

# *Financial Center Career Development Seminar*



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## Foreword

The finance department in any dealership is equal to a spoke of a wheel. It effects every department by the things which are said , and the things which are not said with the customer. While being the smallest department in a dealership it has the potential to generate the largest per square foot profit in the dealership. It has no inventory expense, it does not increase the flooring expense. Whether the customer pays for the purchase by cash or financing the documentation is almost the same. The finance department is a fast paced, multi-tasking environment that is essential to the well being of any dealership.

While the department generates revenue, it is critical that the personnel of the department be above reproach when it comes to ethics and morals. It is how we do business every day, with every customer that will determine the level of our future success.

With this manual, it is my goal to provide you the reader with a strong foundation in the fiance and insurance process. You must read the manual, and then make a list of items you wish to implement in your department.

Should you have any questions please e-mail them to me at: [Jan@JLKelly.com](mailto:Jan@JLKelly.com)

I wish you every success!

Jan Kelly  
President  
Kelly Enterprises

Financial Center Career Development Seminar  
by Janet L. Kelly  
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# Table of Contents

## Part 1:

<b>Mapping the F&amp;I Process for One Visit or Two Visits</b>	<b>1</b>
<b>Meeting the Customer</b>	<b>2</b>
<b>Establish the Needs</b>	<b>3</b>
<b>I stands for Insurance Underwriting Guidelines</b>	<b>4</b>
<b>The Presentation Closing with a Menu</b>	<b>5</b>
<b>Turning VSA Objections into \$ales Opportunities</b>	<b>6</b>
<b>Turning Credit Life &amp; Disability Objections into \$ales Opportunities</b>	<b>7</b>
<b>Protective Coatings Frequent Customer Concerns</b>	<b>8</b>
<b>Dealer Controlled Financing</b>	<b>9</b>
<b>Cash Conversions Using a HP12 C</b>	<b>10</b>

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# Table of Contents

## Part 2:

**Credit Underwriting  
Guidelines**

**11**

**Policy Cancellations**

**12**

**Case Studies**

**13**

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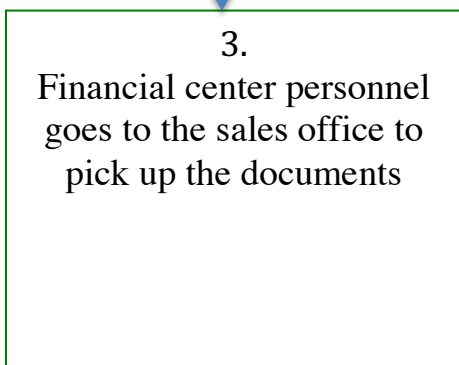
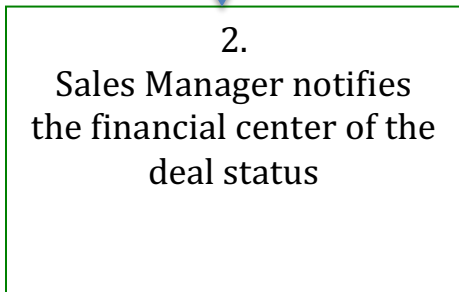
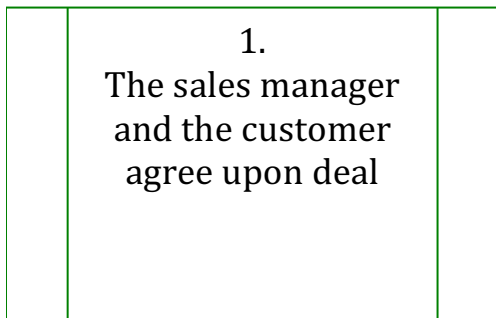


# Mapping the F&I Process

for  
One Visit or Two Visits



## Mapping the F&I Process



1) Sales managers should desk the deal with the sales consultant. Coaching and guidance always maximizes every opportunity.

The F&I manager should go to the sales office to pick up the file. (All the documents the sales consultant is responsible for.) The sales manager should verify all the documents are ready for the F&I manager.

2) When the deal is closed, sales figures agreed upon, the sales consultant has ALL the required documentation prepared that they are responsible for completed; the sales manager should notify the F&I manager that a deal is ready for them.

3) The rationale for the F&I manager picking up the file from the sales manager is this provides an opportunity for the two managers to have a 30 second huddle about how the deal was closed.

4.  
Financial center  
personnel review file  
contents to verify they  
have everything, for  
example – mileage, VIN  
numbers, and trade  
info, checks



5.  
Finance representative goes to  
salespersons office to introduce  
him or herself and review the sales  
figures with salesperson and  
customer. The manager will  
reaffirm the deal using high  
numbers and low numbers. Low  
numbers when the money flow is  
coming to the dealership. High  
numbers when the dealership is  
paying for the trade.



6.  
Finance representative escorts  
customer to finance center  
office walks & talks



\*\*Please note that step 1-6 should take no longer than 7-10 minutes. Each minute thereafter will seem like hours to the customer.

4) This action also provides an opportunity for the F&I manager to verify they have all the required information such as mileage on the sold unit, a COMPLETE credit application, and a copy of the Driver's license or a note verifying that it has been scanned. How about the trade interview sheet? Is it complete? With ALL the questions asked to the customer?

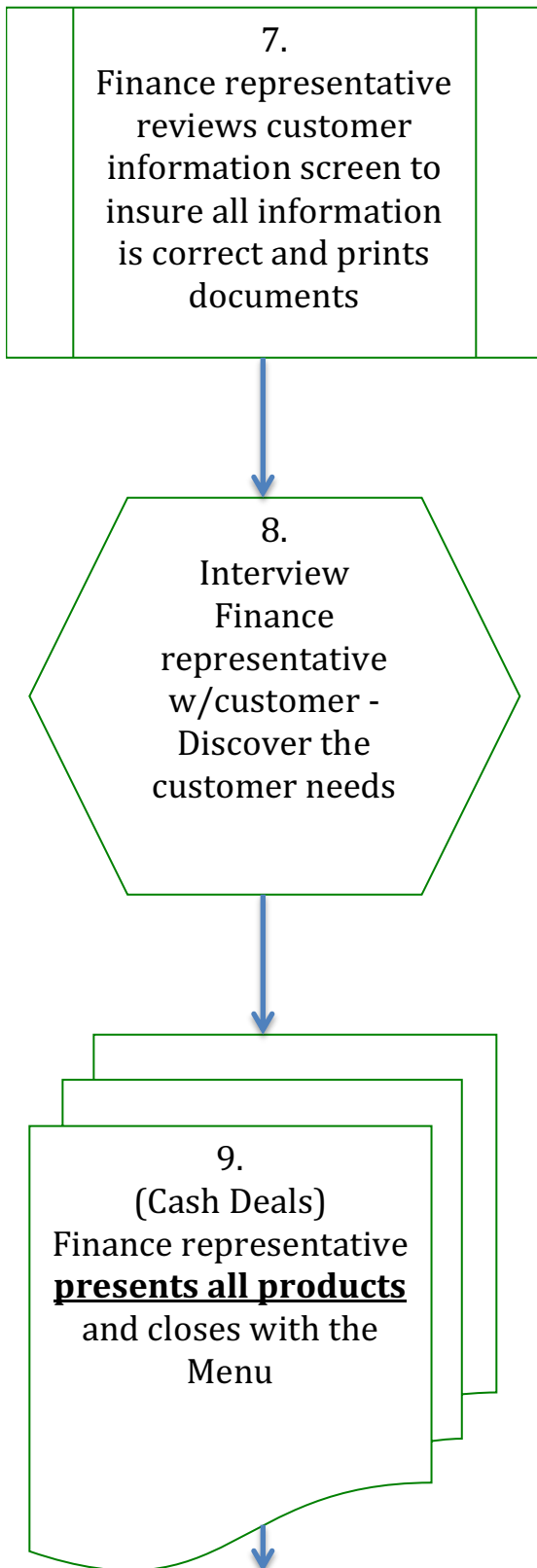
5) The customer is comfortable with the sales consultant. The sales figures should be reviewed in front of the sales consultant. This action ensures that just because they will be changing locations the sales figures are NOT changing. The sales consultants will close the deal by a printed out deal review screen that will identify all the sales figures, price, trade, estimated payoff, taxes, license, doc, and tire disposal fees. This document will have a place for the customer to authorize. (Signature) This disclosure document is currently in your DMS.

The F&I professional will go to the sales consultant's work area and introduce themselves.

"Hello, I am \_\_\_\_\_, one of the business managers here at the dealership. Congratulations on your purchase. Together we are going to be in my office taking care of all the title work and funding process. Before I get started I would like to review our sales figures with all of you. Is that OK?" (They wait for the answer because it is the polite thing to do.)

They would either sit or kneel down at the desk; they should be at eye level with everyone.

## Mapping the F&I Process



7) When in the F&I office the manager should verify all the information about the customer. Do they have the correct full name as it appears on the driver's license or other identification documentation? Have they entered the correct address? Does it match the customer identification?

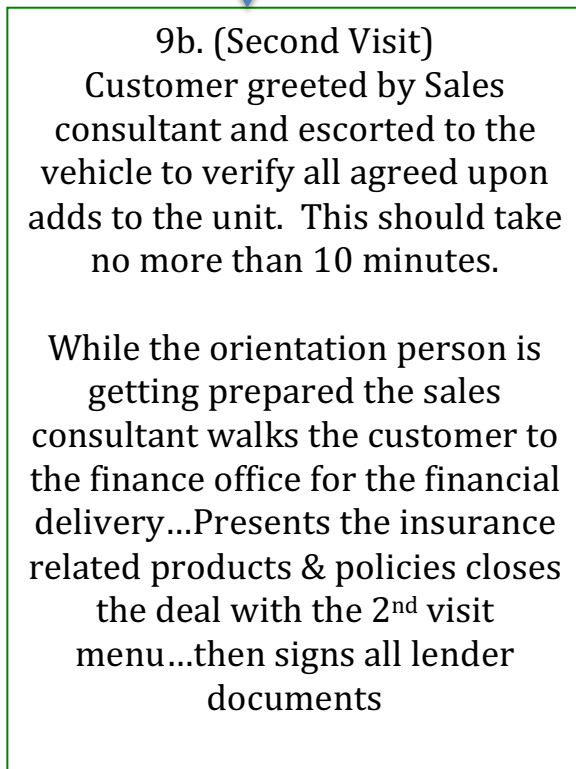
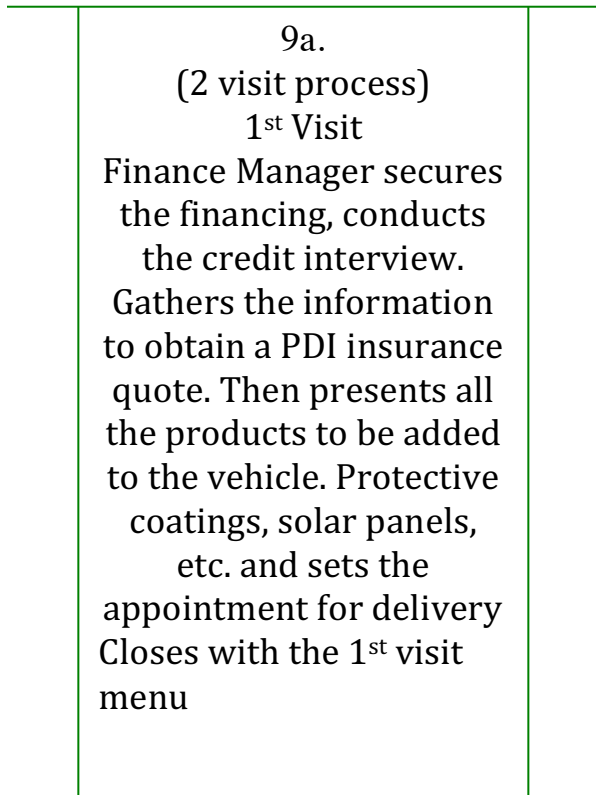
8) The importance of the customer interview cannot be over stated.

Please note that on the first turn the manager should secure all the credit application information. They should ask questions about anything on the credit report that is derogatory. Why did the customer have a bankruptcy? Why were they late making their payments? Everyone has a story; we need to discover the customer's story. Ask for proof of income and verification of their story ahead of time. Be pro-active, get prepared, and get the facts for the lender discussion.

Secure the information for the PDI insurance quote. We have a better policy and could be for a better premium.

9) If it is a CASH deal the finance manager only has one opportunity to present ALL of their products and services. Yes, they will be presenting the mechanical protection products in addition to the protective coatings.

Presentation should not take any longer than 20 minutes. Another 10-15 minutes for printing and signing.



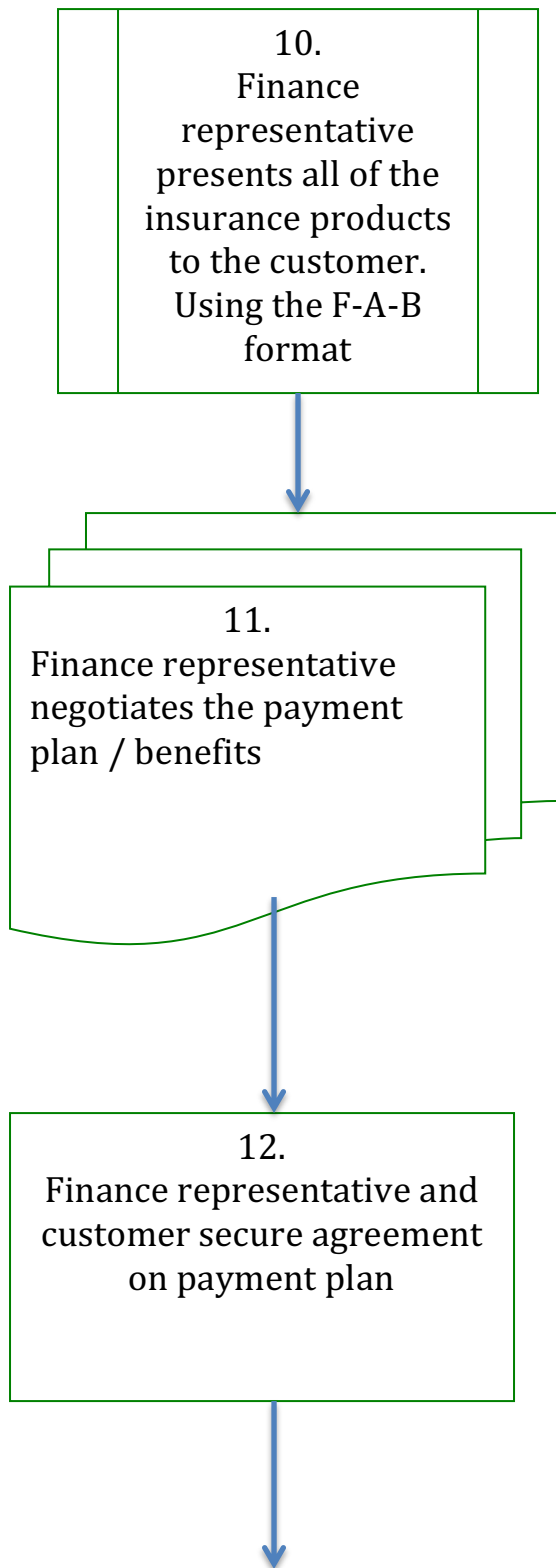
9 a) The products and services of the financial center is divided up into two separate visits because the customer has a certain amount of listening time for the intangible products and service of the financial center. We present everything that should be added to the unit prior to deliver on the first visit. If we cannot secure the sale at that time, we leave the door open so that we can follow up via telephone prior to delivery. Best practice is to have the protective coatings applied to the unit when it is new and prior to delivery.

