



Vehicle Purchase

Name: _____ Date: _____

Living in a rural community, it may be difficult to get from one location to another. One of your most valuable assets is your dependability to be on time and maintain a high level of productivity. Acquiring reliable transportation is crucial to meet basic needs. This plan will help you facilitate the steps to purchase your own vehicle. It will help you research transportation options, make purchasing decisions, understand your finance options and maintain your vehicle for the long term.

Course of Study:

Transportation: Purchasing a Vehicle with your IDA

Instructions for Warm Springs community members and WSCAT staff members:

This course of study is to provide Warm Springs community members with the tools to purchase the appropriate vehicle for their transportation needs, per Oregon IDA Initiative program requirements. The course is broken into two sections. Part 1 is Research. Part 2 is Costs to Consider. Clients must meet with staff after completing the packet. The Car Buying Tips section is for the client to take home after the counseling session.

Goal:

To provide participants the opportunity to make a considered choice in buying a reliable, affordable, durable vehicle that serves their work and personal needs.

Objectives:

1. To provide participants with a clear timeline and plan of action for enrolling and saving in an IDA program, and then purchasing the appropriate vehicle.
2. To provide participants the opportunity to make a considered choice in buying a dependable, affordable vehicle, through a comparison study of at least 3 makes/models of vehicle, and learning about maintenance, insurance, and common scams.
3. To provide participants a clear understanding of the cost of operating and maintaining vehicle, and of how to do so within the constraints of their monthly budget.

Time Required:

14 hours

Notes:

At the request of participants, informational interview sections may be completed through independent research and/or learning sessions with WSCAT staff members. WSCAT staff are aware of the difficulty community members may face in scheduling and being present at such interviews, given traveling distances to/from Warm Springs and challenges with telephone reception in the area.

Part 1: Research

Need for the Vehicle

Time required: 0.5 hours

What do you plan to use your car for? (check all that apply)

- Employment
- Transporting kids to school/daycare
- Meeting every day needs, such as groceries
- It is difficult to get places without a car (no public transportation)
- Other, please specify _____

Briefly explain why you need the car, using the reasons above:

How have you been limited without a reliable car?

How will a car impact these challenges?

Wants Vs. Needs

Time required: 1 hour

Car features generally fall into two categories: wants and needs. Needs are requirements for you and your vehicle. In the table below, needs are items that all cars include, although the specifics will vary. Wants are added benefits. Everything else is a luxury, or unnecessary.

Which of the following are needs and which are wants?

	Need	Want
Make		
Model		
Convenience		
Assistive Services		
Seating		
Performance		
Resale value		
Entertainment		
Comfort		
Reliability in varying weather		
Performance		
Appearance		

Using the table above as guidance, describe the requirements of the vehicle to meet your needs as reliable transportation (ex. automatic, 4 wheel drive, gas mileage, size, etc.):

Comparison Study

Time required: 3 hours

Research **three** transportation options in which you are interested. Then answer the following questions for each of your chosen options.

Agencies and Resources to Guide your Study:

- <http://www.fueleconomy.gov/>
- www.consumerreports.org
- Oregon Department of Motor Vehicles, www.oregon.gov/ODOT/DMV/faqs/records.shtml#OrderRec
- Kelley Blue Book, www.kbb.com
- Carfax, www.carfax.com

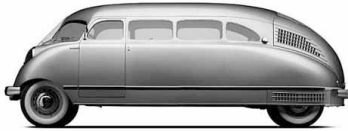
Carfax reports are available at most reputable dealerships upon request free of charge. This is a fee service: \$34.99 for one report, \$44.99 for five reports.

Compact, Sedan, Coup, Minivan, Truck Chevy, Subaru, Ford, Toyota, Chrysler, Honda



Describe **three** vehicle choices that meet your transportation needs as reliable transportation including the make, model and special features:

1. _____
2. _____
3. _____



First Vehicle Choice
Make, Model & Special Features

What is the average gas mileage for this vehicle?

