



UNITED TRIBES  
TECHNICAL COLLEGE  
LAND GRANT EXTENSION

# UTTC LAND GRANT EXTENSION

## UTTC Lifeskills Lessons – Money Matter\$

### Lesson 5: Buying a Car & How to Use the Blue Book

LS0005

#### FACT\$:

- Except for housing, most families spend more on transportation than on any other expense category.
- New cars offer the latest technology and multiyear warranties.
- Used cars are considerably cheaper to own and operate than new ones.
- About one in five car transactions is a lease arrangement rather than a purchase.

#### NOTES & IDEAS

1. Price of vehicle: \_\_\_\_\_
2. Insurance coverage \_\_\_\_\_
3. License, registration, taxes \_\_\_\_\_
4. Monthly payment: \_\_\_\_\_
5. Down payment: \_\_\_\_\_

#### RESOURCES

- Bis-Man Transit KAT Bus services <http://bismantransit.com>
- Building Native Communities... Financial Skills for Families
- Financial Education Southwestern Indian Polytechnic Institute
- Kelly Blue Book – [www.KBB.com](http://www.KBB.com)
- ND Dept. of Transportation [www.dot.nd.gov/divisions/driverslicense](http://www.dot.nd.gov/divisions/driverslicense)
- ND Lemon Law - [www.ag.nd.gov/Brochures/lemonlaw.PDF](http://www.ag.nd.gov/Brochures/lemonlaw.PDF)
- NDSU Extension - [www.ag.ndsu.edu](http://www.ag.ndsu.edu) Smart About Money: CARS Publication #FE1599

#### Lemon Law

If your new vehicle came with a problem that “substantially impairs the use and market value,” you are covered by the North Dakota Lemon Law. The North Dakota Lemon Law gives owners of new vehicles the right to:

- Receive a comparable, reliable vehicle in exchange for the lemon OR
- Return the “lemon” for a full refund of the purchase price, less a reasonable deduction for use

#### Used Cars

1. Check the repair histories of particular models and try to find out the ownership and maintenance history of a specific vehicle you are considering.
2. One way to determine what a used vehicle is worth, consult the National Association of Auto Dealers (NADA) Official Used Car Guide.
3. You can also go to Kelly Blue Book for worth and consumer ratings. Go to [www.KBB.com](http://www.KBB.com)

*Do I have to apply for a driver's license if I move to a new state or away from my Tribal Nation?*

*How can I get my license back if I have some life issues to resolve and lost my license?*



## Financing

1. You can reduce the cost of owning a car by paying cash or saving for a larger down payment.
2. A larger down payment you can pay up-front will qualify you for a lower interest rate.
3. The less you borrow, the lower the interest rate, and shorter the term of the loan and the less interest you pay.

## Depreciation

1. Depreciation means loss of value.
2. A new car, begins to lose value rapidly – as you leave the lot.
3. Financial institutions note a new car loses 20% of its value in the first year.
4. Mileage plays a key role in a new car's depreciation. Also, the condition and past history of a certain vehicle.
5. You can reduce the depreciation on your car by limiting the amount of miles you drive and taking very good care of it.
6. The best time to buy a car is after it is 4 years old.



## Wise Fox Words of Wisdom on Insurance

1. It is illegal to run a car without insurance in most states. ND law requires motorists to show proof of liability.
2. Premiums are based on your personal characteristics—your age, gender, driving record and type of vehicle.
3. Rates are much lower on an older, 4-door sedans compared to. a new car.
4. Increasing the deductible amount will reduce insurance costs.
5. Compare coverage and cost for auto insurance sold by several companies.
6. Ask about discounts for which you may be eligible, such as low mileage, good student or anti-theft devices.
7. Some insurers offer discounts if you buy more than one insurance policy from the same company.