The first visit menu is in an excel file with the prices already programmed in. All the financial representative needs to do is type in the length of the unit and the menu will auto populate with the prices of the products.

They should guide the customer into selecting a delivery date and time using your delivery schedule. They should show the schedule to the customer and let them select a time from the available slots. The customer will see that your shop is heavily scheduled and hopefully be aware that punctuality counts and is appreciated by all parties. Make time important.

9b) The sales consultant who sold the unit should be the one who greets the customer at the front door on delivery day. This is an excellent opportunity for the sales consultant to plant seeds for referrals. After they verify the equipment on the unit is as promised, the sales associate should walk the customer to the financial center for the signing of the lending documents. If they have a coupon to give the customer for a finance product this is the time to give it to the customer.

## Mapping the F&I Process



10) It is essential that the finance manager always connect a feature of a policy or product to a benefit for the customer. Benefits in the F&I office are:

- Security
- Peace of Mind
- Affordability
- Convenience
- Ease of ownership
- Dependability

The manual has worksheets on this drill for each product. (This is something I can work on remotely with the managers)

11) The managers should adhere to the rules of negotiations. Never slide on price without taking something away. Less money equates to less benefits. Start high, then slide down if necessary. It is easier than walking up hill.

Present benefits BEFORE talking BUCK\$. The managers must create value before talking price. If the customer does not see value in our products and services, the money will always be too high.

12) The menu is used to summarize and to itemize. The retail process of all products and services are on both the 1<sup>st</sup> and 2<sup>nd</sup> menu.

The managers must think audit trail when pricing is concerned. Best business practice is to have consistent pricing between your store locations for the same products, and the same policies. Selling intangibles is not like selling the unit.

13.  
Finance representative  
prepares documents  
Loan, policies, title –DMV  
All Documents should  
show the delivery date



14.  
Finance  
representative  
Fully discloses all  
documents



15.  
Finance  
Representative  
secure customer  
signature on all  
documents  
  
Use a checklist to  
make sure you  
have everything  
you need to get  
the deal funded



13) Your DMS system should be able to print EVERY DOCUMENT that the deal requires. The tire fees should be hard coded into the system...\$\_\_\_\_\_ per tire with a drop down to indicate how many tires are on the unit.

Computer companies usually want five original copies of each document that need programming sent to them in order for them to add the form to your print list.

Automate as much as possible. It eliminates the possibility of errors. Think single entry on VIN numbers. See if your DMS system will push and pull information through to dealer track and the credit bureaus.

The financial center should use a document checklist each and every time. Just like an airline pilot does.

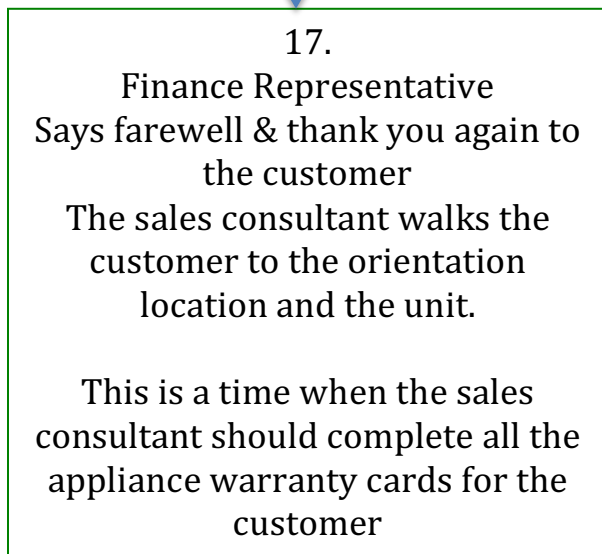
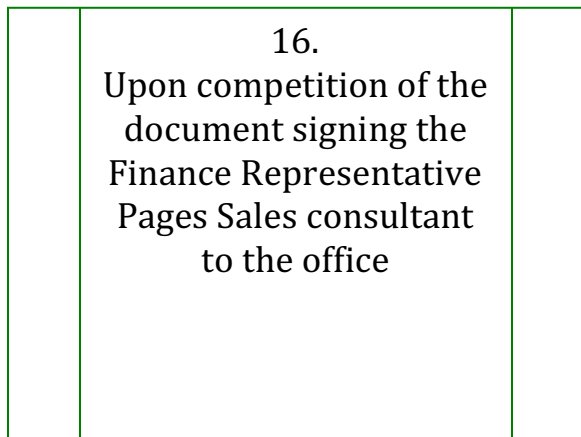
Many of the documents can be prepared prior to delivery. Make sure all the dates on the documentation are the same day as delivery.

14) The retail installment contract should be in the printer waiting to be printed when the customer enters the financial center. Based upon what repayment option plan the customer selects will determine not only the amount of their final payment, it also will dictate many of the forms that has to be printed. In the F&I office every item that is sold requires a separate document to be filled out. FULL disclosure is a requirement prior to obtaining signatures of the customer.

15) Documents should be separated into groups:

- Lending documents
- Policies that are purchased
- Title work for the trade vehicle
- Title work for the sold unit
- Internal documents

## Mapping the F&I Process



Documentation should be consistent. Packaging the deals should be consistent. Pricing of the finance department policies should be consistent.

16) Files should be packaged the same way each time so that it is easy to locate documents. Post disclosure of all the documents, and all parties have signed all the documents the finance manager should page the sales consultant to return to the office.

Please note that the presentation of the insurance related products and services should not take any longer than 20 minutes. That is the customer's attention limitation. We have another 10-15 minutes to get all the documents disclosed and signed.

If the F&I manager needs to reclose the deal or secure a full credit application the time spent with the customer will be longer.

It is essential to use our time wisely with the customer. The finance professional should get the customer engaged in the process. The attempts to overcome objections should be evidence by things in writing, such as the parts and labor close or the gold standard close. They should use their presentation manuals to aid them in both engaging the customer and presenting 100% of the products, 100% of the time, to 100% of the customers.

17) Customers should be returned to the sales consultant after the financial delivery.



<p>18. Finance manager should complete a financial re-Cap of the transaction and package the deal for both the lender and the accounting office. The F&amp;I manager should follow the deal until all funds are collected and all the titles to the trades are received by the dealership</p>
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18) The financial center should follow the contracts from the accounting office to the delivery to the lenders. The finance manager should verify receipt of the complete funding package and verify when the lender will fund the loan.

Additionally, the finance manager should track when the payoff checks have been sent and verify receipt of the payoff funds and the accuracy of the payoff. They should track path of the title to the dealership. Please note that an outstanding title on a trade unit is just as vital as any outstanding money because the dealership cannot sell the trade without a current title.

In short, the deal is not complete until all the paper work is in, the money is in the bank, the transaction is re-capped, and reports and payroll has been made.

## *Mapping the F&I Process*

### **Getting the turns:**

There is often a lack of teamwork between the sales department and the financial center. The sales department may believe that the financial center will do something to cost them gross profits, or worse yet, jeopardize the deal.

Fears like these can cause sales personnel to sabotage the efforts of the person who is presenting these **separate and distinct products**. Sabotage behaviors vary and include both verbal and nonverbal communication.

Never chastise a sales representative for anything when they are completing a deal. Coaching can be completed after the deal has been secured, and delivery taken place. The attitudes displayed are critical in building customer satisfaction, and enhancing productivity.

Although a salesperson's actions may be unintentional, they happen every day, costing the dealership thousands of dollars.

### **Creating a positive working relationship:**

How do YOU create a positive working relationship with the sales personnel?

Be active in the sales meetings, F&I should speak about twenty-five percent (25%) of the time in a sales meeting.

Topics could be:

- How to work a trade interview sheet -

- How to take a customer statement -  
(credit application)

- How & when to invite the F&I fly by

- Demonstrate a cash conversion with a

HP12C

Advise them you do have lenders and they are approving loans.

**Be respectful of the passage of time:**

7-10 minutes to get the customers into F&I

15-20 to present, address concerns, and get a commitment

10-15 printing, disclosing and securing signatures on the documentation.

The important thing is to stick to business, get in and get out.

**Prime Directives of the Financial Center:**

Reinforce and secure the sale.

Protect gross profits.

Build customer retention.

Strengthen customer satisfaction with the dealership.

Generate finance and insurance profits.

Increase unit sales.

Provide a convenient service for the customer.

Instill confidence and credibility.

Complete all legal documentation of the sale.

## *Mapping the F&I Process*

This page has been left blank for additional notes.

# *Meeting the Customer*



# Meeting the Customer

## The First 2 Minutes

Notes:

How important are those first few seconds in meeting a customer who is apprehensive about the next hurdle in the buying process and expecting the worst to happen?

The first few seconds set the stage for all that will follow. You have only the first few seconds to allay suspicions, defuse defensiveness, and put the customer at ease with you and the F&I process.

It isn't hard to imagine why a customer might be "on guard." Put yourself in the place of the customer who knows that somewhere in the dealership someone other than the person who sold the vehicle is busy crunching numbers that will make or break this deal. Meanwhile, the sales consultant who was so attentive a little while ago is now struggling to make small talk and seems anxious to be somewhere else.

If this scene seems familiar, you are missing a prime opportunity to create a positive atmosphere for your customer. All you need to do is leave your office, go out to the salesperson's workstation, and take the initiative to meet your customer.

## Minding Your Manners

Physical and verbal mannerisms matter. Make sure your body language and gestures model your words in 4 key actions:

- 1) Make physical contact. Extend your right hand in a friendly manner, offering to shake everyone's hand. After all you are *very* glad they chose your store to purchase their vehicle.
- 2) Establish eye contact. The eyes are indeed the windows to our souls. You want to communicate a soul full of openness and sincerity. Look each person directly in the eyes as you shake hands — and smile!

### Notes:

- 3) Repeat the customer's name 3 times. - The loveliest word in any language is the sound of one's own name. If you say the customer's name 3 times in the first 2 minutes, you will enhance your ability to remember it and use it. Your customer will feel like they matter and you will have set the stage for making inquiries about personal financial matters seem less intrusive.
- 4) Get the customer to say your name once during the first 2 minutes. Present your business card and ask the customer to write next to your name: "For questions, call \_\_\_\_\_." Then ask the customer to place your card in their wallet. You will be the last person they see, and the first one they remember if they want to talk to someone about the vehicle. Make sure they get your name right!

### **WHO Are You?**

Some dealerships now use signs that identifies the finance office as the Financial Center, Business Office, and even Escrow (!) Office in an attempt to make their customers feel less intimidated by the F&I process.

You will find that taking a few moments while you are still in the sales consultant's workstation to introduce yourself and your role in the sales process is far more important than what the sign says.

## Meeting the Customer

### Notes:

#### Sample Introduction

*"Hello. Please allow me to introduce myself. I am \_\_\_\_\_, one of the business managers here at the dealership. Congratulations on your purchase. Thank you for choosing us."*

*"In a few moments you and I will be completing the title work and finalizing all the funding details for your new vehicle."*

*Before we get started I would like to review the sales figures with you. According to my notes, both you and the sales manager have agreed upon a sales price of \$\_\_\_\_\_ (use small numbers and avoid the word 'thousands'), and we are paying \$\_\_\_\_\_ (use large numbers such as one thousand five hundred dollars) for the trade-in vehicle. I will be collecting \$\_\_\_\_\_ (use small numbers) as an initial payment, and we have an estimated pay off of \$\_\_\_\_\_ for the trade-in vehicle. You spoke about finance terms of \_\_\_ months at APR. which is \$\_\_\_ per month. Of course, all terms are dependent upon final lender approval."*

NOTE: If you have other computer work to do such as vehicle registration items or verify funds. Then leave the customer with the sales consultant at the sales consultants work station for those minutes. Be quick, each minutes that passes is precious.

If you can bring the customers into your office right away so much the better.

INVITE the customer to join you:

*As I mentioned earlier, I need to verify the computer information and would like to invite you into my office while I complete the data entry. It should only take a few minutes. My office is (down the hall/around the corner/up the stairs, etc).*



### Meeting of the Minds

### Notes:

While customers understand that paperwork usually follows every vehicle sale and the paperwork needs to be completed somewhere, few things create anxiety more than being left behind to wait. Minutes seem like hours, and each one that passes diminishes the CSI in addition to closing the customer reception.

When customers are involved in the process hours seem like minutes. The challenge is to create a friendly, participative process from the start. That means you need to get out of your office to meet the customer and get them involved.

Introduce yourself to customers at the sales consultant's work area with the sales consultant present. Identify your role at the dealership and describe the process that is about to take place. Review the sales figures. Your customers will appreciate knowing that a change of face does not mean a change in the numbers. It will set the stage for full disclosure.

***Remember, no one will want to do business with you until they believe you care about what is important to them.***

You have seven to seventeen seconds to make a positive first impression - how are you doing?

# Meeting the Customer

Notes:

# Establish the Needs

## ***Establish The Needs***

***No one is going to do business with you until they believe you care about what is important to them.***

A primary key to your F&I success is your ability to make a connection with your customers. Finding this common ground is easy for some and a real challenge for others. Many industry educators rely upon scripts to teach rapport-building skills. I choose to rely upon principles. When we learn principles and take ownership of them we internalize the concepts and have the ability to apply them in most situations.

### **Principle #1: Project yourself through your greeting**

Think about all the ways you glean information about your customers. The credit application, trade appraisal, deal worksheet and sales representative's comments all help you know how to negotiate with each of your customers. What does the customer have at their disposal to learn about you?

Building rapport begins at the sale representative's desk. Your prompt arrival, your genuine smile, your firm handshake, your eye contact and your introduction all communicate that you are someone your customer can count on to understand and meet their needs.

**Principle #2:  
Listen to relate**

People usually like talking about themselves. When you encourage them to share information you are well on the way to gaining their trust. If you listen well, they will tell you how to tailor your presentation so that it will be easy for them to do business with you.

**Principle #3:  
Mirror your message**

Most people like doing business with people like themselves. If your customer likes sports, you should like sports but a little bit less than the customer does. If they like gardening, you should do a little gardening, but not quite as well as your customer. You get the idea. Reflecting a customer's interests creates common ground and paves the way for successful negotiations.

On the other hand, I recently saw an F&I manager wearing a presidential Rolex at work. What message does this send to his customers? Could they believe he is making too much money at their expense? While there is a time and place for jewels, I am not sure the dealership is the right space to display such extravagance. Especially when your customers are considering payments in the \$500-\$1200 range.

## ***Establish The Needs***

### **Principle #4: Engage with your environment**

Your office can also help you gain accord with your customer. While it needs to be neither large nor new, your office should be clean, neat and organized for your presentation. People do not like dealing with someone who appears unprepared and is constantly looking for something they misplaced. Treat your customer as if they were visiting you in your home. When your office environment makes your customer feel comfortable, they will relax enough to share their wants, concerns, and fears.

### **Principle #5: Connect your customer's choices**

The F&I Process is a process of choice. All of the choices belong to the customers. Since friends like doing business with friends, the choices your customers make will correlate to your success in learning and applying the principles of building rapport. The more connections you make with your customer, the better prepared you will be to practice your FORM – the next step in the F&I process.

