

**Hello and welcome to Car/Motorcycle
Buying for the Savvy Consumer:**

Module 1

Choosing the right vehicle.

During this training session you will learn about auto related expenses, resources available and the basics on new, used, or leased vehicles. The last slide lists websites which apply to this module.

This training consists of 17 slides and should take approximately 20 minutes.



Points To Ponder

Before you get started we would like you to take a couple of minutes to read the following questions. Look for the answers as you review this module.

1. The Texas Lemon Law helps consumers who buy or lease _____ vehicles and have repeated problems in getting their vehicles properly repaired.
 - A. New Vehicles
 - B. Used Vehicles
 - C. New and Used Vehicles

2. Before purchasing a vehicle you should review your budget and include the following: car payment, maintenance costs, insurance, fuel, and accessories.
 - True
 - False

3. Once you sign a contract for a vehicle you have how many days to cancel?
 - A. 0 days
 - B. 3 days
 - C. 0 days or what is stated in the contract
 - D. 3 days or what is stated in the contract

How Much Can You Afford?

Consumer Tip

Your Battalion's Command Financial / Family Advocacy Specialist can assist you in setting up or reviewing your budget



Review your budget and include:

- Monthly Expenses
- Periodic expenses (such as clothes, vet bills, gifts, vacations)
- Emergency savings
- Savings & Investments

HOW MUCH IS TOO MUCH DEBT

Consumer Tip

Your car expenses should be no more than 25% of net income

15% to Payment

10% to Maintenance, Insurance, Operating expenses & Taxes



Debt-to-Income Ratio:

- Total of all monthly debt payments divided by net monthly income (not including mortgage)
- <15% OK to add credit
- 15 – 20% Fully extended
- 21-30% Overextended
- >30% Seek help immediately

Auto Related Expenses

Consumer Tip

Budgeting for a new or used automobile involves more than just your monthly car payments



Take in to account the following:

- Car Payment
- Tags, Title, & License
- Fuel
- Insurance
- Maintenance
- Accessories (Rims, CD Player, etc)
- Motorcycle Safety Gear

Evaluate Your Needs

Consumer Tip

Is your family expanding? How many passengers will ride in your vehicle?



Consider

- Purpose of vehicle (family car, just to work & back, hauling, etc)
- Fuel Economy
- Size
- New or Used

Federal Trade Commission info on buying a car

www.ftc.gov/bcp/menus/consumer/autos/buy.shtm

Texas Attorney General auto buying brochure

www.oag.state.tx.us/consumer/buying_car.shtml

Motorcycles: Additional Concerns

Consumer Tip

III Corps Policy Letter:

Safety - 02 directs that a unit mentorship program is established at brigade or battalion level.



III Corps Policy Letter: GO-1
Covers Motorcycle Safety
Requirements

Consider

- Skill Level / Experience
 - What can you handle (power/weight/ability)
 - Mentor Programs
- Licenses
- Safety Courses
- Finding the right fit
 - Comfortably reach levers/breaks
 - Feet flat on ground
 - Legs grip the tank firmly

Make A List

Consumer Tip

Making a list can reduce impulse buying. Determine which options are a must and which you can live without



Wants vs. Needs

- Air Conditioning
- Front & Rear Air Bags
- Cruise Control
- Automatic vs. Manual
- Towing & Storage capacity
- Stylish
- DVD Console

Research

Consumer Tip

Knowledge is a consumer's ally. An uninformed buyer is a salesperson's best friend.



Gather additional information

- Car Buying Advice & Tips
- Pros & Cons
 - theft rates
 - reliability
 - fuel economy
 - operating costs
 - depreciation
- Safety Tests
 - crash test & rollover statistics

www.safercar.gov

www.hwysafety.org
- Car History (carfax)
- Price

Resources

Consumer Tip

Check out the website checklist at the end of each module for additional resources and information



A Few Suggestions

- Internet
- Consumer Reports
(Every year the April edition is dedicated to buying cars)
- Library
- Government agencies
 - The Better Business Bureau
 - The Federal Trade Commission
 - State Attorney Generals Office
- Automotive magazines
- Vehicle pricing services

Know Your Legal Rights

Consumer Tip

Review your contract to ensure every promise, guarantee, or dollar figure is included and correct.



Your rights vary state to state

- Texas Lemon Law
(applies to new vehicles only
– cars & motorcycles)
www.dot.state.tx.us/mvd/lemon/lemonlaw.htm
- Legally you do **not** have 3 days to cancel a signed contract!

(Once you sign the contract the car is yours)

New Car Terminology

Consumer Tip

There are other factors which affect the price of a vehicle. “Is the vehicle a “hot selling” or “in demand car”? What is the auto market and economy like in your area?”



