Lesson 6 Buying Used

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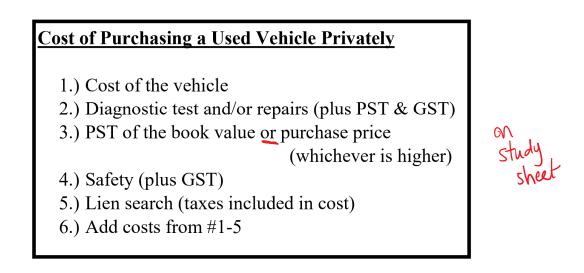
Things to consider when buying a used vehicle

 rust lien search/carfax using VIN fuel economy # of km's how easy to get replacement parts for that make and model 	 Condition of tires safetied or not? check engine/under the hood test drive
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Definitions

Lien: a claim on a vehicle by another person/company to whom the owner owes money ie. a bank

Book value: the standard price given for a specific vehicle



Essential 12 Vehicle Finance

When buying a used vehicle from a dealership, you must pay both PST and GST. $\frac{7}{6}$

Example 1 Used

Tim buys a vehicle from a dealership in Selkirk. If the sticker price is \$12 500, calculate the cost of the vehicle.

\$12500 × 1.12 \$14000

* If bought from a private seller 12500 × 1.07 \$ 13 375

Example 2

Anne buys a used vehicle from a private seller. The list price of the vehicle is \$9875 while the book value is \$9500.

Additional costs are:

- Diagnostic test \$90
- ✓ Repairs \$825
- ✓ Lien search \$23.50
- ✓ Safety inspection \$140

Determine the total cost of the vehicle.

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Example 3

Danica is buying a used vehicle from a private seller asking \$10,200. The book value of this vehicle is \$11,000. She needs to do a lien search for \$20 and a diagnostic test for \$100. From the diagnostic test, it is determined the vehicle needs minor repairs that will cost \$345. She also requires a safety check of the vehicle which costs \$150. Determine the total that Danica will pay for this vehicle.

() \$10 200)	5 \$20
 2 100 <u>345</u> <u>445</u> + both taxas <u>445 × 1.12</u> <u>498,40</u> 3 PST on book value <u>\$11000 × 0.07</u> <u>\$770</u> 4 150 + GST <u>\$150 × 1.05</u> \$157,50 	 Total 10 200 498.40 770.00 157.50 + 20.00 ★ 11 645.90 ← final answer