NEW CAR	SMALL	MEDIUM	LARGE	AVERAGE
Operating Costs	per mile	per mile	per mile	per mile
Gas (\$3.486 per gallon)	11.46cents	15.08 cents	16.80 cents	14.45 cents
Maintenance	4.60 cents	4.92 cents	5.40 cents	4.97 cents
Tires	.64 cents	1.09 cents	1.28 cents	1.00 cents
Cost per mile	16.70 cents	21.09 cents	23.48 cents	20.42 cents
Ownership Costs	per year	per year	per year	per year
Full-coverage insurance	\$1,002	\$1,020	\$1,064	\$1,029
License, registration, taxes	\$452	\$600	\$780	\$611
Depreciation (end of 5yrs; 15kmi)	\$2,402	\$3,536	\$4,776	\$3,571
Finance charge (5yr loan 6%)	\$606	\$831	\$1,106	\$848
Cost per year	\$4,642	\$5,987	\$7,726	\$6,058
Total Cost Per Mile (15,000 aver.)	per year	per year	per year	per year
Cost per mile	\$2,505	\$3,164	\$3,522	\$3,064
Cost per year	\$4,462	\$5,987	\$7,626	\$6,058
<b>Total cost per year</b>	<b>\$6,967</b>	<b>\$9,151</b>	<b>\$11,248</b>	<b>\$9,122</b>



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## BUYING A CAR & HOW TO USE THE BLUE BOOK

#### **OBJECTIVES:**

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1. To provide opportunity to hear the difference between cost of purchasing a new or used car versus leasing a car.
2. To understand the role a down payment plays in setting loan interest rates.
3. To gain knowledge about “Lemon Law”.
4. To recognize times when the cost for a car is prohibitive and what options are available in the local community for using public transportation.
5. To share information regarding depreciation.
6. To discuss laws regarding insurance requirements and coverage options.
7. To identify where and how to apply for a driver’s license.

#### **PROCEDURE:**

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1. Write objectives intending to cover during the session, on the board
2. Distribute Money Matters Lesson 5 Talking Sheet
3. Ask for a volunteer to open session with a prayer, announce the session will open with a minute of silence, or verbalize a short (2-3 sentence) prayer focusing on wise transportation decisions.
4. Tell participants which of the objectives will be covered in the allowed time frame
5. If there is a copy of the Kelly Blue Book, use it to discuss specific cars
6. Review the websites listed on the Talking Sheet to have a good understanding of what is available and how to refer questions from the participants.

#### **RESOURCES FOR INSTRUCTION SUPPORT:**

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1. UTTC Extension Money Matters Lesson 5 Talking Sheet
2. Kelly Blue Book – or use the website for participant review at [www.KBB.com](http://www.KBB.com)
3. Handout on the Lemon Law
4. Smart About Money – Cars – NDSU Extension Publication # FE1599
5. A set of numbers to fill in the blanks within the Notes and Ideas area of the Talking Sheet
6. Connection to Department of Transportation for specifics on drivers licensing exam dates and laws

#### **TIME:**

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50 minute class is possible if the instructor determines which lesson objectives will be covered. To cover all material, more than 1 hour is required.



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EVALUATION

**On a scale of 1 to 5, with 1 being least confident and 5 being most confident, please circle one per question.**

*Not Confident*

*Very Confident*

Please rate how confident you are in using critical thinking to evaluate whether buying new or used or leasing a car is currently best for yourself.

1                      2                      3                      4                      5

Please rate how confident you are in considering how much of a down payment should be made in order to afford a car loan.

1                      2                      3                      4                      5

Please rate how confident you are in understanding the ND Lemon Law.

1                      2                      3                      4                      5

Please rate how confident you are in understanding how to locate the map and use public transportation.

1                      2                      3                      4                      5

Please rate how confident you are in understanding the rate of depreciation is for a vehicle.

1                      2                      3                      4                      5

Please rate how confident you are in sharing with others the law regarding vehicle insurance.

1                      2                      3                      4                      5

Please rate how confident you are in knowing where and how to apply for a driver's license in your local community .

1                      2                      3                      4                      5

***New things I learned or understand better because of the lesson***

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***Comments***

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