In Town: _____ Highway: _____

What dealerships offer your vehicle of choice?

Name	Address	Phone	Website
------	---------	-------	---------

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Estimated vehicle price (max/min)? _____ / _____

How much savings do you plan to use for a down payment? _____

How much vehicle financing will be necessary through a bank or credit union? _____

What is the mileage life expectancy for this make and model of vehicle? _____

List three businesses that service this vehicle:

Service Location 1: _____

Service Location 2: _____

Service Location 3: _____

Parts & Repairs on this vehicle are: Expensive Moderate Inexpensive

Parts & Repairs on this vehicle are: Hard to Find Available Easy to Find

How many years do you plan to keep this vehicle? _____



Second Vehicle Choice
Make, Model & Special Features

What is the average gas mileage for this vehicle?

In Town: _____ Highway: _____

What dealerships offer your vehicle of choice?

Name	Address	Phone	Website
------	---------	-------	---------

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Estimated vehicle price (max/min)? _____ / _____

How much savings do you plan to use for a down payment? _____

How much vehicle financing will be necessary through a bank or credit union? _____

What is the mileage life expectancy for this make and model of vehicle? _____

List three businesses that service this vehicle:

Service Location 1: _____

Service Location 2: _____

Service Location 3: _____

Parts & Repairs on this vehicle are: Expensive Moderate Inexpensive

Parts & Repairs on this vehicle are: Hard to Find Available Easy to Find

How many years do you plan to keep this vehicle? _____



Third Vehicle Choice
Make, Model & Special Features

What is the average gas mileage for this vehicle?

In Town: _____ Highway: _____

What dealerships offer your vehicle of choice?

Name	Address	Phone	Website
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Estimated vehicle price (max/min)? _____ / _____

How much savings do you plan to use for a down payment? _____

How much vehicle financing will be necessary through a bank or credit union? _____

What is the mileage life expectancy for this make and model of vehicle? _____

List three businesses that service this vehicle:

Service Location 1: _____

Service Location 2: _____

Service Location 3: _____

Parts & Repairs on this vehicle are: Expensive Moderate Inexpensive

Parts & Repairs on this vehicle are: Hard to Find Available Easy to Find

How many years do you plan to keep this vehicle? _____

Let's Compare

Do you plan to buy a new or used vehicle? _____

What is the average gas mileage for your vehicles of choice?

Choice 1: _____

Choice 2: _____

Choice 3: _____

What auto dealerships offer your vehicles of choice (list as many dealers as space allows)?

Choice 1: _____

Choice 2: _____

Choice 3: _____

What is the anticipated cost of your vehicles of choice?

Choice 1: _____

Choice 2: _____

Choice 3: _____

What warranty options are available for your vehicles of choice?

Choice 1: _____

Choice 2: _____

Choice 3: _____

Compare the cost of comprehensive auto insurance with 100/300 liability coverage between your vehicles of choice. Include an outline of coverage.

Choice 1: _____

Choice 2: _____

Choice 3: _____

Study the availability of parts and service for your vehicles of choice (not only at the dealership, but with reputable auto service centers as well).

Choice 1: _____

Choice 2: _____

Choice 3: _____

Three Banks/Credit Unions to approach regarding preapproved vehicle finance:

Bank/Credit Union 1: _____

Bank/Credit Union 2: _____

Bank/Credit Union 3: _____

Part 2: Costs to Consider

General Considerations

Time required: 1 hour

Watch the video *What are the Costs of Buying a New Car vs Used Car (Bank of America)*:

<https://www.youtube.com/watch?v=I4ArgsnpYCw>

List at least three pros and cons in each of the boxes below.

	Pros	Cons
New		
Used		

Are there any other factors to consider before you decide whether to buy a new or used car?

