

Name \_\_\_\_\_ Date \_\_\_\_\_

### True Cost of Owning a Car

1. Mike wants to purchase an \$11,350 car from a credit union that requires a 20 percent down payment. What amount will Mike borrow from the credit union?
  - a) \$2,270.00
  - b) \$13,620.00
  - c) \$9,080.00
  - d) \$10,215.00
  
2. Typically, what is considered the biggest barrier that young, first-time car buyers encounter when trying to get approved for financing an automobile?
  - a) High interest rates
  - b) Lack of credit history
  - c) Down payment requirements
  - d) Excessive mileage on the car
  
3. What would the monthly car payment be on an \$8,600.00 loan written at 8.85 percent for a five-year term?
  - a) \$177.90
  - b) \$213.40
  - c) \$174.38
  - d) \$209.95
  
4. Which legal document proves the rightful owner of a vehicle?
  - a) Vehicle Identification Number (VIN)
  - b) Vehicle registration
  - c) Title
  - d) Bill of sale
  
5. Jason has a fender bender and needs repairs to his car totaling \$3,228.00. Jason pays \$500.00 and his insurance company pays the remaining \$2,728.00. The term used to describe Jason's \$500.00 payment is:
  - a) Deductible
  - b) Premium
  - c) Contribution
  - d) Liability
  
6. Which of the following facts can and will affect your vehicle's insurance premium each month?
  - a) Your age
  - b) Your gender
  - c) Speeding ticket recorded on your license
  - d) Value of your car
  - e) All of the above

7. You have a six-cylinder, automatic pickup truck that gets 15 miles per gallon (mpg), and last year you drove 16,200 miles. What was your average monthly fuel bill last year (use \$3.50/gallon)?
- a) \$385.71
  - b) \$4,725.00
  - c) \$90.00
  - d) \$315.00
8. As a car owner, which of the following costs would not be included in your monthly car budget?
- a) Title fee
  - b) Registration fee
  - c) Fuel cost
  - d) Insurance cost
  - e) Car payment
9. Carol purchases a used car from a dealer. The purchase price is \$8,725.00 and the dealer will finance the purchase at 9.21 percent interest for five years with a 20 percent down payment. When Carol eventually pays off the loan, what was the true purchase price of her car?
- a) \$8,736.60
  - b) \$6,980.00
  - c) \$1,745.00
  - d) \$10,481.60
10. Ben is purchasing a car from a dealership. He will be financing \$9,200.00. The dealer offers Ben a 12 percent interest rate on a four-year loan or a 10.5 percent interest rate on a six-year loan. The six-year loan will help Ben fit the car payment into his monthly budget. Depending on the loan he chooses, how much more will the car cost Ben?
- a) \$11,628.96 more if he chooses the four-year loan
  - b) \$810.48 more if he chooses the six-year loan
  - c) \$172.77 more if he chooses the six-year loan
  - d) \$242.27 more if he chooses the four-year loan