FORM is an acronym for Family, Occupation, Recreation and then you can deliver your Message.

Just as sales consultants, F&I managers must learn about the family, occupation and recreation prior to delivering their message. How can anyone present the products as solution when they are not sure what the needs are?

Some General Managers feel as if the F&I managers do not need to interview the customer, nor do they need to create a relationship with the customer. These points of view must be addressed.

First, the F&I manager is the last one seen for any length of time and where all the figures are disclosed. It is a very vital place, and critical in any deal. A positive relationship is essential for both productivity, and future business opportunities.

People buy from people whom they like and trust. The sales consultant has spent hours, days, perhaps weeks, months or even years creating that bond with the consumer. The sales consultant has completed their job, selling themselves, the dealership, and the vehicle. Now the venue has changed to "how can the customer protect their future repair bills, future good credit standing, and maintain a high resale value?"

The process of building rapport, establishing trust is just as critical for the F&I manager as it is for the sales consultant. The difference is it must be done within seconds, certainly within the first 2 minutes.

The interview can be entered into during the walk between the sales work station and the F&I office. Having the F&I manager go out to the sales work station and introduce themselves, and review the sales figures is the corner stone of building trust with the customer.

## ***Establish The Needs***

Reviewing the sale figures means just that, confirming the sales price for the vehicle, trade allowance, any payoff figures discussed or verified, and initial payments to be collected. Treating window identification charges as simply another fee is deceiving and unethical, not to mention a violation of some state and federal regulations.

Let's consider some typical inquiries and how to use the information in a presentation. Remember the information gleaned from the interview may not be used right away, sometimes we will refer to it as we are closing the sale. Every word, every effort has to have a meaning and purpose. When you realize we only have the first 20 minutes from the time a customer walks through the threshold of the F&I office to present, address concerns, and close the sale, we must use our time wisely. We simply do not have the time to waste.

The professional F&I manager realizes that the interview is not about them, it is all about the customer. The customer does not care about us, they only care about the new vehicle they are purchasing, their budget, their needs - get it?

For example: Who is the primary driver of the new vehicle? It may be a spouse who needs a vehicle to drive the children to sporting events. Do they take other children with them? Do they frequent fast food places? Which is their favorite?

Ketchup stains do not aid the resale value of a trade in, nor does soda, and coffee, oops.



In the Northwest we have latte places on most corners, and coffee cups are in most automobiles. We are close to outlawing cell phones, while the lattes are running as strong as ever. As a coffee drinker, I value my cup holder and my fiber guard.

What if the client does not have children. They never frequent fast food places. What is their favorite restaurant? Do they bring home leftovers? I bet they do. The fancy foil wrap swans holding your leftovers leak on the interior of your vehicle. The memory of the dining experience could last long after the calories are burned off. With fiber guard the resale value is protected, and the pride of ownership is maintained.

### **Be observant:**

Is there a baby in the crowd? Babies come with bottles, milk, juice, and general oops waiting to happen. Are your customers single with no children?

Do they have pets? While a dog is certainly a member of the family, and excellent company, they are the automobile interior enemy. Fiber guard would protect the seats and carpeting from stains, and oops of every day life.

The presenter of the products will have better success when they can relate the use of the products and services to the every day activities of the customer. The interview is critical step in the road to success.

The more we know about the customer, the more on target our presentation can be. When we only have a few minutes with the customer, our presentation must be brief, to the point and on target.

## ***Establish The Needs***

From the interview we must be able to determine what the customers' buying hot buttons are. Do we focus on Security, Peace of Mind, Affordability, Convenience, Ease, Ownership, or Dependability?

Think about the past few deals, what happened in the interview? Did you make every sale? What key points did you miss in the interview?

Do a post play analysis on each deal. In the F&I office there is 100% closing ratio, someone sells somebody on every deal. Either we sell the customer or the customer sells you.

From experience, every missed sale can be tracked back to the interview.

## **PAVING QUESTIONS:**

Opened ended questions are always better when you are fact-finding. What / When/ How type of questions.

Keep in mind some customers are direct people and respond to direct questions. You may always ask the customer to expand upon a particular response.

The following are ideas only. Think about what works with your particular customers. Consider their personalities and the attitudes displayed by all parties prior to speaking. It is not so much what we say as how we say it.

**Service Agreements Inquiries:**

- 1) Ask when reviewing the customer budget.

*"How much money do you set aside each month in your budget for future repairs?"*

- 2) Ask - *"By the way, what is your understanding of the factory warranty?"*

The customer will tell you what they heard from the sales representative.

Ask - *"How long do you plan on keeping this vehicle?"*

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- 3) Ask - *"What is your normal traffic pattern...? Long distance or in town?"*

- 4) Ask - *"You're financing this vehicle for \_\_\_\_\_ months right? Does it make sense to have the \_\_\_\_\_ mechanical protection match the loan period?"*

- 5) Ask - *"Who is responsible for taking the vehicle into the shop?"* (Some people fear being taken advantage of when they come into a repair facility. The VSA will ease anxiety of the customer.)

- 6) Ask - *"Is guaranteed mobility important to you?"*

(This is a question that lines up the substitute transportation benefit.)

## ***Establish The Needs***

7) If the vehicle is for a college student....

*"Wouldn't you (the parents) like to ensure your peace of mind, and increase your (Loved ones) financial security during their college years?"*

(Road side assistance) Paint a picture...

The object is to illuminate the customer's needs, so you can present your policy as a solution.

Write additional examples of interview inquiries for service agreements.

**Credit Insurance Inquiries**

- 1) Ask - *"Wouldn't you rather leave your loved ones with happy memories rather than an increased obligation?"*
  
- 2) Ask - *"Who would you like to receive a lien free title upon your untimely demise?"*
  
- 3) State - *"I am sure you would agree.. No debt should live longer than its creator should. Should it?"*
  
- 4) Ask - *" How much life insurance do you currently have?"*

(To calculate the required amount of insurance annual income X 5 plus all outstanding debt plus 35-50K per child for an education.)

How many customers are adequately insured?

- 5) Ask - *"Would this payment be a burden to your family if your income were to be lost due to illness or injury? "* If the response is yes, this protection could sure come in handy, couldn't it?
  
- 6) When you are looking at the family credit application, ask *"Do both of the customers contribute to the family obligations?"*

The mission of the question is to determine who's income is the most critical to the family budget.

- 7) Ask - *"What do you do for fun?"*  
Rock climbing? Ride Harleys? Ski black diamond runs?

## ***Establish The Needs***

Most accidents happens when people are not at work. Most auto accident happens within 5 miles from home.)

8) Ask - *"Would you like to pay the same insurance premium as an 18 year old? "*

Credit insurance has group rates, so that someone who is 50 + pays the same premium as an 18 year old.

Write down some additional inquiries which will assist you and the customer in determining what the customer needs are.

**Protective Coatings:**

1) Ask - *"In our hectic paced life, do you frequent fast food places? Which ones?"*

Describe the event please.... *"Do fries sometimes get into the seat creases? Sodas find their way to the carpet? And yes, coffee might even white cap approaching a traffic stop.... Can't it?"*

*"Would you like to find out how you can protect your interior against the mishaps in our every day life?"*

2) Ask - *"What is your favorite special dining place? Do you ever take home the leftovers? Sometimes the food is simply too good to leave on the plate, isn't it?"* Especially when it will make a great lunch the next day.

3) Ask - *"Is Costco / Sam Club on your normal shopping routine?"*

Meat juices, eggs, milk carton leaking... paint the picture....

4) Ask - *"Does your family pet ride with you in the vehicle?"*

*"While our pets are often our best friends, they can be your interior worst enemy leaving surprises can't they?"* Paint the photo...

## ***Establish The Needs***

5) Ask - *"How many times a year do you have the vehicle detailed?"* (If the answer is 2 times a year they are paying about \$300 per year X 5 years = \$1,500 for detailing including wax which melts off the vehicle at 110 degrees. Additionally the wax can be blown off by the water pressure in some car washes, and washed off by some soap.

Thank goodness, our product does not get washed off, nor does it melt. And it comes with a warranty.

6) Ask - *"Do you ever surprise your family with a pizza and a movie combo?"*

*"Does the pizza ever go flying off the seat and meet the carpet enroute to home?"*

Paint the picture....

7) Ask - *"What is your favorite food to bring to a potluck dinner? Berry pies are simply the best aren't they?"* (Great to eat, and the best stain makers known...)

8) Ask - *"How long is your commute to work?"* (Road noise can make some people grumpy) *"Would you like to know how to lessen the road noise, and have a more enjoyable ride?"*

*Write down some additional inquiries for the protective coatings....*



**Physical Damage Insurance:**

Everyone who takes delivery of a vehicle must have evidence of physical damage insurance.

IF not the dealership could be at risk should the customer be involved in an accident. Please verify this with the general manger to obtain senior managements position on this matter.

If you are in the RV industry there are many different insurance companies that provide quotes.

If the F&I manager or dealer has an property and casualty insurance license ask the company about the dealership receiving an commission for these policies and ask about the renewals premiums. Obtain a clear understanding about the expectations on production, involvement, and revenue sharing.

One great question to ask the customer is this:

1) Who will be listed as lien holder for your insurance policy?

As we all know the insurance company must send the lender proof of insurance during the course of the loan.

## ***Establish The Needs***

### **GAP Protection Inquiries:**

- 1) Ask - *"Have you ever known someone who has had their vehicle declared a total loss by their insurance company?"*

If the response is yes, ask the customer to tell you what happened.

- 2) Ask - *"If this vehicle should be stolen, or declared a total loss might there be a difference between the loan balance and the market value? With minimum cash down on most vehicles the customer should respond "Yes".*

*"Wouldn't it be a blessing for you to have this debt be completely removed?"*

- 3) Ask - *"How much is your insurance deductible?"*

GAP protection covers the customer's deductible up to \$1,000 in most cases. Read your forms for exact benefits and procedures for claims.

- 4) Ask - *"If this vehicle were to be declared a total loss could you make up the difference between the market value and the loan balance?"*

Keep in mind that the state of Oregon does not allow the GAP companies to pay the customer's insurance deductible.

## ***Establish The Needs***

**READ** your policies before you sell them.

Write some additional examples of inquiries you might use to establish a need for the GAP protection.

## ***Establish The Needs***

Additional Notes:

# I stands for Insurance Underwriting Guidelines



## *Underwriting Guidelines*

### **Notes:**

The secret of any great sales person is first knowing all about your products, then knowing what your products can do for each and every customer.

After the interview the presenter should be well equipped to know what the customer wants done. When we can match a customer's need with our products as solutions, we have a good foundation for a value added presentation.

Identifying a customer's need, want hope and desire is critical. That information will determine our opportunities. An opportunity exists when our products satisfy the customer's needs.

We cannot over state the importance of conducting a quick effective interview.

In this section we will review the basic underwriting guidelines of most of your products and services represented in the financial center.

Each product will be followed by a F-A-B drill.

Product knowledge is not the same as presenting the benefits. In fact the benefits may not even be part of the product. Yet, it is what the products can do for each and every customer that is essential to every purchase decision.

The general public will not always spend money to save future dollars. What they will do is spend money to protect what they already have.

The benefits are Security, Peace of Mind, Affordability, Convenience, Ease of Ownership, and Dependability. As we review the underwriting guidelines, think about how to present each product in a feature - advantage - benefit process.

## **INSURANCE**

### **Notes:**

### **Service Agreements:**

A service contract is an optional agreement for a product or service that customers sometimes buy. It provides additional protection beyond what the warranty offers on the product. Service contracts are similar to warranties in that both concern service for a product. However, there are differences between warranties and service contracts.

Warranties come with a product and are included in the purchase price. In the language of the Magnuson-Moss Warranty Act (1975), warranties are “part of the basis of the bargain.” On the other hand, service contracts are agreements that are separate either because they are made some time after the sale of the product or because they cost the customer a fee beyond the purchase price of the product.

The value of these policies must be displayed throughout the dealership.

The process begins with the sales consultant on the trade-in inquiry. They must ask the customer if they purchased a service contract on their trade-in vehicle and if they still have the policy. This question must be asked before obtaining a value on the trade.

When a customer comes in to the service department drive, the service writer must ask for a copy of their service contract for validation. And they must look surprised when a customer indicates that they do not have a policy.

## *Underwriting Guidelines*

### **Service Agreement's Bullet List:**

- Coverage in the US and in Canada
- Able to include in funding
- Tailor-made terms of coverage
- Low or no deductible
- Covers the coach & chassis
- Transferable to the next owner if customer sells the unit privately
- Claims paid via M/C or VISA
- Non cancellable by the administrator
- Can be 100% refundable to the customer if they never use the policy
- 800# to assist the customer
- Peace of mind
- Pre-sets future repair budgets
- Protects credit
- Protects customer's resources
- Saves friendships
- Zero interest payment plans for the policy
- Pays for tomorrow's repairs with today's dollars
- Hedge against inflation

### **Notes:**

- Refunds are normally calculated on a pro-rata basis (time or miles)
- Increases resale value
- Eliminates the fear of buying a previously-owned vehicle
- Some policies are renewable
- Policy pays retail labor rates
- Policy pays for parts
- Policy pays for trip interruptions
- Policy pays for towing, in addition to other policies
- Some policies have a trip routing service
- Good at any licensed repair shop
- Customer may be able to continue to do their own oil changes
- Policy provides a maintenance log
- Dealership service department can keep accurate service records for the customer



**Service Agreement: F-A-B Drill**

**F -A-B Loop**

*So That*

*Which Means Increased...*

*Feature*



*Advantage*



*Benefits*

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## *Underwriting Guidelines*

### **Tire & Rim Protection - Road Hazard:**

Road Hazard coverage upgrades most service agreements. It protects the tires and rims of the unit. Hazards are potholes, glass, nails, anything in the road which should not be there.

The policy will pay for the repair or replacement of the tire and rims damaged by any of the covered hazards. The policy pays for taxes, mounting, and balancing so that the customer has no surprises during this unfortunate event. The policy will also provide for road side assistance for up to \$100 paid in addition to other services.

The policy will not cover tire rot. The policy is generally a reimbursement policy. Read your policy for exact coverage.

### **Notes:**

### **Bullet List for Road Hazard:**

- Covers repairs or replacement of tires and rims as required by damage due to road hazard
- Pays for local sales taxes
- Pays for mounting & balancing
- Pays for \$100 Road side assistance
- 800 # claims service
- Good through out the US & Canada
- Benefits are transferable to a new owner or a new vehicle
- Policy can be cancelled via Pro-Rata time
- Covers the tires on the unit regardless of the number of axles
- Can be included in the loan advance

Road Hazard: F-A-B Drill

F -A-B Loop

*So That*

*Which Means Increased...*

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*Advantage*

*Benefits*

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## Underwriting Guidelines

### Credit Life Protection:

There are many types of credit life protection used in the industry today. We will touch on each one of these, hoping to give you a more complete understanding of both the features and the benefits of this product.

