models. Can you wait until then?

N. Do you or a family member belong to a club or organization that offers new car discounts? Is the offered discounted price better than what you negotiated at the local dealership? If not, tell them the dealer's lower negotiated price. They may be able to do a little better. If the club or organization will only match the dealer, it may be better for service to purchase at the same price through the local dealer or try negotiating with the local dealer again.

O. Do you know an honest, reliable mechanic who will perform an inspection? There may be a charge for the inspection. Ask friends and family if they have a reliable mechanic you can use. Otherwise, call some mechanics and ask if they perform such services, the cost, and what tests would be done.

Note: The questions and comments should be able to assist you in creating your steps or minor goals and help you complete your main goal. Each step or minor goal is a complete goal within itself. The goals may vary in wording since each person's situation will be somewhat different. Be sure to look at the sample goals for buying a car given earlier in this chapter.