Do you plan to buy a new or used car? _____

Interview an Auto Dealership Representative

Name of person interviewed: _____

Name of business or place of work: _____

Job Title: _____

What is your definition of reliable transportation?

What are the advantages and disadvantages between buying a used and new vehicle?

What is a warranty and how does it work?

How does a trade in affect the sale of a vehicle?

What is the life expectancy of your new cars? When do expensive maintenance costs begin to occur?

Other questions you asked or information that you found helpful during the interview with the dealership representative:

Vehicle Maintenance

Time required: 2 hours

While cars are an asset, unlike most assets, they do lose value. As cars are driven, they require regular maintenance. Below you will begin to look more in-depth at the types of repairs your car will need and how you will pay for them. The IDA may cover some of the initial repairs, but it is up to you to maintain your vehicle.

Some common maintenance includes: oil changes, new tires, tire rotation, brake tune-up, windshield wiper replacement, license plate renewal, and other repairs. It's important to know how often to get these items checked, so that your car stays in good working order.

Review Cargurus *The Car Maintenance Schedule you Should Follow* for other common repair examples: https://www.cargurus.com/Cars/articles/the_car_maintenance_schedule_you_should_follow

How often does it say to do each of the following maintenance items?

Timing belt	
Oil and Oil Filter	
Battery	
Coolant	
Fuel Filter	
Power steering fluid	
Air filter	
Transmission fluid	
Spark plugs/ignition system	
Brake pads/shoes	
Brake fluid	
Brake rotors	
Hoses	

Note: these are just general recommendations. This may vary by vehicle. Check your car manual for specifics related to your vehicle.

Do you intend to use part of your IDA for vehicle repair? If so, how much? What types of repair are going to be needed?

Once you close your IDA, how do you intend to keep up with vehicle maintenance/repair?

Will you have a budget or money set aside?

How will you find a mechanic to maintain/repair the vehicle? If you are unsure, list research 3 mechanics and list their contact information here.

What other types of maintenance do you anticipate the car needing?

In the first year? _____

Within 3 years? _____

Within 5 years? _____

What will you do to ensure the car stays in reasonable condition?

How often will the car get an oil change? Where will you take the car to get the oil change?

How will you plan for replacing the car, when it no longer meets your needs? (You are only able to purchase a car with the IDA once every three years, so you will need to plan how to purchase and pay for a new car).

Interview a Vehicle Maintenance Representative

Name of person interviewed: _____

Name of business or place of work: _____

Job Title: _____

What vehicles do you find most reliable?

What vehicles cost the most/least to maintain?

What vehicles are the hardest/easiest to locate parts?

What vehicles have the best gas mileage?

Other questions you asked or information that you found helpful during the interview with the vehicle maintenance specialist:

Insurance

Time required: 1 hour

Watch the video *Understanding 5 Types of Car Insurance Coverage*:

<https://www.youtube.com/watch?v=-Zr63hTicTU>

What are the 5 categories of auto insurance coverage?

1. _____
2. _____
3. _____
4. _____
5. _____

What is included in each of the following:

Liability	
Collision	
Comprehensive	
Personal Injury Protection	
Uninsured/Underinsured Motorist Coverage	

Watch the video *Car Insurance Explained, & What to Do After a Car Accident!*

<https://www.youtube.com/watch?v=mRxfR2ChqNU>

What is car insurance?

Why is it important to have car insurance?

What should you consider when deciding how much coverage to get?

What is a deductible?

How do you get insured?

What are the steps you should follow if you are in a car accident?

List 3 car insurance companies. Even if you already have car insurance, it's important to shop around because you might be able to find a better deal by switching.

1. _____
2. _____
3. _____

How will you budget for insurance? (Note: the IDA can be used to purchase insurance for the car once. After that, it is your responsibility to keep your policy active. We will talk more about budgeting in the next section.)

Affordability

Time required: 2hours

Watch the video *What are the True Costs of Car Ownership (Bank of America)*:

<https://www.youtube.com/watch?v=x-4JlxYvt7k>

What are some of the up-front costs associated with car ownership?