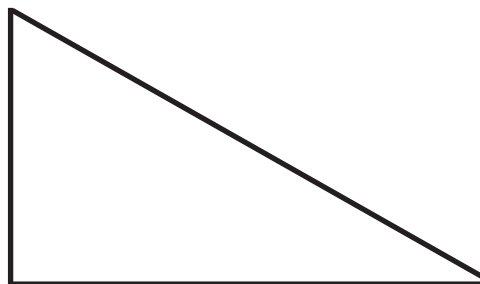
1. Dealerships normally use a decreasing term policy, which is single premium and gross coverage. This means that the policy is paid for all at one time at the beginning of the note, and the premium is included in the amount to be financed. Just as an isosceles triangle starts out with a high point and then gradually dwindles to the base, so does the decreasing policy. In the beginning, the amount on insurance coverage is equal to the total payments of the automobile note. As time goes on, the obligation dwindles, and so does the amount of insurance coverage. Ultimately, there is no obligation and there is no insurance coverage.

The underwriting rules are simple. The companies and individual states' guidelines may differ slightly - READ YOUR POLICIES for exact coverages.

The customer must be at least 18 years of age and not older than 64 at the date of the contract. Most carriers will extend coverage on the insured to the age of 69, if the insured age is 64 at the signing of the contract, and if the terms of the contract so warrant the coverage. The maximum limits will depend upon the insurance carrier. An average field issue limit for a non-medical questionnaire is \$30,000. Normally, coverage which exceeds that amount requires a completed and submitted questionnaire to the insurance company.

- a. Single life protection covers the life of the primary borrower only, regardless of how many co-buyers are on the contract.
- b. Joint life protection covers the note if either the buyer or co-buyer dies. However, please note that this type of coverage requires two buyers on the contract.

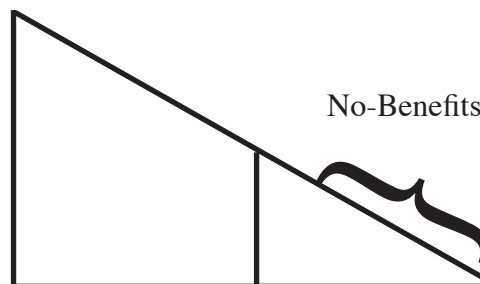
#### Notes:



Decreasing Life Insurance



Level Term Life Insurance



Truncated Life Insurance

2. Credit unions and other lending sources can offer life protection which, in most cases, is a net coverage policy. This covers only the outstanding balance and not the entire interest on the note. This type of coverage offers the carrier less risk; therefore, the rates are lower than gross coverage policies. The Department of Insurance regulates this product.
3. The industry has a level term insurance policy designed to protect the residual on a lease. Since the amount of the residual remains constant for a set period of time, the amount of insurance coverage must also remain constant for the same period of time. Once again, the rates are regulated by the Department of Insurance.

### **Notes:**

The following is one banker's explanation of the implication of credit life insurance:

“The lender owns the asset (the unit) being financed. He has put out the money (asset) to pay for it. The borrower (the purchaser) has created a balance sheet liability for himself and his family. Credit life insurance takes care of both issues. It saves the asset for the bank, and pays off the liability for the unit buyer. Therefore, credit life is really asset / liability protection! A win / win for all.”

Rates are governed by each State Department of Insurance; in addition, they mandate the commission schedule.

***READ YOUR POLICIES FOR EXACT TERMS AND CONDITIONS OF COVERAGE!***

***Most states require a life and disability insurance license in order to sell this product. If the dealership does not have a license, it should contact its insurance company representative for assistance with the proper documentation.***

## *Underwriting Guidelines*

### **Disability Insurance:**

Disability protection has become much more popular in recent years. It is classified as income protection insurance. Again, the underwriting rules are simple. The insured must be at least 18 years of age, and not older than 64 years of age at the time of signing the contract. The insured must also be working for wages in excess of 30 hours a week. If the insured is 64 years of age at the signing of the contract and meets the working requirement, and if the contract terms warrant the coverage, most carriers will offer the protection through age 69.

Note: Most policies have a pre-existing clause.

Know the policy limitations. Know the claim procedures.

There are some basic reasons why disability protection has become so critical during recent years.

- Inflationary trends have created less ability to save necessary money; therefore, people do not have reserve funds to fall back on in the event of loss of income.
- The skyrocketing costs of health care are a burden to most consumers.

A survey completed at Ohio University by Charles L. Hubbard found that 69 percent of retail buyers have some knowledge of disability insurance. The survey also revealed that 92 percent of buyers who had purchased disability insurance wanted to purchase it again, and that same 92 percent would recommend the coverage to others.

Although the survey indicated a strong appeal for this coverage, it also revealed that only 31 percent of the buying public was ever told about the existence of this coverage at the dealership level.

Don't you agree that every finance customer should be given the opportunity to have this valuable coverage?

### **Notes:**

**Credit Life - Credit Disability Insurance**

**Bullet List:**

- Protects net worth
- No probate
- Insurance benefits paid directly to bank.  
Does not go through probate courts
- Saves the family from reliving the loss
- Benefits paid in addition to other policies
- Group rates set by the Department of Insurance
- No rate adjustment for age, job, hobbies
- Little or no underwriting
- Coverage issued via a field issue policy which requires no underwriting or application. 5 short questions for customer to answer
- Immediate coverage
- Tailor made to fit the obligation
- Financed in the contract
- No up-front cash required
- No medical examination required
- Unearned premium refunded at early termination of contract
- Coverage insures the total obligation, including interest

**Notes:**

- No preexisting clause for life insurance
- Customer has choice of secondary beneficiary
- Coverage can be single or joint
- Life insurance protection is guarantor protection
- Protects family credit rating
- Guarantees family mobility during a crisis
- Guarantees the ability to upgrade existing insurance
- Accident and health policies do not require hospitalization
- Insured does not have to repay benefits received

*Underwriting Guidelines*

**Credit Insurance: F-A-B Drill**

F -A-B Loop

*So That*

*Which Means Increased...*

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**Protective Coatings:**

**Notes:**

Most Dealerships have the following products:

Exterior Protection  
Interior Protection  
Under Coating

These products should be discussed during the first interview, as they must be applied to the vehicle prior to delivery.

Most companies will have soaker card to assist in the demonstration of the interior protection. These cards should be used with every customer.

Prior to presenting this product you should find out from the customer where do they go in the vehicle. What do they eat and drink in the vehicle? Create a mental picture of a spill or other accident and place the customer in the picture. If they can visualize the need for the product, they will invest in the protection.

The exterior is a protective polymer coating which acts as a sun block for the vehicle's finish. It prevents fading and oxidation of the paint finish. By preventing the loss of finish, it also protects the resale value. After all, a faded, neglected vehicle will not bring top dollar at the time the customer wants to upgrade their vehicle.

Vinyl and leather protection keeps the surface soft and pliable. By sealing the natural oils into the surface, the dash, arm rest, and seats are guaranteed to maintain their new appearance for at least five years.

Application is easy and the warranties are industry specific. The benefits of this protection are transferrable to the next owner of the vehicle, thereby increasing the resale value of the unit.

## *Underwriting Guidelines*

### **Protective Coatings Bullet List:**

#### **Notes:**

- Products can be included in the amount of the advance
- Coverage throughout the US & Canada
- Promotes peace of mind
- Saves time & materials in cleaning and waxing the unit
- Increases resale value
- Product-specific warranties
- Increases pride of ownership
- Eases the anxiety of loaning the vehicle to friends or family members
- No limitations on meals cooked in the RV
- Fast-food-proofs your vehicle
- Prevents fabrics from fading
- Saves time and possible injuries in waxing your vehicle
- Prevents fading and oxidation of the exterior finish
- No deductible
- 800# for claim service

**Protective Coatings: F-A-B Drill**

F -A-B Loop

*So That*

*Which Means Increased...*

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## *Underwriting Guidelines*

### **GAP Insurance:**

Gap Insurance pays for the difference between the market value of the unit (at the time of the loss) and the loan balance should the unit suffer a total loss.

GAP applies to the relationship between the loan balance and the market value during the prime negative equity (60 Months) period of the obligation.

This coverage pays in the event of total loss due to either accident or theft. READ your policy for specific guidelines.

### GAP Bullets List:

- Pays the insured's insurance deductible in the event of a claim
- Pays the difference between the loan balance and the market value in the event of a total loss
- Makes this debt go away, making it easier to qualify for the replacement vehicle
- Protects customer's credit rating
- Protects the customer's savings account
- Financible protection
- No additional out of pocket expense today
- Coverage is tailor made to fit the obligation
- Gap has no deductible for the customer to pay

### **Notes:**

**GAP: F-A-B Drill**

F -A-B Loop

*So That*

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## *Underwriting Guidelines*

### **Security Systems:**

Entry level is window identification. This product is a stencil which allows either a code or the vehicle identification number to be applied to each piece of glass. This process uses a chemical activator which burns the code into the glass. This product is a theft deterrent, and in many cases has benefits which range from \$2,500 - \$25,000 depending upon the company and level of benefits the customer chooses.

The benefits of this product only pays if the vehicle is stolen, and not recovered.

Should the vehicle be found within the designated amount of time most plans will pay the insured's insurance deductible for comprehensive coverage.

Again, READ the forms for exact guidelines, and limitations.

The mid level is full functioning. Many vehicles have factory installed starter interrupt devices, notice the chip on the keys. Full functioning allows for keyless entry, remote arming, silent arming, and of course a l.e.d light to blink in the proximity of the dash.

The more advanced systems are theft retrieval either using radio waves, or satellite technology. This particular type of system will allow the authorities to locate your vehicle within minutes provided their vehicles are equipped with the proper technology.

For RV's there is a system made especially for towables, and operates much like a home security system. The outside storage doors can have a sensor installed so that when the compartment door is opened an alarm will sound off, thereby alerting neighbors to the activities.

### **Notes:**

Security System: F-A-B Drill

F -A-B Loop

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## *Underwriting Guidelines*

### **Physical Damage Insurance:**

### **Notes:**

Physical Damage Insurance is a casualty insurance product covering damage to the unit itself due to collision, fire, theft, or comprehensive loss. This coverage does not take the place of liability insurance requirements which vary from state to state.

Dealership's selling this type of insurance and receiving commissions from this product must have a current property and casualty (fire and casualty) insurance license. Most states have certain education requirements which must be met prior to obtaining an insurance license, and these must be followed up with continuing education hours. These particular requirements will vary from state to state.

No unit should be permitted to leave the dealership without Physical Damage Insurance. For customers who do not have a current insurance policy, which would extend coverage to their additional unit, the dealership's options are clear. They may:

- a) If appointed by a Physical Damage Insurance company, the business manager/salesperson may quote an insurance premium. The policy period can be 6 months or one year. The customer gives the dealership the down payment requirement, and coverage begins immediately.
- b) If appointed by a Physical Damage Insurance company, the business manager/salesperson can issue a policy for thirty days, thereby giving the customer coverage for the unit immediately and allowing a window of thirty days for the customer to secure Physical Damage Insurance coverage and to notify the lender of such coverage.
- c) The business manager/salesperson can telephone a local insurance representative to come to the dealership to write the policy there, issuing immediate coverage.



**Physical Damage Insurance:**

**Notes:**

- d) Take a deposit, do all the paperwork, and hold the unit until the customer returns to the dealership with proof of insurance.

Note: Lenders will not fund a contract without proof of Physical Damage Insurance on the unit. It is the responsibility of the customer to maintain Physical Damage Insurance during the loan period.

If at any time the Physical Damage Insurance is not renewed, the lender can and will place Vendor Single Interest (VSI) Insurance on the loan. This type of insurance protects the lender if the collateral is damaged and pays claims only in the event of a repossession.

**PDI Bullet List:**

- Covers the unit while parked; not on the tow vehicle
- Covers unit contents
- No cross referencing of claims
- Combined single limits for liability
- Total Loss Replacement Value
- Immediate coverage

*Underwriting Guidelines*

**Physical Damage Insurance: F-A-B Drill**

F -A-B Loop

*So That*

*Which  
Means  
Increased...*

*Feature*



*Advantage*



*Benefits*

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*Security*

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*Peace of Mind*

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*Affordable*

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*Convenience*

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*Ease of Ownership*

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*Dependable*

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# The Presentation

Time is a fleeting commodity do not waste it.

Stay focused. - Kelly's law



## *The Presentation*

### **Value Added Presentation:**

Value packaging is done everywhere -- from fast food to homes.

When selling intangible products such as Financing, Credit Life Insurance, Disability Insurance, GAP coverage, Physical Damage Insurance, Vehicle Service Agreements, and security systems, value packaging is essential for time efficiency and maximum productivity.

Packages justify discounts given and build value in the products sold.

Package selling allows the customer to say "NO" to something such as disability (accident & health) coverage, while retaining the highly profitable service agreements and Credit Life Insurance. This creates a win/win situation for both the customer and the dealership.

Package selling to lenders can often get a marginal deal approved because the financial representative may bundle the marginal deals in a package of higher quality financed contracts. This increases the number of units sold and increases the number of opportunities to present the financial center's products.

Dealership's that have a dedicated finance representative who forges a strong working relationship with lenders will benefit by selling an even greater number of units.

Package selling ensures a **consistent** presentation to **every** customer. Customers do not know what products are available until they are properly advised. Consistent presentations equate to higher profits.

After all, **NO ONE** can take better care of our customers than we can! Our products are primarily tools which enable us to guarantee no surprises during the customer's prime driving time.

### Notes:

***First things first:***

**Notes:**

At the point of commitment on the unit, the sales person and the customer normally experience euphoria and a little anxiety all at the same time. Often the time differential between the sales consultant and the business center is simply a matter of minutes. Those minutes always seem like hours and are the most critical minutes in the sales process.

The professional sales business manager will often go to the sales consultant's work station and introduce themselves.

**The introduction:**

*“Hello, please allow me to introduce myself, I am \_\_\_\_\_ the business manager in the dealership, and you are Mr. & Mrs. \_\_\_\_\_. Congratulations on your new purchase. I will be the one who will complete all the registration paperwork and handle the funding process. I have all the forms in my office.*

*Please accompany me so that we may get started, OK?”*

This action eases the level of tension for both the sales consultant and the customer.

The first task is to build rapport with the customer. They have spent hours with the sales consultant, and they have just met you. They are in a different environment and most likely are holding you at arms length.

Find out about their needs, wants, hopes, and desires. Get them to commit to a need.

We must have a clear understanding of what opportunities are available to us before beginning our product presentation.

## ***The Presentation***

### **Defining the Opportunities:**

### **Notes:**

An opportunity exists when our products or services meet the customer's needs.

The interview began at the moment you greeted the customer. We glean information from a variety of sources, the 30 second sales manager review, to the sales persons paper work.

**IF** you have not reviewed the sales figures at the sales consultants work area then begin with this action while the sales consultants is standing in the door way. When you have confirmed the information bid the sales consultant farewell until you page them to return retrieve their customer.

We must review the sales figures with the customer so that they can be assured that nothing in the deal has changed from one office to another. You may wish to do this via the computer screen.

*“ According to my notes, you have selected \_\_\_\_\_ vehicle with a sales price of \$\_\_\_\_\_, and are prepared to give us an initial payment of \$ \_\_\_\_\_ with a trade equity of \$\_\_\_\_\_. This leaves you with a balance of \$\_\_\_\_\_.”*

\* If the sales department quoted any payments, we must review the figures quoted and review the APR used, in addition to any products or services. \*

Often the sales consultants will not discuss any payments and the F&I department will need to obtain the credit application in addition to structure the down payment for the loan. The key to success is to be flexible. The general manager and the dealer will determine what process they wish to have.

