

## ROLE INFORMATION FOR THE BUYER OF THE USED CAR

### EXERCISE 1: THE USED CAR

Your car was stolen and wrecked two weeks ago. You do a lot of traveling in your job, so you need a car that is economical and easy to drive. The Ford Taurus that was advertised in the newspaper looks like a good deal, and you would like to buy it right away, if possible.

The insurance company gave you \$4,000 for your old car you have only \$700 in savings, money that you have intended to spend on a long overdue vacation a recreational opportunity that you really don't want to pass up.

Your credit has been stretched for some time, so if you have to borrow any money, it will have to be at an interest rate of prime plus 5%. Furthermore, **you need to buy a** permanent replacement for your old car quickly, because you have been renting a new Honda for business purposes and when the insurance covered rental benefit runs out (as it will, shortly) the rental costs will become prohibitive. This Ford is the best option you have seen. As an alternative, you can buy immediately a high mileage 2001 Chevrolet Malibu for \$3,800 (the wholesale value), which gets only 16 18 miles per gallon and will depreciate much faster than the Ford. The seller of the Ford is a complete stranger to you.

Before beginning this negotiation, set the following targets for yourself.

1. The price you would like to pay for the Ford
2. The price you will initially offer the seller
3. The highest price you will pay for the car