What are some of the ongoing costs associated with car ownership?

Are there other costs associated with car ownership? What are they?

How much can you afford for a vehicle?

A basic guide to affordability is to look at cars priced at half your annual income. Spend only 15% of after-tax income on transportation, including car payment, insurance, gas, and maintenance.

What is your income (listed above): _____

Multiply that number by 12 to get your annual income: _____

Multiply your annual income by 0.15: _____

Divide by 12: _____

This is the number you should use to account for all car costs each month. We will look at this again in the next section.

Interview a Qualified Lender Representative (Bank/Credit Union)

Name of person interviewed: _____

Name of business or place of work: _____

Job Title: _____

What is the qualification process for a car loan?

Describe the difference between pre-approved financing and vehicle financing?

What is amortization and how does it work?

How are loan interest rates determined?

What is the best process to acquire a loan to buy a vehicle?

Other questions you asked or information that you found helpful during the interview with the lending institution representative:

Do you plan to take out a car loan? _____

The Budget

Time required: 2 hours

Now that we have discussed the various costs of car ownership, let's revisit the budget that you created during your financial education. Has anything changed? Fill out the budget below, if anything has changed, include those changes here. If you haven't created a budget yet, this is a good place to start.

The budget will help you keep your finances organized while preparing to acquire reliable transportation. It will also allow you to see if you have deficits and where you may be able to decrease or increase income and expenses to alleviate these deficits. It will help you to select a vehicle that you can operate within your budget, with manageable loan payments, insurance, and maintenance expenses that won't sink your monthly finances. **Expenses** include: rent, utilities, debt service, child care, transportation, etc. **Income** includes: wages earned, financial aid, child support, tax refunds, gifts, etc. The budget will be monitored for the first three months of the plan.

Current Budget

INCOME		EXPENSES	
Description	Amount	Description	Amount
Wages, Salary		Rent or mortgage	
Bonus/Interest Income		Utilities (Elec., water, trash, sewer)	
Tax Refund		Phone/cell phone	
Public Assistance		Cable or satellite TV	
Food Stamps		Transportation – gasoline or bus fare	
Child Support		Car (insurance, loan, maintenance)	
Rental Income		Food (groceries, dining out)	
Grants, Scholarships, Gifts		School Expense (books, tuition)	
Other		Entertainment (movies, sports)	
		Personal Care (hair, clothes)	
		Medical Expenses	
		Savings	
		Debt service (credit cards/other loans)	
		Other	
Total		Total	
Subtract your total expenses from your total income and if you end up with a negative total, you have a deficit. If you end up with a positive total, then you have surplus income, which is great. If your total is \$0, then your income covers all of your expenses but you neither have a surplus nor a deficit.			
Income minus expenses equals: \$ _____			

Now that we have your basic budget, let's look at it again while considering vehicle costs. Fill out the budget below to include your estimated vehicle costs.

Now that we have your budget, let's add the vehicle costs.

How much will you need to pay for each of the following:

Loan Payment	
Gas	
Insurance	
Maintenance and Repairs	
Other Vehicle Costs	
Total	\$

Does that change your current budget? _____

By how much? \$ _____

Do you have a budget surplus? _____

If you are coming up with a deficit number in your budget total, then try to lower some of your expenses. For example, maybe you could decrease amount spent on entertainment or clothing allowance for the term. Another suggestion would be to work a part-time job to bring in extra income while attending school. Packing a lunch from home can save a lot compared to eating at a restaurant each day or skipping the four-dollar lattes once in a while can also help decrease expenses!

Do your total monthly care expenses seem realistic? _____

Is it at or below the 15% you came up with on page 17? _____

If not, what changes will you need to make?

Taking this one step further, cars can be expensive, especially when it comes to unexpected costs and maintenance. While you can plan for some maintenance and repairs, as you did in your budget, there might be other unexpected expenses.

