

Buy A Good Used Car

OK, you probably learned from the last activity that you can't currently afford your dream car. However, perhaps you could find a good used car that would serve as transportation for the next several years. Or you may be ready to buy a used car after college.

Finding the right car

1. Go to the website <https://www.cars.com/>
2. Put in Used, Car, Model, Price, miles from your zip, and Search
3. Once you have list of possible used cars, look at the criteria on the left and further refine your search. For example, look at prices for cars that have less than 50,000 miles.
4. Make a list of three and then pick your favorite from the group.

What is the used car you picked _____ and what is the price _____

Calculating the Payments

Part of shopping for cars is calculating the monthly payment. You need to know some basics: how much do you have to put down, how big of a loan do you need, how many months are you going to take to pay it back, what are the taxes in your state, and what interest rate might you qualify for. The Cars.com has a calculator.

Click on the **calculator button** under financing.

- Put in down payment (example: \$9,000)
- Trade in value (example: 0)
- Interest rate: (Try four examples, 3%, 5%, 7%, 9% to see how differently interest rates affect your monthly payment)
- Terms: (Try 36,48, 60, 72)
- Sales Tax (9% for Alameda County)

Now pick a monthly payment you can comfortably afford. What interest rate and terms of payment would you need to make this a realistic payment?

My Monthly Payment _____ Term _____ Interest Rate _____

Cost of Ownership

<http://www.edmunds.com/tco.html>

Of course, a car payment is not the only cost of owning a vehicle. You will need to pay gas, insurance, and cars depreciate (lose their value) each year. The Edmunds site is excellent for looking at the cost of ownership of a vehicle for five years.

For example, go to the Edmunds true cost of ownership website. Put in your used car to see what each of the following total costs for a five year period.

Depreciation

Taxes and Fees

Financing

Fuel

Insurance

Maintenance

Repairs

Making Your Plan

Below write a plan for buying a used car. Could you do it now, or would you have to wait several years? Do you want to make a down payment to make your loan smaller? Explain below.