Now you are in a position to inquire about how the customer has thought about handling the

balance.

**A TWO VISIT PROCESS:**

Notes:

**First Visit:**

The goal is to secure the sale obtain a credit application, send in an physical damage insurance quote request and to present anything that may need to be added to the vehicle prior to delivery, and to confirm the delivery date.

After the F&I manager and the customer review the sales figures. You could begin with:

*“ Mr. & Mrs. \_\_\_\_\_ , how have you considered handling the balance due? ”*

Wait for an answer.

This will be the signal to complete a customer statement and pull a preliminary credit report so that you will be in a position to profile the customer with the lender’s criteria. This will empower you to talk with confidence about the exact finance plan that will fit the customer’s budget.

You should pull the same bureaus your lenders review. Hence, you will be on the same page as your lenders.

The goal is to secure the financing and sell all your aftermarket products which have to be added to or installed on the vehicle prior to delivery.

The aftermarket items are:

- Paint Guard
- Fiber Guard
- Security Systems
- RVs Solar Panels

Anything that has to added to the unit prior to delivery

\* Secure a physical damage insurance quote.

The next step is to secure lender approval.

## ***The Presentation***

### **Second Visit: Delivery Day:**

### **Notes:**

When the customer returns to complete the funding documentation, many dealerships will have them complete the walk-through first. This is a prime opportunity for the technician to renew the fire in the customer's heart about the unit they selected.

If the orientation is taking hours the customers might vary well be fatigued before they get to the F&I process. If this is the case then a change of plans might be in order. Have the sales consultant take the customer to quickly see the vehicle to verify that everything has been added to the unit then while the technician is getting ready for the orientation the sales consultant walks the customers back to F&I for the financial delivery. Upon completion to the documentation the sales consultant or F&I manager walks the customer back to the orientation technician.

In the mean time someone has verified the trade vehicle is exactly as it was represented. If the trade is not as represented then the sales manager needs to get involved and rework the sales figures to reflect the difference.

### **Third Party Recommendations:**

The orientation is also a prime opportunity for a non-salesperson to recommend the service contract and point out all the major items covered by the policy.

After the walk-through, the technician should either bring the customers to the business center or to the sales consultant who will then walk the customers to the business center or say farewell which ever is appropriate.



The second visit is the time to complete the funding documentation, and to present all the protection policies.

Notes:

Refer to the foundation statement on the following pages for some guidance on how to create value without talking price.

Group your products into categories:

***Mechanical Protection***

- Prepaid Maintenance
- Extended Service Plan
- Tire & Rim
- Roadside Assistance

***Equity Protection***

- Guaranteed Asset Protection (GAP)
- Credit Life Insurance
- Accident and Health Insurance

***Environmental Protection***

***(First Visit topic)***

- Interior Protection
- Exterior Protection
- Windshield Protection
- Security Systems
- Solar Panels

Physical Damage Insurance is a product in the Motorsport, Marine, and RV industries. Quotes are free and should be viewed as a service and given to everyone so the customer can make an informed choice.

Presentation tools are the point of sale materials provided by your vendors, presentation books that aid in presenting the products, and contain proof statements.

Menus should be brought out AFTER the value of the protection has been established. Menus are closing tools. Menus provide choices for the customer, and a method to confirm that all opportunities were discussed for the presenter.

## **Foundation Statement**

### **Introduction: (Hopefully at the sales consultants work area)**

*“First I would like to thank you for choosing our dealership as your \_\_\_\_\_ center. My name is \_\_\_\_\_ I am one of the financial representatives here at the dealership. In a few minutes, together you and I will be completing all the title work and taking care of funding process for your new purchase.*

*I would like to verify the sales figures, OK? The selling price of the vehicle is \_\_\_\_\_. My notes indicate that you are prepared to give us an initial payment of \_\_\_\_\_, and a net trade-in allowance of (positive or negative equity). Your approximate monthly payment would be \$ \_\_\_\_\_ for \_\_\_\_\_ months at \_\_\_\_\_ APR.”*

*My office is right (over, around \_\_\_\_\_). Would you please come with me, so that we can get started?”*

Walk to your office with the customer. Walk and talk begin to build rapport.

### **In your office: Show them where to sit.**

Let them get comfortable. Review the spelling of their name and address. Verify their mailing address, many have a PO Box for the US post. Complete your data entry. The customer may be completing a dealership survey, or viewing your presentation book. Ask them to verify the customer information, spelling, address etc.

(If your dealership has a customer survey) Our owner wants to know how your purchasing experience was today. So, please take a moment to complete the survey and return it with the envelope which is provided.

### **Beginning the presentation:**

*“By the way, what is your understanding of the factory warranty?”* Always a great way to verify information, and to verify a customer need.

(For Automobiles) *“The factory warranty covers as many as 5 different key areas. As you know our vehicles as perfect as they are. Please recognize they are still made here on earth and not in heaven. I am sure you will agree that everything man makes breaks, doesn't it? Doesn't it make sense to protect your budget from unexpected repairs for the time you will be using the vehicle?*

*“How many miles a year do you drive?”* (Wait for a response)

**\*\*Be prepared to review the factory warranty and limitations with the customer.\*\***

*For an RV: Review the factory warranty. As you know the factory warranty is limited in time and scope. It is designed to cover defects in materials and workmanship only. RV's have many different manufacturer components, such as the appliances are cover by their manufacturer and the walls and roof are covered by the RV manufacturers. (Please review the details)*

## ***The Presentation***

*After reviewing the limited factory warranty you can see why our customers just like you have inquired about how they can have additional mechanical protection? We have searched for a policy that provides our customers comprehensive coverage. This service contract works in concert with the factory warranties. (Point out the F-A-B that satisfy the customers needs)*

*“How many years do you plan on retaining this vehicle?” (Wait for a response)*

\* Note: We must secure the financing first. You may have to complete a financing conversion prior to presenting the protection plan. In the automobile arena the financing will most likely be settled prior to coming into the F&I office. Be aware, you may still need to make a cash conversion attempt.

*Back to the presentation -*

*“Many of our customers are maintaining their \_\_\_\_\_ longer and have asked us to help them protect their future repair and maintenance costs. Would you like to set a ceiling on your future repair expenses?”*

*In an effort to ensure your long-term satisfaction with this new investment, we have done extensive research to develop a unique program designed to protect your future finances. I would like to take a few moments to share this plan with you.”*

(Use your point of sale materials, or a presentation book, or a video, or a powerpoint presentation. Create value in your goods and services before talking price!)

*“Here are five reasons why customer just like you choose to invest in a service agreement. (For new vehicles... which works in concert with the factory warranty.) Should you have a problem during the factory warranty period, simply take the vehicle to the nearest dealership. The service department will be very glad to assist in every way possible to get you back on the road. However, after the factory warranty has expired, should you have a problem with the major stress and strain parts of the vehicle, simply take it to the nearest shop and instead of paying a \$100, \$500, or even as much as \$1000 repair bill, all that you will need to be concerned with is a small deductible, which means increased financial security when you are on the road, Doesn't it?”*

*Tire and Wheel protection is road hazard protection against a blow out from a pot hole or other highway condition. Simply call the company using their 800 number and they will orchestrate repair or replacement of your tire(s), which means you will have assistance close at hand. There is no deductible or hidden expense, which conserves your financial resources while you're on the road.*

As you know, in today's environment roadside assistance is a critical element of mechanical protection. With Coach Net you will enjoy unlimited towing on anything you rent, own or borrow. One membership covers the whole household, which is increased peace of mind.

(Insert your vendors brochures where appropriate.)

Ask trial closing questions - the goal is to obtain 7 little yes's during the presentation.

## ***The Presentation***

Example - *“Can you see the value in this part of your benefit package?”*

***“The Environmental Protection*** *designed to protect your new investment against all the environmental hazards it will be subjected to.”* ( This is a first visit topic for the RV industry)

*“As you are aware, the UV rays damage everything exposed to sun light. Where is your vehicle parked during the day?”* (Pull up the EPA.gov/sunwise/uvindex.html on your computer. Show the customer what the UV index is as of that day at noon. Read the EPA recommendation for ourselves. Then ask them if they would like to hear about an industrial sun screen for their vehicle?)

*“We have found a product with a \_\_\_year warranty that prevents the loss of gloss on the exterior of your vehicle. The interior of the vehicle will be protected as well with a fiber guard designed to protect each individual fiber against fading and most stains. The vinyl and leather guard will complete the interior protection. I am sure you will agree that a pristine vehicle has a higher resale value. Doesn't it make sense to do everything possible to ensure that you receive the highest value for this vehicle when you wish to upgrade?”*

*“Your sales representative most likely demonstrated the security system installed in all of our inventory. This action has helped us reduce our company's insurance premiums due to fewer thefts, and the benefits of this action can be transferred to you. The way the security system works is ...(explain how your security system works)..... “In order to enhance your personal safety, do you want to keep the system activated?”*

*“We have spoken about how to protect your budget against repair cost, and we have talked about how to maintain a high resale value. Now let's review how to protect your equity on this loan.”*

*“GAP protection pays the difference between the loan balance and the market value in the event of the total loss of your vehicle. As you will agree the insurance companies rarely payoff an existing loan when a vehicle is totally damaged or stolen and not recovered. This coverage will make this debt go away, and will ease the path of replacement.”*

*“Should you become sick or injured for longer than 14 days, your payments will be made for the period of illness or injury so that your other disability benefits will not be strained. This means enhanced financial security during a time of crisis. In the event of your death, the loan will be completely paid off, which means your loved ones will inherit an asset instead of an obligation. I am sure you would agree that no debt should live longer than it's creator, should it? Who would you like to receive the lien-free title? (Wait for a name from the customer.)*

**Now, (customer name) aren't these the kind of benefits you want to protect your investment?**

*(Wait for a response.) The customer will ask.. “What are my payments?” This is your signal to display the customer options with a menu.*

(You will have objections at this point. Turn to the word track section that addresses the specific products objections.)

**This is the beginning place of the race.**

**For maximum productivity follow the 400% RULE**

**100 % solicitation**

**100% of the products**

**100% of the time**

**100% of the customers**

**MAKE the SECOND EFFORT!!!!**

Presentation manual organization tips:

Sections to be behind tabs so you can get right to the items you need to show while you are talking with the customer.

- 1) Welcome to your family of owners
- 2) First visit: Dare to Compare (PDI Insurance Comparison) Ask for permission to obtain a quote. Secure the financing... Be prepared to do a cash conversion or credit union conversion or a bank conversion.

Manufacturer'd warranty pages that identify what is covered and for how long, also what is not covered and the limitations.

Products: Present everything you have to that has to be added to the unit, ie Protective Coatings, Solar Panels, Marine ( electronic items, data dots on the electronics)

- 3) Second Visit: 5 Reasons why the custoemr needs a service agreement  
Followed by brochures in the same order you talk about them
- 4) Cash Conversion examples
- 5) Copies of Credit Union "Truth in Lending" Disclosures
- 6) Customer testimonials and proof of payment of claims (Proof Statements german to your products)
- 7) A copy of your policies
- 8) Print out of "Employee Pricing" for your products

## ***The Presentation***

### ***Closing the Sale with a MENU:***

### **Notes:**

Using a package presentation and a menu for closing will allow a more efficient use of time when explaining the benefits of your products to each customer. Often we get rushed or fatigued and simply do not offer everything to everybody.

After your foundation statement bring out the menu and use it to summarize the products.

*“With everything we spoke about..... (First present the best plan). Ask the customer if they have any questions about the benefits? Ask them if the payment fits into their budget?”*

Proceed to Box B. As you will note, Plan B has less coverage and affects the monthly payment less. Continue through the boxes, and ask which plan meets the customer’s budget.

Should the customer elect a plan other than A, Isolate the concern.

Always begin with, “ *Good choice, rest assured we do not want you to purchase something you do not see any value in. Setting aside the payments for the moment, are these the types of benefits you wish to protect your new investment?*” (Focus on the next higher plan. We must clarify the customer concern, is it money or is it value?)

Or

*“I can appreciate that the difference in payments is a concern. Rest assured that we do not want you to buy anything you do not see value in. Besides the amount of the payments, do you have any other concerns which would keep us from completing the documentation today?”*

Wait for an answer. If the answer is negative, then ask, “*How close to that total monthly payment can you comfortably afford each month?*”

**Notes:**

Ask for more down payment monies. Or lengthen the term of the note as a LAST resort.

All changes must be made with the full acknowledgement of the customer.

“What I am hearing is that term is not as important to you as the amount of the monthly payment. Is that correct?” May be the customer will qualify for extended terms. Another 6 months will ease the monthly payment about \$15 per month. This may be enough to secure the customer approval.

By addressing the concerns of the customer, you should be able to move the customer one level in protection without damaging your CSI scores.

The mission is to present all the products in a positive, customer-oriented presentation, demonstrating how our products and services can best satisfy the customer’s needs.

Work toward maximum productivity while maintaining a high level of customer satisfaction. Set the groundwork for a long-term customer relationship with the dealership.

If the customer declines the protection policies, simply bring out the customer declination form stating:

**CUSTOMER DECLINATION FORM:**

*“As I stated earlier, we do not want you purchasing anything you do not see value in. Please allow me the courtesy of protecting the dealership.”* Display the customer declination form and ask them to sign where it is appropriate to do so. As with any form they sign the customer gets a copy of this valuable document.

