



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  
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#### 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?*



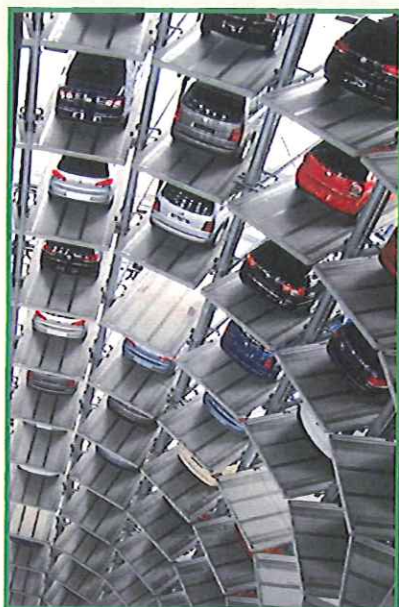


## Financing

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
Total cost per year	\$6,967	\$9,151	\$11,248	\$9,122