

13 Practice Buying a Car

TRANSITION OBJECTIVE

Students will examine the costs of buying a car and practice the process for completing a car loan application.

RELEVANCE TO SUCCESSFUL TRANSITION

An exciting event for young people is buying their first car. In matching cost and budget, there are many choices to consider, including new, used, age and condition of the car.

INSTRUCTIONAL SEQUENCE

❑ STEP 1: Update Journal

The car I will have . . .

❑ STEP 2: Convene Roundtable

"When I buy a car, I will ____."

❑ STEP 3: Advance Organizer

"Today you will practice a process for buying a car you can afford."

❑ STEP 4: Activity - Day One

Ask students to describe their dream car to the class. Tell students they need to plan before buying a car. It is easy to make a mistake if they buy a car based on their emotions and desires rather than budget and facts. Introduce the car buying activity by going over the handout **Drive It Today!**. Have students look at the cars and choose the one they want based only on how it looks. Now, have students look at the car prices and choose one based on what they think they might be able to afford, based on their job (from Lesson 3) and savings account (from Lesson 6).

❑ STEP 5: Activity - Day 2

Using a screen image, review and fill in each item on the handout **Car Loan Application** as students provide the information. Have students complete the form **Car**

Loan Application. Provide assistance to students who may have difficulty writing the information on the form. Discuss the importance of reading each question carefully and writing legibly.

118



LIFE MANAGEMENT: UNIT 3 LESSON 13

Drive It Today!

<p>\$15,000 20,000 miles 4x4, with extra's</p>		<p>Bank Loan: \$1,000 down + \$1,325 tax and licence = \$2,325 to buy and \$427 per month for 3 years @ 10% interest.</p>
<p>\$10,500 New with warranty</p>		<p>Dealer Loan: \$800 down + \$887 tax and licence = \$1,687 to buy and \$290 per month for 3 years @ 8% interest.</p>
<p>\$4,200 35,000 miles New tires. Excellent condition</p>		<p>Bank Loan: \$300 down + \$415 tax and licence = \$715 to buy and \$178 per month for 2 years @ 10% interest.</p>
<p>\$15,000 30,000 miles Runs like a dream</p>		<p>Bank Loan: \$1,000 down + \$1,325 tax and licence = \$2,325 to buy and \$427 per month for 3 years @ 10% interest.</p>
<p>\$5,500 70,000 miles Rebuilt engine</p>		<p>Bank Loan: \$500 down + \$512 tax and licence = \$1,012 to buy and \$228 per month for 2 years @ 10% interest.</p>
<p>\$3,500 60,000 miles New transmission</p>		<p>Dealer Loan: \$300 down + \$352 tax and licence = \$652 to buy and \$144 per month for 2 years @ 8% interest.</p>
<p>\$900 runs Needs work</p>		<p>Pay Cash: The owner will take \$850 cash today. Pay \$117 in tax and license fees. Will need \$500 in repairs to keep running.</p>

© Used by permission of the James Stanford Company Santa Barbara, CA 93103 THE TRANSITION CURRICULUM

118

119



LIFE MANAGEMENT: UNIT 3 LESSON 13

Car Loan Application

Applicant Name: Last First Middle	
Date of Birth	Driver's License Number
Current Address: Number & Street City State Zip	
Current Landlord Name: Phone	
Employment Information: Current Employer: Phone	
Address: City State Zip	
Position: Dates of Employment	
Monthly Salary: Other Income	
Bank Information: Bank Branch Address Phone	
Checking Account #: Savings Account #	
Auto Make Model Year	License Plate #
Credit Cards: (circle credit, bank, both, or none; do not include debit cards)	
Cardholder's Name	Card Number Expiry Date Monthly Payment
Have you ever filed for bankruptcy? <input type="checkbox"/> Yes <input type="checkbox"/> No Have you ever had a vehicle registration? <input type="checkbox"/> Yes <input type="checkbox"/> No Have you ever had any judgments or lawsuits filed against you? <input type="checkbox"/> Yes <input type="checkbox"/> No Are you obligated to pay alimony or child support payments? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, monthly payments: _____	
<small>Everything I have stated on this application is true and correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. I authorize you to verify all information contained in this application, including but not limited to my credit, landlord, and employment information.</small>	
Applicant's Signature	Date
Applicant's Signature	Date

© Used by permission of the James Stanford Company/Santa Barbara, CA 93103 THE TRANSITIONS CURRICULUM

To help students choose a car within their budget, they should complete the handout **Can You Buy a Car?**. Go over the worksheet on a screen image, completing the information as a model for the students. Discuss how credit scores will affect their monthly payment. Provide calculators and assistance where needed. Using materials from previous lessons, have students write a check to make a down payment to the bank. Have students take turns telling the class about the car they will buy, how much they will pay for it and the amount of their monthly payments. Remind them to balance

their **Check Register**. End the lesson by having students mark the square labeled, **Buy a Car**, on **The Game of Life**.

□ STEP 6: Evaluate Outcomes

When I buy a car I will "_____."

□ STEP 7: Connecting Activity

Students visit a car dealership and go online to get information about buying a car. Bring in real loan applications for students to study and complete. Help them discover online applications on bank websites.

120



LIFE MANAGEMENT: UNIT 3 LESSON 13

Can You Buy a Car?

Check your budget:	Write your answers
1. Amount of money in your savings account:	\$ _____
2. Net monthly pay:	\$ _____
3. Monthly rent payment:	\$ _____
4. Subtract rent from monthly pay:	\$ _____
5. Multiply this amount by 30% or .30: <small>Your monthly car payment should not exceed this amount.</small>	\$ _____
To choose a car:	Yes or No
7. Do you have enough money in your savings account for the down payment?	
8. If yes, is the monthly payment within your monthly budget (line 5)?	
9. If you answered yes to both questions, how many miles are on the car?	
10. If more than 30,000, can you save \$100 per month for future repairs?	
11. What is your credit score?	

Turn in your loan application and pay the down payment, tax, and license fees.

- Did you get the car you really wanted?
- If no, what will you need to do to buy that car?
- How will this help you plan for your future?

Congratulations!

© Used by permission of the James Stanford Company/Santa Barbara, CA 93103 THE TRANSITIONS CURRICULUM

KEY WORDS

loan

credit
dealer

credit score

warranty
salesman

interest rate

MATERIALS AND PREPARATION

- Student Handouts: **Drive It Today!**, page 118; **Car Loan Application**, page 119; **Can You Buy a Car?**, page 120; **Checks**, page 124; **Check Register**, page 104.
- Prepare screen images of the handouts.
- Act as the banker to receive down payments for the cars students will buy.

SCANS FOUNDATION SKILLS

- Basic Academic Skills: Reading, Math, Speaking
- Thinking Skills: Decision Making, Problem Solving
- Personal Qualities: Responsibility, Self-Management