

CHAPTER 16 Buying a Vehicle

STUDY GUIDE FOR CHAPTER 16 LESSON 1

Determining Personal Need for a Vehicle

- A. What particular features should you look for in a vehicle to meet your personal needs? How many passengers will you be carrying? What are their ages? Will you have to carry heavy loads?

- B. You have read many statistics about the higher rate of accidents and fatalities among young drivers. How do you evaluate your own maturity? What concerns, if any, do you have regarding the responsibility of driving?

- C. **FIND OUT MORE.** Talk to three or four people who drive and who pay their own vehicle expenses. Ask them to list their monthly vehicle expenses: the vehicle payment, insurance, fuel, oil, maintenance, and any other related expenses. What is the total? Would you have to work to be able to own a vehicle? How many hours per week would it take to do this? What would happen to your schoolwork?

Expenses	Driver 1	Driver 2	Driver 3	Driver 4
Vehicle payment				
Insurance				
Fuel				
Oil				
Maintenance				
Other vehicle expenses				
Total Expenses				

STUDY GUIDE FOR CHAPTER 16 LESSON 3

Obtaining Financing for a Vehicle

- A. Complete the chart by calculating the amount of the monthly payments for the following examples.

Amount of Loan	Interest Rate	Loan Period	Total Amount of Loan	Monthly Payment
1. \$3,000	12%	12 months		
2. \$4,000	12.4%	24 months		
3. \$9,000	12.4%	24 months		
4. \$3,000	10%	12 months		

- B. From the above exercise, what advantage do you see in shopping around for lower interest rates?

In the situations above, what advantage would there be if you had saved \$1000 for a down payment?

- C. **FIND OUT MORE.** Call at least three local lending institutions and find out what their interest rates are for loans to buy a new vehicle.

Is there any difference between the rates for a new vehicle and for a used one?

Do finance companies have different rates from banks?

STUDY GUIDE FOR CHAPTER 16 LESSON 4

Choosing Insurance for a Vehicle

- A. Read each description below. Fill in the blank with the letters of any type or types of insurance you think will cover each accident. You may have to list more than one type of insurance.

LI = liability

MP = medical payment

CM = comprehensive

CL = collision

- _____ 1. You see a red light ahead and begin to slow down. A driver behind you does not realize that you are stopping. The vehicle hits yours and damages a fender. The other driver admits to not having watched the road carefully.
- _____ 2. You are driving on a country road on a windy night. Suddenly you hear a loud noise and feel a jolt. You stop the vehicle and find that a large tree limb has fallen onto your roof, leaving a big dent.
- _____ 3. You are driving along a street in your town. You are worried that a carton of groceries on the back seat is about to slide onto the floor. Reaching back to steady it, you take your eyes off the road for a moment. You hit a vehicle that is parked on the street. You have made a big dent in the other vehicle's side. Your vehicle has a broken light and a collapsed fender. In addition, your left arm hurts—the jolt of the accident has wrenched your left shoulder.
- _____ 4. You look for your vehicle one morning and discover that it is not where you left it. You are sure that you parked it right in front of your house. Someone has stolen your vehicle.

- B. Complete each sentence by filling in the blank with the type of insurance that applies.

1. _____ insurance pays for losses without determining who is to blame for an accident.
2. _____ insurance covers damage to your vehicle by a tornado.
3. _____ insurance covers victims of hit-and-run drivers.
4. _____ insurance pays for damage that you have caused.
5. _____ insurance will pay if your vehicle is damaged while parked on the road.

- C. FIND OUT MORE. Look in your state driver's manual and see what is said about automobile insurance. Do you have to carry proof of insurance? Do you have to prove that you are insured before you can register your vehicle? What kinds of insurance are required?