Dealer Terms

- **Invoice Price:** Manufacturer's initial charge to the dealer. This is the price you want to start your negotiations with.
- **Base Price:** The cost of the car without options, includes standard equipment and factory warranty.
- **Monroney Sticker Price:** Shows the base price, the manufacturer's installed options with manufacturer's suggested retail price (MSRP), the manufacturer's transportation charge (this price is required by Federal law).
- **Dealer Sticker Price:** Usually on a supplemental sticker, this is the MSRP plus dealer cost for upgrades.

New Cars

Consumer Tip

There are a number of sources such as Kelly Blue Book, NADA, and Consumer Reports to assist you in determining fair price, standard features, and options.



Before stepping foot in a dealership know the following:

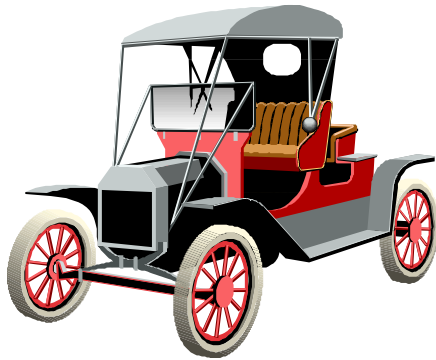
- **MSRP vs. Invoice Price**
- **Holdbacks**
 - a percentage of the MSRP or Invoice (2% -3%) paid to the dealer by the manufacturer
- **Dealer Incentives & Rebates**
 - given to a dealer by a manufacturer to help stimulate sales of certain models and to move out end of year inventory
- **Standard Equipment & Options**
- **Warranty**

Used Cars

Consumer Tip

Ask the dealer or individual for maintenance records.

You can find good deals and bad deals using any of these methods.



Where to Buy

- New Car Dealerships
- Used Car Dealerships
- Auctions
- Rental & Leasing companies
- Private Owner
- Auto Buying Services

Used Cars

Consumer Tip

Most dealers will provide a carfax at no cost if the vehicle has a clean history. Ask for a detailed carfax not a summary.



Before you buy

- **Determine value of vehicle**
 - you will need to know the make, model, year, mileage, and options
 - take in account condition of vehicle

www.nada.com
- **Inspect your vehicle**
 - use an independent certified mechanic not the dealership's mechanic
- **Carfax**

www.carfax.com

 - vehicle history report (salvage, major damage, odometer info, leased, etc)
 - you will need the vehicle identification number (VIN)
 - will tell you what has been **reported** to the police, insurance company, & DMV

Vehicle Leasing

Consumer Tip

A close-end lease allows you to return vehicle at end of lease, pay end-of-lease costs, and walk away.



Pros and Cons

- **Pros**
 - lower monthly payments
 - vehicle under warranty for most of lease
 - drive new car every 2-4 years
 - no hassle with trade-in at end of lease
- **Cons**
 - you don't own vehicle – no equity
 - early termination fees – if allowed
 - excessive wear and tear charges
 - mileage limit (12,000-15,000 per year)
- **Additional information**
 - Keys to Vehicle Leasing – A Consumer Guide (click on consumer information)

www.federalreserve.gov/PUBS/Leasing/resource/default.cfm

Websites

Sites which have information & advice on buying a car

The Better Business Bureau

<http://us.bbb.org/WWWRoot/SitePage.aspx?site=113&id=17ee980b-5089-49a2-88ac-2d8314d7bb2c>

The Federal Trade Commission

www.ftc.gov/bcp/consumer.shtm

Texas Attorney General

www.oag.state.tx.us/consumer/buying_car.shtml

Consumer Reports Online

www.consumerreports.org

Texas Department of Transportation

www.txdot.gov/txdot_library/drivers_vehicles/publications/buy_sell_vehicle.htm

Miscellaneous information

Texas Lemon Law Information

www.dot.state.tx.us/mvd/lemon/lemonlaw.htm

Vehicle Leasing Information

www.federalreserve.gov/PUBS/Leasing/resource/default.cfm

Vehicle history report (salvage, major damage, odometer)

www.carfax.com

Safety & crash test score information

National Highway Traffic Safety Administration

www.safercar.gov

The Insurance Institute for Highway Safety

www.hwysafety.org

Sites which have information on determining fair market value of your vehicle

N.A.D.A.

www.nada.com

Kelly Blue Book

www.kbb.org

Edmund Car Buying Info

www.edmunds.com/index.html

Motorcycle Info

Militaryonesource

www.militaryonesource.com/MOS/FindInformation/Category/Topic/Issue/Material.aspx?MaterialTypeID=9&MaterialID=13990

Texas Department of Public Safety

www.txdps.state.tx.us/msb

Fort Hood Policy Letters (includes motorcycle)

<http://pao.hood.army.mil/corps.policies.aspx>