Payment Options

Base Payment \_\_\_\_\_  
 Term \_\_\_\_\_  
 APR \_\_\_\_\_

Amount Financed \_\_\_\_\_  
 Down Payment \_\_\_\_\_  
 Trade Allowance \_\_\_\_\_  
 Est Pay off \_\_\_\_\_

Customer Name \_\_\_\_\_

**Preferred**

**Parts & Labor Agreement**  
 Service Agreement  
 \_\_\_\_\_ Years / \_\_\_\_\_ K Miles  
 \$ \_\_\_\_\_ Deductible

Oil / Lube / Filter Changes  
 3 year

**Equity Protection**  
 GAP Protection

Window Identification

Payment \$
Term
APR

**Standard**

**Maintenance & Repairs**  
 Service Agreement  
 \_\_\_\_\_ Years / \_\_\_\_\_ K Miles  
 \$ \_\_\_\_\_ Deductible

Oil / Lube / Filter Changes  
 2 year

**Equity Protection**  
 GAP Protection

Payment \$
Term
APR

**Budget**

**Maintenance & Repairs**  
 Service Agreement  
 \_\_\_\_\_ Years / \_\_\_\_\_ K Miles  
 \$ \_\_\_\_\_ Deductible

Oil / Lube / Filter Changes  
 1 year

**Equity Protection**  
 GAP Protection

Payment \$
Term
APR

Sample of 3 choices



Advantage Plan		R
Guest Name: _____ Business Manager: _____ Sales Price: \$ _____ Sales Manager/ Sales Consultant: _____ Cash Down: \$ _____ Balance:\$ _____ Trade Allowance:\$ _____ Payoff:\$ _____ Rate: _____ % APR Terms: _____ Payments of \$ _____ Incl.: _____ Guest Acknowledgment: _____		
<b>Platinum</b>	<b>Gold</b>	<b>Silver</b>
<p><b>Comprehensive Mechanical Breakdown Coverage for</b>                      Years or K Miles</p> <ul style="list-style-type: none"> <li>• Rental coverage</li> <li>• Towing</li> <li>• Nationwide Coverage</li> <li>• 800# For Claims Assistance</li> <li>• Parts &amp; Labor</li> <li>• \$ Deductible</li> <li>• Transferable</li> </ul> <p><b>Road Hazard</b></p> <ul style="list-style-type: none"> <li>• 3 Years Coverage</li> <li>• No deductible</li> <li>• No Pro-Rata Adjustment</li> <li>• \$100 Road Side Assistance</li> </ul> <p><b>Payment Protection</b></p> <ul style="list-style-type: none"> <li>• Joint Life Policy</li> <li>• Pays off the loan in the event of a death</li> <li>• Saves family budget in a crises</li> <li>• 14 Day Time deductible for A&amp;H benefits</li> <li>• Makes monthly payment in event of illness</li> <li>• Peace of mind</li> </ul> <p><b>Environmental Protection</b></p> <ul style="list-style-type: none"> <li>• Exterior Protection</li> <li>• Interior Protection</li> </ul> <p><b>Debt Cancellation</b></p> <ul style="list-style-type: none"> <li>• GAP</li> </ul>	<p><b>Comprehensive Mechanical Breakdown Coverage for</b>                      Years or K Miles</p> <ul style="list-style-type: none"> <li>• Rental coverage</li> <li>• Towing</li> <li>• Nationwide Coverage</li> <li>• 800# For Claims Assistance</li> <li>• Parts &amp; Labor</li> <li>• \$ Deductible</li> <li>• Transferable</li> </ul> <p><b>Road Hazard</b></p> <ul style="list-style-type: none"> <li>• 3 Years Coverage</li> <li>• No deductible</li> <li>• No Pro-Rata Adjustment</li> <li>• \$100 Road Side Assistance</li> </ul> <p><b>Payment Protection</b></p> <ul style="list-style-type: none"> <li>• Single Policy Life Policy</li> <li>• Pays off the loan in the event of a death</li> <li>• Saves family budget in a crises</li> <li>• 14 Day Time deductible for A&amp;H benefits</li> <li>• Makes monthly payment in event of illness</li> <li>• Peace of mind</li> </ul> <p><b>Environmental Protection</b></p> <ul style="list-style-type: none"> <li>• Interior Protection</li> <li>• Exterior Protection</li> </ul> <p><b>Debt Cancellation</b></p> <ul style="list-style-type: none"> <li>• GAP</li> </ul>	<p><b>Comprehensive Mechanical Breakdown Coverage for</b>                      Years or K Miles</p> <ul style="list-style-type: none"> <li>• Rental coverage</li> <li>• Towing</li> <li>• Nationwide Coverage</li> <li>• 800# For Claims Assistance</li> <li>• Parts &amp; Labor</li> <li>• \$ Deductible</li> <li>• Transferable</li> </ul> <p><b>Road Hazard</b></p> <ul style="list-style-type: none"> <li>• 3 Years Coverage</li> <li>• No deductible</li> <li>• No Pro-Rata Adjustment</li> <li>• \$100 Road Side Assistance</li> </ul> <p><b>Payment Protection</b></p> <ul style="list-style-type: none"> <li>• Joint Life Policy</li> <li>• Pays off the loan in the event of a death</li> <li>• Saves family budget in a crises</li> <li>• Protects the family's good name</li> <li>• Environmental Protection</li> <li>• Exterior Protection</li> </ul> <p><b>Debt Cancellation</b></p> <ul style="list-style-type: none"> <li>• GAP</li> </ul>
Payments of \$ _____	Payments of \$ _____	Payments of \$ _____
of \$ _____	of \$ _____	of \$ _____

## Customer Declination:

### Vehicle Service Agreement:

I have been fully informed of my right to participate in the vehicle service agreement offered to protect future repair costs. At this time, I elect not to purchase this protection. I understand that the availability of this coverage is time sensitive.

\_\_\_\_\_  
Customer Declination

\_\_\_\_\_  
Date

### Environmental Protection:

I have been fully informed of my right to participate in the protection of the exterior of the vehicle. At this time, I elect not to purchase this protection. I understand that the availability of this coverage is time sensitive.

\_\_\_\_\_  
Customer Declination

\_\_\_\_\_  
Date

I have been fully informed of my right to participate in the protection of the interior of the unit. At this time, I elect not to purchase this protection. I understand that the availability of this coverage is time sensitive.

\_\_\_\_\_  
Customer Declination

\_\_\_\_\_  
Date

### Guaranteed Asset Protection (GAP):

I have been fully informed of my right to participate in the Guaranteed Asset Protection (GAP), at this time I have chosen not to purchase this coverage for my loan. I understand that the availability of this coverage is time sensitive.

**Those not wishing to participate in this plan must complete this declination at the time they take delivery of their vehicle.**

\_\_\_\_\_  
Customer Declination

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sales Business Manager Signature

\_\_\_\_\_  
Date





# Turning Vehicle Service Agreement (VSA) Objections into Sales Opportunities



## *Vehicle Service Agreement Objections*

**List The Objections you most commonly get:**

**Designate as a Sales Consultant Objection (S) or Customer Objection (C).**

<b>Objection:</b>	<b>S/C</b>	<b>Response:</b>
1) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
2) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
3) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
4) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____

**List The Objections you most commonly get:**

Designate as a Sales Consultant Objection (S) or Customer Objection (C).

<b>Objection:</b>	<b>S/C</b>	<b>Response:</b>
5) _____ _____ _____ _____ _____	_____    	_____ _____ _____ _____ _____
6) _____ _____ _____ _____ _____	_____    	_____ _____ _____ _____ _____
7) _____ _____ _____ _____ _____	_____    	_____ _____ _____ _____ _____
8) _____ _____ _____ _____ _____	_____    	_____ _____ _____ _____ _____

## *Vehicle Service Agreement Objections*

**List The Objections you most commonly get:**

**Designate as a Sales Consultant Objection (S) or Customer Objection (C).**

<b>Objection:</b>	<b>S/C</b>	<b>Response:</b>
9) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
10) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
11) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____
12) _____ _____ _____ _____ _____ _____	_____     	_____ _____ _____ _____ _____ _____



**List The Objections you most commonly get:**

Designate as a Sales Consultant Objection (S) or Customer Objection (C).

<b>Objection:</b>	<b>S/C</b>	<b>Response:</b>
13) _____ _____ _____ _____ _____	_____	_____ _____ _____ _____ _____
14) _____ _____ _____ _____ _____	_____	_____ _____ _____ _____ _____
15) _____ _____ _____ _____ _____	_____	_____ _____ _____ _____ _____
16) _____ _____ _____ _____ _____	_____	_____ _____ _____ _____ _____

## *Vehicle Service Agreement Objections*

### **IT IS ESSENTIAL THAT RESPONSES DO NOT DOWNGRADE THE QUALITY OF THE PRODUCT !**

#### **OBJECTION #1:**

Our manufacturer builds great vehicles. They simply don't break.

#### **RESPONSE TO OBJECTION #2:**

We are very proud of our vehicles and we have great confidence in their longevity. Please be aware that our vehicles are made here on earth and not in heaven. I know you will agree with me that everything man made can break, can't it?

The service agreement is simply an insurance plan like any other insurance plan. Its primary purpose is to provide the insured with peace of mind. Wouldn't you like the security of knowing that \_\_\_\_\_ will ensure that you remain satisfied and happy with both the product and the dealership?

(Even though our machines are built to last a long time, the customer will be happy to know that if a problem should arise, he will not have the outlay of what could be a large sum of money. The service agreement also takes the burden off the dealer when it comes to asking for that potentially large sum of money.)

\* Peace of mind                      \* Satisfied customer                      \* Satisfied dealer

#### **RESPONSE TO OBJECTION #1 :**

I agree that our vehicles are the best products. Recognize that they are mass-produced machines and even the best may break. Just as many of your customers purchase insurance to protect themselves, they will purchase the service agreement to protect their investment in their new, quality vehicle.

#### **NOTES:**

**OBJECTION #2:**

Customers do not want to buy an Extended Service Agreement (ESA). Our sales staff does not want to jeopardize the sale of the unit by introducing an ESA.

**RESPONSE TO OBJECTION #2:**

It sounds as if the salespeople may be pre-qualifying your customers. How often have you seen another salesperson close a customer that the first salesperson “knew” was a waste of time? Your customers are continually exposed to the benefits of ESA's at electronics and appliance stores, boat shops, and wherever else they shop.

The industry average shows that when service agreement benefits are properly explained, at least 30% of your customers will purchase one.

**NOTES:**

## *Vehicle Service Agreement Objections*

### **OBJECTION #3:**

Today, it seems most of the vehicle sales are for cash. Most customer's do not have those extra funds to purchase an ESA.

### **RESPONSE TO OBJECTION #3:**

That may be a symptom instead of the cause. A review of the sales staff's negotiating techniques may reveal opportunities to convert some of those cash buyers to payment buyers. As you know, when you control the financing, you control the deal and have an opportunity to make additional profits. (Review your cash conversion notes. Or register for a seminar.)

### **RESPONSE TO OBJECTION #3:**

Since your customers are obviously on tight budgets, doesn't it make sense that they, more than anyone, can benefit from the advantages of a service agreement? Some dealers will take a \$100 down and allow the customer to return in 2 weeks with the balance. Others will take payments over the length of the warranty period, taking into account the price increase after 60 days. Still others will run it through on a credit card. Certainly some nominal monthly payments for a relatively short period of time will pay off in peace of mind.

### **NOTES:**

### **OBJECTION #4:**

I do my own repair work.

### **RESPONSE TO OBJECTION #4:**

Wouldn't it be great if you got your parts free too? What would you do with a major repair that you may not have the necessary tools and equipment for? Have you ever spent time working on your vehicle when you would rather have been doing something else?

### **NOTES:**

## *Vehicle Service Agreement Objections*

**OBJECTION #5:**I have a friend who will do all my repairs cheap.

**RESPONSE TO OBJECTION #5:**

Does your friend always ride with you? Does he take his tools everywhere? Does your friend pay for the parts? Who do you return the vehicle to if the repairs are not done correctly? Wouldn't you rather protect that friendship from a possible disagreement?

**NOTES:**

**OBJECTION #6:**

I have a personal mechanic.

**RESPONSE TO OBJECTION #6:**

That's fine. I'm sure you will want to continue using him for the routine maintenance. But, as you know, vehicle technology is far more complex now than even a few years ago. Certainly you would want a trained professional doing the major repairs. After all, we are talking about your safety on the road aren't we?

**NOTES:**

## *Vehicle Service Agreement Objections*

### **OBJECTION #7:**

If anything goes wrong, I can afford it.

### **RESPONSE TO OBJECTION #7:**

That tells me you have been able to manage your money very well over the years. That is not easy to do in today's economy. You are obviously not the kind of person who spends money carelessly. And your service agreement will assure that future repairs will not be an expense to you or your family

### **NOTES:**

### **OBJECTION #8:**

It costs too much.

### **RESPONSE TO OBJECTION #8:**

What gives you the greatest concern the price or the cost of the protection? The customer will most likely reply: "They are the same thing."

Your response: No they are different. Price is a one time even. That is today, and you will see that number on your contract and policy. Cost is the monthly payment. Do you see value in the protection? Does the payment with the service agreement fit into your monthly budget? Could your monthly budget withstand an unexpected repair bill?

Doesn't it make sense to include this budget saving plan into your monthly payment?

### **NOTES:**

**OBJECTION #9:**

How long am I eligible to buy this protection?

**RESPONSE TO OBJECTION #9:**

I'd like to say you would be eligible for as long as you like, but I can't. Even if I could, you know that the price of everything goes up every time you turn around. Twenty nine days from now, will this program be at the front of your mind, or will your attention be on other matters? Shall we include it now while you're thinking about it, and make it a part of your monthly payment to assure that you have no surprises during your prime driving time?

**NOTES:**

**OBJECTION #10:**

I do not see the value of the service agreement.

**RESPONSE TO OBJECTION #10:**

Sir/Madam, each of us has two main expenses to review when our units are in the shop. One is the labor rate; the second is the parts total. Let's consider the labor and parts expense. How much was the labor rate the last time your vehicle was in the shop? What do you think the parts cost in relation to the labor rate? (Add both figures.) What you are telling me is that it cost you \_\_\_\_\_ dollars an hour for your vehicle to be in the shop, correct? (Now divide the total of the labor and parts expense into the cost of your service agreement.)

Example:

Labor is \$95.00 an hour

Parts are \$36.00 an hour

\$131.00 an hour to be in the shop, plus taxes and shop expenses.

Service contract investment is:

$\$1695 / \$131.00 = 12.99 \text{ hours} / 8 \text{ hour work day} = 1.5 \text{ days}$

Now, Sir/Madam, what are the chances that any vehicle will be in the shop for at least 1.5 days during the first \_\_\_\_ years of ownership? Shall we include this valuable protection in the balance due?

## *Vehicle Service Agreement Objections*

### **GOLD Standard close RESPONSE TO OBJECTION #10:**

Gold is only 99.75% pure. There is always .0025 of something else in gold. They call it other stuff.

If this vehicle is as pure as gold then let's see what could happen.

365 days in a year

X \_\_\_\_\_ # of years of the service agreement

= \_\_\_\_\_

X .0025 margin of error for sure

= \_\_\_\_\_ Total days in the shop during ownership

X 8 hours (Most shops are open at least 8 hours a day)

= \_\_\_\_\_

X \$ \_\_\_\_\_ Hourly labor rate at today's dollars

= \_\_\_\_\_ Total labor dollars the customer will incur during vehicle ownership

Isn't it a comfort to know that your service agreement at only \_\_\_\_\_ covers both Parts & Labor?

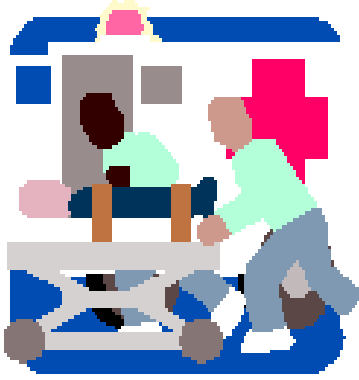


## *Vehicle Service Agreement Objections*

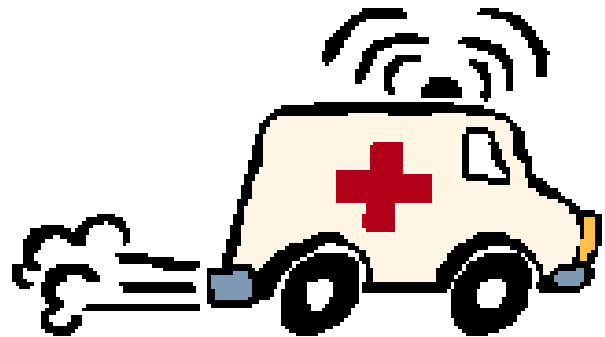
This page is for your notes and practice.

## *Vehicle Service Agreement Objections*

This page is for your notes and practice.



# Turning Credit Life & Disability Objections into Opportunities



## *Credit Life and Disability Objections*

***This is a product that requires conviction.***

You must believe in the value of all the products your office has at hand. They are merely the tools with which you can ensure long term customer satisfaction.

Credit Life and Accident & Health coverage often get over looked. The Sales Business Manager often forgets to talk about the benefits which this valuable coverage affords the client and family.

