

Name \_\_\_\_\_

Period \_\_\_\_\_



## Buying A Car

**Task:** You have several tasks to perform. You are going to 1) select a car, 2) find the taxes and fees that you must pay when you buy a car, 3) figure the total amount of the loan over three different time periods, then figure the payments, 4) refigure the load with a \$ 1, 000 down payment for all three time periods and refigure the payments for each loan and 5) answer the questions after you figure the payments.

1. Go to <http://www.kbb.com> and obtain the following information:

Type of Car	
Year	
Price	
Mileage	
Options	

2. Since you have to get a loan for your car, you will have to finance it. Your options are in the table below.

Financial Institution	1 <sup>st</sup> National Bank	National Car Finance	Buy Here, Pay Here
Interest Rate	7%	9%	11%

3. How much is the sales tax, title and other fees on your car? \_\_\_\_\_
4. What is the total cost of the car? (Price, sales tax, tag, fees)\_\_\_\_\_. This is your principal.

5. Using the total cost of the car you have chosen, figure the amount of interest you will pay on the charts below:

1 <sup>st</sup> National Bank	Example: 3 year loan	4 year loan	5 year loan	6 year loan
Principal	\$ 10,000			
Interest Rate	8%	7%	7%	7%
Time	3	4	5	6
Total Interest P x R x T	10,000 x .08 x 3 = 2400			
Total Cost P + TI	12,400			
Number of Car Payments	36			
Car Payment	\$344.45			

National Car Finance	Example: 3 year loan	4 year loan	5 year loan	6 year loan
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Number of Car Payments	36			
Car Payment	\$344.45			

Buy Here, Pay Here	Example: 3 year loan	4 year loan	5 year loan	6 year loan
Principal	<b>\$ 10,000</b>			
Interest Rate	<b>8%</b>	11%	11%	11%
Time	<b>3</b>	4	5	6
Total Interest P x R x T	<b>10,000 x .08 x 3 = 2400</b>			
Total Cost P + TI	<b>12,400</b>			
Number of Car Payments	<b>36</b>			
Car Payment	<b>\$344.45</b>			

6. What would happen if you made a down payment?

1 <sup>st</sup> National Bank	Example: 3 year loan	4 year loan	5 year loan	6 year loan
Principal	<b>\$ 10,000</b>			
Down Payment	<b>\$ 1,000</b>	\$ 1,000	\$ 1,000	\$ 1,000
New Principal	<b>\$ 9,000</b>			
Interest Rate	<b>8%</b>	7%	7%	7%
Time	<b>3</b>	4	5	6
Total Interest P x R x T	<b>9,000 x .08 x 3 =2160</b>			
Total Cost P + TI	<b>\$ 11,160</b>			
Number of Car Payments	<b>36</b>			
Car Payment	<b>\$ 310.00</b>			

National Car Finance	<b>Example: 3 year loan</b>	4 year loan	5 year loan	6 year loan
Principal	<b>\$ 10,000</b>			
Down Payment	<b>\$ 1,000</b>	\$ 1,000	\$ 1,000	\$ 1,000
New Principal	<b>\$ 9,000</b>			
Interest Rate	<b>8%</b>	9%	9%	9%
Time	<b>3</b>	4	5	6
Total Interest P x R x T	<b>9,000 x .08 x 3 =2160</b>			
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Down Payment	<b>\$ 1,000</b>	\$ 1,000	\$ 1,000	\$ 1,000
New Principal	<b>\$ 9,000</b>			
Interest Rate	<b>8%</b>	11%	11%	11%
Time	<b>3</b>	4	5	6
Total Interest P x R x T	<b>9,000 x .08 x 3 =2160</b>			
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