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