Be sure that you always give everyone the opportunity to have their loans fully protected. Each client does in fact have that right.

The following are a list of the most commonly-heard objections and some possible responses.

### **OBJECTION #1:**

I have plenty of insurance.

### **RESPONSE TO #1:**

Do you know what inflation has done to the value of your existing coverage in the last three years? What do you think it will be like five years from now?

Are you aware that the balance of your loan may be due in full in the event of your death? Is any amount of existing insurance really adequate to cover all indebtedness and other expenses?

### **OBJECTION #2:**

My wife is working and she can handle things if anything should happen.

### **RESPONSE TO #2:**

Wouldn't you rather protect her income? Wouldn't it be easier for her to not have a \$ \_\_\_\_\_ .00 per month car payment?

**OBJECTION #3:**

I'm not married. If I die you can repossess the vehicle!

**RESPONSE TO #3:**

Many of our clients are single. They have one thing in common. They are all working to increase their net worth, aren't you? When a great business opportunity comes up they need to obtain a business capitalization loan from either the Small Business Administration or their bank. The banker will ask to see a financial statement showing a complete balance sheet. On the balance sheet, liabilities that have Credit Life Protection appear on the asset side of the balance sheet. Why don't we make you worth that much more while you're on this side of heaven? Shall we include the fully- secured protection package?

**OBJECTION #4:**

I just don't believe in insurance.

**RESPONSE TO #4:**

Don't you have coverage on your house, your car, and your business? How about hospitalization coverage through your job? Don't you keep a spare tire in your car? Why? Would you be without these items? Isn't life and disability protection on one of your major purchases just as important?

**OBJECTION #5:**

I have a safe job -- no risk of death or injury.

**RESPONSE TO #5:**

I have a desk job myself, but that's no guarantee that someone won't run a red light and crash into my car while I'm on my way to work. Besides, the injury does not have to be work related. The point is, until someone comes up with a cure for the common cold, there's always a chance for illness too!

**OBJECTION #6:**

I'm planning on paying off the loan early.

**RESPONSE TO #6:**

You can still pay off the loan early and get a refund of the unearned premium. You would retain the protection while the loan is open without paying for the coverage longer than it is needed. Doesn't it make sense to protect your resources while the loan is open?

## *Credit Life and Disability Objections*

### **OBJECTION #7:**

I can get term insurance cheaper.

### **RESPONSE TO #7:**

Perhaps, if you are 28-35, the rates are about the same. If you are over 35, our rates are much lower. However, most other companies won't write term insurance for less than \$20,000 which is not enough to cover this obligation. Besides, they usually require that the first year be paid in advance. Our plan is tailor made to fit your exact needs to the penny. You're not buying any more or any less insurance than you need. We don't require a physical, nor are our rates adjusted for hazardous jobs or hazardous hobbies.

### **OBJECTION #8:**

It cost too much!

### **RESPONSE TO #8:**

Is it easier to put aside a few dollars a week now, while you are working, or would it be easier to make the full payment when you don't have a full paycheck coming in?

### **ALTERNATE RESPONSE TO #8:**

Life and disability protection is a lot like having fire insurance on your home. You need to ask yourself this question, "Is it better to have it and not need it, or is it better to need it and not have it?"

### **ALTERNATE RESPONSE TO #8:**

Do you have friends that you buy coffee for each day? Do you realize, that for the price of that coffee, you could protect the mobility of your best friend, and that is you! Shall we include this valuable protection?

### **ALTERNATE RESPONSE TO #8:**

(Place one of your business cards face down on the table in front of the prospect.) Ask the customer to list the names of people they can call upon to pay their vehicle expenses in the event of an emergency. You will find that in most cases the customer will say there is no one they can call upon. Simply turn the card over, and tell them that your company will assist in time of illness or injury, or a major repair bill. Then ask for the business.

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## *Credit Life and Disability Objections*

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# Protective Coatings

## Frequent Customer Concerns



## ***Protective Coatings Objections***

### ***This is a product that requires conviction.***

You must believe in the value of all the products your office has at hand. They are merely the tools with which you can ensure long term customer satisfaction.

Protective coatings may be paint and fiber sealants, it may include a clear body armor made by 3 M. Protective coating may include a sound shield which is an extra layer of insulation under the carriage of the vehicle.

The following are a list of the most commonly-heard objections and some possible responses.

#### **OBJECTION #1:**

Isn't that sealant stuff just like wax?

#### **RESPONSE TO #1:**

As you know Mr. \_\_\_\_\_ wax melts at 110 degrees. Your protective coating is a polymer based product which is applied to the exterior and interior of the vehicle by trained professionals with the utmost care. If you will review the factory warranty booklet it will advise that a polymer protective coating be applied to the exterior of the vehicle.

If you will review the article from Parade Magazine. You will see that polymers have been with us since 1938, and have touched your life in many ways since then. In fact, the Statue of Liberty, was protected with a polymer coating after she was refurbished. Now I ask you, if it is good enough to protect our national symbol of freedom, truth, justice and the American way of life isn't it good enough to protect your personal symbol of freedom?

#### **Notes:**

#### **OBJECTION #2:**

I can buy Scotch guard by the gallon at Costco. I do not need to purchase it here.

#### **RESPONSE TO #2:**

Let's review the 3 M web site. As you can see the scotch guard product requires reapplication each time the fibers are cleaned with a damp cloth. It requires at least two hours to dry. I wonder if it is ever truly cured since it requires reapplications after cleaning.

Your polymer based product does not require reapplication after washing, in fact has a guarantee for \_\_\_ years. Clearly the product available to you here is a better buy in the long run. Let compare the figures and the guarantees.

**OBJECTION #3:**

My son waxes the vehicle every month. We do not want to stop his odd job now do we?

**RESPONSE TO #3:**

Rest assured your son may still keep his car washing job at your home. His hard work will simply not go up in smoke. As you know, wax melts at 110 degrees. Many of the soaps the general public uses to wash their vehicles cuts the wax right off.

The polymer is designed to remain on the vehicle ensuring the show room shine for the next five years. Isn't that the protection you want for your new investment?

**OBJECTION #4:**

I wax my own RV. No need for additional stuff.

**RESPONSE TO #4:**

I wish to commend you on the quantity of exercise you do. The walls alone are about 80 feet by 10 feet. That is a lot of square footage and a lot of time. As you will see in reviewing the factory manual they recommend that you wax the vehicle at least twice each year.

The protective coatings will save you the time and energy allowing for more time for fun and for your family. After all, isn't that why you have purchased this RV? What is more precious than time with those you love?

Shall we apply the protective coatings prior to delivery?

## *Protective Coatings Objections*

### **OBJECTION #5:**

I park my vehicle in the garage. No need for protective coatings.

### **RESPONSE TO #5:**

It is not where you park your vehicle at night that counts. The environment we drive in, and the environment we park in during the day presents it's own set of challenges for the finish of our vehicles. Do you use sun screen when you venture out doors? What is the SPF number? Don't you think your vehicle deserves the same level of protection as you do? The protection for your vehicle comes with a guarantee, does your sun screen? (Smile)

### **OBJECTION #6:**

Doesn't the factory guarantee the finish?

### **RESPONSE TO #6:**

The factory guarantee on the finish is very limited. Let's review what the factory coverage is together.

As you can see the factory coverage is limited. That is why many of our customers just like you choose to have the protective coatings applied to their vehicles.

(Read your manufacturer's limitations on the warranty.)

**OBJECTION #7:**

It cost too much!

**RESPONSE TO #7:**

I understand your concern about the cost of the protective coatings. Let's do some comparisons. You go to the car wash how many times per month?

Usually the customer will say at least twice. Then ask them if they are like the average customers and purchase the extra services for \$8.99 extra?

The average sale at the car washes are upgraded by \$8.99 per car wash.

$$\begin{array}{r} \$8.99 \\ \times 26 \\ \hline 233.74 \text{ per year} \\ \times 5 \text{ years} \\ \hline \underline{\underline{\$1168.70}} \end{array}$$

Now I know it is difficult, can you save them a little money and provide a written guarantee for the protective coatings available from the dealership?

Let's try this for an RV. The shops charge an average \$350 - \$450 for wash and wax of an average coach.

$$\begin{array}{r} \$350 \\ \times 2 \text{ for twice a year} \\ \hline \$700 \text{ a year} \\ \times 5 \text{ Years} \\ \hline \underline{\underline{\$3,500.00}} \text{ for wax alone that melts at 113 degrees and no written warranties!} \end{array}$$

Thank goodness the protective coatings for both interior and exterior is an investment of \$\_\_\_\_\_.

How do you wish to pay for the protection?

## *Protective Coatings Objections*

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# Dealer-Controlled Financing



## *Dealer Controlled Financing*

### **Dealer-Controlled Financing:**

The key to the Financial Center and the dealership's income is dealer-controlled financing.

Who are the dealership's financing competitors?  
Why do consumers consider them as a source of financing?

These competitors, along with the dealer's advertised finance terms, give the consumer the edge when it comes to financing a purchase. Consumers have the world to choose from, it takes salesmanship to win them over.

Thanks to the industry, today's customers are better prepared to meet the marketplace. It is the industry itself that has educated the public about available financing terms and protection programs.

The question is, have we educated our customers more than we have educated ourselves?

Most customers finance their larger purchases. Price of vehicles have been reduced to the monthly budget for most customers.

"Cash to you." Translates into cash from some other source and their will be a lien holder. The task to to discover the real source of the customer funds and to make a determination if the dealership can arrange the financing for the customer.

Cash means either green dollars or funds from a savings or checking account. No lien holder!

Financing sources can be credit union or neighborhood bank, an insurance company, a home equity line of credit, or a loan from a family member. Most of these sources are actively seeking new loan customers through advertising blitzes in monthly statements, bill boards, newspapers, window painting, and newsletters to their existing customer base,

Whatever the case may be, it is the Financial Cen-

Notes:



ter's responsibility to sell all customers on financing with the dealership. The priority is to secure the sale and protect the gross profit. There is no better way to achieve this end than to secure the financing as well.

When a dealership controls the financing, it eliminates the need for another pair of eyes to scrutinize the sales price of the unit and the trade-in value.

Moreover, most of the finance competition sells Mechanical Breakdown Insurance (MBI) coverage in place of dealership service agreements. And most credit unions, banks, and insurance companies sell Credit Life and Disability Insurance. When the competition wins the financing, the dealership loses the finance reserve profits in addition to other income streams.

When a prospect is considering an alternative source for financing, and the finance manager successfully sells the customer on the merits of financing through the dealership sources, we call it a "conversion".

Depending on the terms of the installment contract sold to the customer, the dealership receives participation from the lenders. This is called "reserve".

A percentage of that reserve may be held by lending institutions to offset future finance reserve "charge backs", which occur when a loan is terminated early. The reserve profits are subject to being charged back if the contracts do not go to the full loan term unless the dealership has a no-charge-back policy with the lender. Usually, the effective date will be 90-180 days.

An exception to this charge-back situation occurs when a dealership is on a participatory program. In this case, the reserve income is split with the lender on a 60/40 or 70/30 basis. The lender receives the

Notes:

## ***Dealer Controlled Financing***

lower percentage of the reserve income as an acquisition fee, and after the first ninety days, the reserve the dealership receives is never charged back. The percentage split will be different with every dealer and with every lender.

The dealership's profit margin for the reserve will depend on state usury laws which set the maximum annual percentage rate for different loan classifications and whether the dealership is on a recourse or non-recourse status with lenders.

With recourse contracts, the dealership participates in the risk; therefore, the dealership is allowed to participate in a larger portion of the finance profits.

Generally, on regular recourse contracts, the lender has ninety days from the last received payment to locate, repossess, and deliver the unit to the dealership. The dealership must then pay off the contract and reimburse any and all collection costs the bank has incurred. The normal repossession process applies.

With non-recourse contracts, the lender has all the risk after the first ninety days. Thus, dealerships are limited to the amount of reserve they can make.

### **Buy Downs:**

To increase particular types of unit sales, lenders and dealerships join together to offer the customer a low annual percentage rate. The dealership may have to pay a specified amount to the lender in order to secure the special arrangements for the loan. This is referred to as a "buy down".

Dealerships will sacrifice finance reserve income to secure the additional unit sales and to secure the gross profit.

Notes:

Financing allows you to present your products and services in the best possible light. Credit life and disability protection is available to the customer only when the dealer controls the financing. And it is easier to sell the vehicleservice agreement and environmental protection package when they are included in time payments.

Become the financial expert who just happens to be in the dealership for the customer's convenience. Convey the commitment to service after the sale by allowing everyone to have a fully-secured note. Make the second effort with every customer to secure the financing. A customer with a full protected payment will have no surprises during the term of the loan.

If you begin every transaction with the *foundation statement* and the customer gives you a financing objection, you need to have a bridge to bring both you and your customer into a counseling posture. That bridge is a *transitional statement*.

The first step is to acknowledge the objection:

*"I see, Mr. \_\_\_\_\_. It is good that you have considered different sources of financing for your new vehicle. Many of our customers, just as you do, have access to \_\_\_\_\_. After evaluating some other options which were available to them, they found it was in their best interest to allow us to assist them in making their payment plans.*

*What are the reasons that you have considered \_\_\_\_\_ as a source of financing?"*

Now draw a T-square and note the concerns of the customer on one side of the T. When he is all through, the ball is in your court and you have the opportunity to stress the benefits of your plan from the customer's point of view. Watch for buying signals from the customer and close the sale with a question.

Notes:

Them	US

## *Dealer Controlled Financing*

To a bank objection you might respond:

*“I understand. What bank were you thinking about approaching?”*

Chances are that your dealership has a working relationship with the customer’s bank, and you can simply do the documentation in your office.

When you get a financing objection, first acknowledge it with one of the following phases:

*“I see ...*

*I understand ...*

*I can appreciate that ... **And** ...”*

Gather information . Why has the customer thought about that particular financial source? What does the customer like about the services provided by the lender?

Sell the benefits of doing business with a full- service dealership.

As a professional finance manager, you need to know your competition in the financing arena. Research competitors in your own area. Maintain a competitors’ information notebook in your office.

A wise person once said,

“Fore warned is fore armed.”

Get informed, and gather proof statements.

Notes:

## *Dealer Controlled Financing*

Notes:

*Dealer Controlled Financing*

**DEALER- CONTROLLED FINANCE COMPETITORS**

**BANK  
DIRECT LOANS**

Home equity  
Business relationship  
Knows the staff  
Advertised rates  
Checking account deduction  
Prestige  
Has all accounts there  
Investment protection

**CREDIT UNIONS**

Member  
Past credit  
Payroll deduction  
Advertised rates  
Job security  
Pre-approved  
100% financing  
Free investment protection

**CASH**

Home equity  
Proceeds from selling stocks & bonds

**INSURANCE COMPANIES**

Preferred rates  
Agent handling documentation  
Advertised rates  
Past history  
Likes agent  
Prestige

**DEALER- CONTROLLED FINANCE COMPETITORS' COLLATERAL**

**BANK  
DIRECT LOANS**

**CREDIT UNIONS**

**CASH**

**INSURANCE COMPANIES**

## *Dealer Controlled Financing*

### **Benefits of Dealer-Controlled Financing:**

Notes:

#### **Dealer:**

Control of the sale

Increased cash flow

Increased customer satisfaction

Increased profits

#### **Financial Representative:**

Increased job security

Increased dealer's perceived value for finance position

Increased respect from peers

Higher earned income

Maintain preferred life style

Enhanced potential for maximum success



**Dealer-Controlled Financing Bullet List:**

Notes:

- Convenience / one stop shopping – 70% of the buying decisions are made in the store
- Credit rating established on the bureau
- National credit source
- Loan requires the title as collateral
- Expand base of credit
- Expand credit lines
- Tailor-made arrangements
- Fully secured notes
- Holder in due course
- Lower down payment requirements
- Longer loan terms
- Financial representative can facilitate automatic payment transfer from the customer's checking account to the lender.
- Confidentiality of transaction
- No chattel mortgage. Some lenders require additional collateral such as all property which is owned free and clear.
- Dealership provides a veil of security for other assets in the bank
- Customer can save other resources for emergencies
- No conflict of interest issues with the insurance agent
- Customer can spend own money on appreciating items.
- \*Customer can build comparable credit profile.
- The lender only requires the title of the unit as security for the loan.