Read the article *An Essential Guide to Building an Emergency Fund*: <https://www.consumerfinance.gov/start-small-save-up/start-saving/an-essential-guide-to-building-an-emergency-fund/>

What is an emergency fund?

Why is it important? Think specifically about how it might help you with unexpected car expenses.

What might you do to start an emergency fund for your car?

How much do you plan to save each month (specifically for car expenses)? \$ _____

How much will be included in this fund?

For your car: \$ _____ Total: \$ _____

Scams

Time required: 1 hour

Like many other financial situations, there are a lot of scams out there. This section will give you an idea of what to look out for. Nobody what, just remember if something looks questionable or too good to be true, ask follow up questions and trust your instincts.

Read the article *8 of the biggest scams to avoid when buying a car*:

<https://www.businessinsider.com/used-car-buying-scams-2019-3>

Answer whether each statement is True or False:

	True	False
Do your research up-front		
You will always qualify for the incentives		
Be flexible. The car you want might not be available.		
The more time you spend at a dealership, the more likely you are to get what you want.		
Make sure you understand everything in the contract		
Pull a Carfax report or find out about past accidents or damage before purchasing the car.		
Used car dealers can legally sell on Craigslist		
When buying a used car, try to buy it from a dealer that sells the same care brand new		
Tell the dealership about your trade-in vehicle immediately		
Beware of something that sounds too good to be true		
Don't wire someone money		

Co-signing

Time required: 1 hour

When buying a car, you might need someone to co-sign on a loan if you have bad credit or little credit. Alternatively, someone might ask you to co-sign.

Co-signing on a loan means you are signing putting your name on another borrower's loan application. It can help someone qualify for a loan, especially if they have bad or no credit, but there are also risks involved. It is important to understand these risks before co-signing.

Read the article Co-Signing a Loan: Risks and Benefits:

<https://www.nerdwallet.com/article/loans/personal-loans/3-bad-reasons-to-co-sign-a-loan>

What is a co-signer? How does that differ from a joint account?

What are six risks of co-signing on a loan?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

What are the benefits of co-signing on a loan?

How can you protect yourself, if you co-sign? Or your co-signer, if you ask someone else?

What alternatives exist to co-signing?

It is up to you to decide whether you want to take the risks associated with co-signing on a loan. Consider their relationship to you, who is responsible, and who will pay the loan, if payments aren't being made. Know that the co-signer responsible, if payments aren't being made and that missed payments can negatively impact a credit as a co-signer.

Car Buying Tips



- Consider last year's model.
- Shop in the last two weeks of December, or between July and October, if possible.
- Consider potential consequences of buying from family or friends.
- Drive the actual car you want to buy.
- Do not buy on the spot! Go home and think about it for at least 24 hours.
- Ask for discounts on showroom models.
- Do not pay extra for factory orders.
- Compare the cost of extended warranty options with the maintenance track record of the car.

Additional considerations for a used car:

- Have the condition assessed by an independent mechanic or diagnostic center.
- Get the vehicle history report including number of previous owners, mileage, and accidents or mechanical problems.
- Ask about extended warranty options.

Additional tips when completing the buying process:

- Negotiate with dealers on car price and trade-in price.
- Watch out for new car add-ons.
- Understand the contract and don't sign anything you don't understand!

Verification of Completion

Vehicle Curriculum

Give this page to your IDA Provider after completing this IDA Vehicle Curriculum. You keep the rest of this packet.

Name: _____ Date Completed: _____

Sign here to verify that you have completed the Vehicle Curriculum packet!

Signature: _____

Is there anything related to your vehicle purchase that you would like to learn more about or discuss with your IDA Provider?

Do you have any recommendations to make this curriculum better?

THANK YOU!

IDA Provider: I have reviewed the participants curriculum and answered any questions they have.

Staff Signature: _____ Date: _____