*Dealer Controlled Financing*

Notes:

# Cash Conversions



## *Cash Conversions Using a HP12C*

Many of today's buyers believe that paying cash will create the lowest deal figures. They do not understand how current tax law gives the advantage to those who finance automobile purchases; nor do they realize that an RV can be a tax deduction.

Unless the customer pays cash, they need to complete a customer statement. The check the customer gives the salesperson is only a promise to pay a specific amount upon demand. A customer should never write a check until the financial manager asks for it.

The goal is to first sell the vehicle, and then leave the door open for the finance representative's presentation.

The finance manager can quickly and discreetly qualify the cash transaction by asking the customer, "***Who will be listed as the lien holder?***" The name that appears on the title as the lienholder will indicate whether the customer is using cash from cash from a savings or checking account, or borrowing from an outside source.

If the customer discloses a lienholder, the finance manager knows what type of conversion to use.

If, on the other hand, the sale is a true cash purchase, the financial representative can demonstrate the "Theory of Leverage."

Converting a cash purchase is a splendid source of revenue for the dealership. Learn the "Theory of Leverage" so it can help you help your customer.

Here are 10 key points you can use to increase your customer's awareness of the "Theory of Leverage."

1. Seat yourself so your customer can follow your math on paper.
2. Make your presentation in a Ben Franklin format in longhand.
3. Compare "Apples to Apples".
4. Refer to ads showing current certificate of deposit and savings account rates.
5. Confirm that the customer is following your explanation.
6. Point out the advantages of using their money on things that appreciate vs. things that depreciate.
7. Point out that you can "guarantee completion" of the entire program in the event of the customer's death, by adding Credit Life protection, which will increase the estate value by twice the amount that is being borrowed.
8. In the event of an emergency, the savings account or certificate of deposit can be used as an excellent piece of collateral.
9. Use the term, "It will cost you to pay cash" as compared to an actual savings through the use of financing.
10. If the customer objects to making payments, offer to set up the account on an "automatic draft" basis with the bank. The customer's payments will be automatically deducted from their checking account each month.

*"I always use other people's money to purchase things that depreciate and my money to buy things that appreciate."*

J. Paul Getty

## *Cash Conversions Using a HP12C*

Cash Conversions is not about making money. The real issue is how does the customer keep a cash cushion and have the vehicle at the same time?

Here are some inquiries:

How does the customer plan on replenishing the funds?

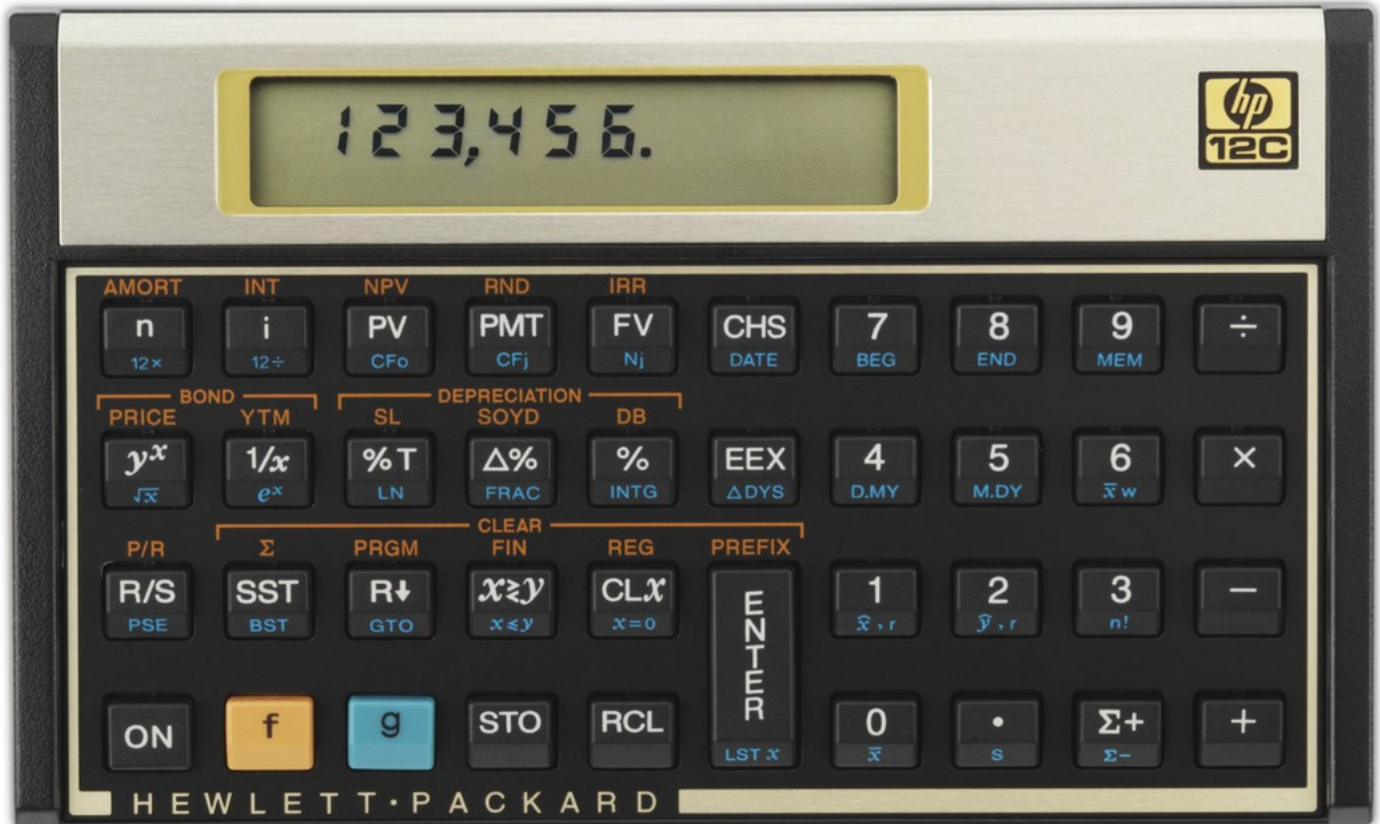
Use third party referrances: [BANKRATE.COM](http://BANKRATE.COM)

If the customer pays cash and the vehicle is declared a total loss how much money will the customer be out?

Financing and placing GAP on the loan is the better plan for most customers.

The F&I professional is not licensed as an investment counselor, so the only item we can talk about is a five year CD.

It is public knowledge and it is FDIC insured.



### Theory of Leverage using a HP12C

Turn on HP12C by pressing the on button lower left hand corner

The orange button on the lower left hand row is the function button

The blue button next to the orange button will be use in the payment calculations

To clear an entry press f (orange button) followed by the CLX key

Please note this calculator does not have a back space, if you make an error clear the calculator and begin again

N= Term Years for an investment Months for a loan

I= Interest ROI for investment Please note that for a LOAN interest is: **gi= APR for a loan**

PV= Present Value The amount of today's dollars

PMT= Payment amount

FV= Future Value The amount the investment will become at the end of the term

CHS= Change Sign Changes the figure from positive to negative / negative to positive

This is a function calculator, enter the number then press a function key.

## Cash Conversions Using a HP12C

### Theory of Leverage using a HP12C

Turn on HP12C by pressing the on button lower left hand corner  
 The orange button on the lower left hand row is the function button  
 The blue button next to the orange button will be use in the payment calculations  
 To clear an entry press f (orange button) followed by the CLX key  
 Please note this calculator does not have a back space, if you make an error clear the calculator and begin again

N= Term                  Years for an investment                  **Months for a loan**  
 I= Interest              ROI for investment                                  **gi= APR for a loan**  
 PV= Present Value The amount of today's dollars  
 PMT= Payment amount  
 FV= Future Value The amount the investment will become at the end of the term  
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#### Known Facts:

	Investment Data	Loan Data
Amount of \$\$\$	_____ % ROI	_____ % APR
\$ _____	Term _____ Years	Months ( Equal to investment term)

# 1 - Investment	# 2 - Loan
<p>Key strokes</p> <p>_____ <b>N</b></p> <p>_____ <b>I</b></p> <p>\$ _____ <b>PV</b></p> <p><b>0</b>                  <b>PMT</b> (You are not adding to the investment)</p> <p><b>FV</b>                  Press the FV Button</p> <p style="text-align: center;">Future value will be on screen</p>	<p>Key strokes</p> <p>_____ <b>N</b></p> <p>_____ <b>g I</b></p> <p>\$ _____ <b>PV</b></p> <p><b>0</b>                  <b>FV</b></p> <p><b>PMT</b>                  Press the PMT Button</p> <p style="text-align: center;">The amount of payment will be on screen</p> <p style="text-align: center;">Write down the amount of payment and clear the HP12C</p> <p style="text-align: center;"><b>Key in the amount of the payment and press the Enter button</b></p> <p style="text-align: center;">_____ The number of months financed</p> <p style="text-align: center;">press the (multiply) Button</p> <p style="text-align: center;">_____ <b>X</b></p> <p style="text-align: center;">The screen will display the total of payments</p>
# 3 - Summary Section	
<p style="text-align: center;">(Future Value) <b>enter</b></p> <p>\$ _____</p> <hr/> <p style="text-align: center;">(Total of payments) <b>Minus</b></p> <p>\$ _____</p> <p style="text-align: center;">Ask the customer what they think the value of vehicle will <b>Plus</b></p> <p>\$ _____</p> <hr/> <p style="text-align: center;">(The Principle for the CD. The customer still has the cash cushion.) <b>Plus</b></p> <p>\$ _____</p> <p style="text-align: center;">Total Cash and Asset</p> <p>\$ _____</p>	



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	Term _____ Years	Months ( Equal to investment term)

<p style="text-align: center;"><b><u># 1 - Investment</u></b></p> <p><i>Key strokes</i></p> <p style="text-align: center;">_____ <b>N</b></p> <p style="text-align: center;">_____ <b>I</b></p> <p>\$ _____ <b>PV</b></p> <p style="text-align: center;"><b>0</b>                      <b>PMT</b> (You are not adding to the investment)</p> <p style="text-align: center;"><b>FV</b>                      Press the FV Button</p> <p style="text-align: center;">Future value will be on screen</p> <hr/> <p><b><u># 3 - Summary Section</u></b></p> <p style="text-align: center;">(Future Value) _____ <b>enter</b></p> <p>\$ _____</p> <p style="text-align: center;">(Total of payments) _____ <b>Minus</b></p> <p>\$ _____</p> <p style="text-align: center;">Ask the customer what they think the value of vehicle will _____ <b>Plus</b></p> <p>\$ _____</p> <p style="text-align: center;">(The Principle for the CD. The customer still has the cash cushion.) _____ <b>Plus</b></p> <p>\$ _____</p> <p style="text-align: center;">Total Cash and Asset</p> <p>\$ _____</p>	<p style="text-align: center;"><b><u># 2 - Loan</u></b></p> <p><i>Key strokes</i></p> <p style="text-align: center;">_____ <b>N</b></p> <p style="text-align: center;">_____ <b>g I</b></p> <p>\$ _____ <b>PV</b></p> <p style="text-align: center;"><b>0</b>                      <b>FV</b></p> <p style="text-align: center;"><b>PMT</b>                      Press the PMT Button</p> <p style="text-align: center;">The amount of payment will be on screen</p> <p style="text-align: center;">Write down the amount of payment and clear the HP12C</p> <p style="text-align: center;"><b>Key in the amount of the payment and press the Enter button</b></p> <p style="text-align: center;">_____                      The number of months financed</p> <p style="text-align: center;">_____                      press the (multiply) Button</p> <p style="text-align: center;">_____ <b>X</b></p> <p style="text-align: center;">The screen will display the total of payments</p>
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# Cash Conversions Using a HP12C

## Theory of Leverage using a HP12C

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### Known Facts:

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\$ _____		
	Term _____ Years	Months ( Equal to investment term)

**# 1 - Investment**

Key strokes

\_\_\_\_\_ **N**  
 \_\_\_\_\_ **I**  
 \$ \_\_\_\_\_ **PV**

**0**                      **PMT** (You are not adding to the investment)  
**FV**                      Press the FV Button

Future value will be on screen

**# 2 - Loan**

Key strokes

\_\_\_\_\_ **N**  
 \_\_\_\_\_ **g I**  
 \$ \_\_\_\_\_ **PV**

**0**                      **FV**

**PMT**                      Press the PMT Button

The amount of payment will be on screen

Write down the amount of payment and clear the HP12C

**Key in the amount of the payment and press the Enter button**

\_\_\_\_\_                      The number of months financed

press the (multiply) Button

\_\_\_\_\_ **X**

The screen will display the total of payments

**# 3 - Summary Section**

\_\_\_\_\_ (Future Value) **enter**

\$ \_\_\_\_\_

\_\_\_\_\_ (Total of payments) **Minus**

\$ \_\_\_\_\_

Ask the customer what they think the value of vehicle will

\_\_\_\_\_ **Plus**

\$ \_\_\_\_\_

(The Principle for the CD. The customer still has the cash cushion.) **Plus**

\$ \_\_\_\_\_

Total Cash and Asset

\$ \_\_\_\_\_

## Theory of Leverage using a HP12C

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# 3 - Summary Section	
<p style="text-align: right;">(Future Value) _____ <b>enter</b></p> <p>\$ _____</p> <p style="text-align: right;">(Total of payments) _____ <b>Minus</b></p> <p>\$ _____</p> <p style="text-align: right;">Ask the customer what they think the value of vehicle will _____ <b>Plus</b></p> <p>\$ _____</p> <p style="text-align: right;">(The Principle for the CD. The customer still has the cash cushion.) _____ <b>Plus</b></p> <p>\$ _____</p> <p style="text-align: right;">Total Cash and Asset _____</p> <p>\$ _____</p>	

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# Credit Underwriting Guidelines



## *Credit Underwriting Guidelines*

There is not substitution for knowing your lender guidelines. Study your buy rate sheets. Ask questions of you loan underwriters. **Notes:**

Keep in mind the 7 C's of credit.

- 1) Credit history...Ask for documentation
- 2) Credit Bureaus..Learn to read past the score
- 3) Character = length of residency, length of vocation
- 4) Capacity = Ability to repay the loan, debt ratio
- 5) Collateral = What is the advance compared to the loan value (Invoice or NADA low book)
- 6) Communication with the lender
- 7) Common Sense

In this section we will address each of these areas. Each deal requires you to evaluate all the facts before sending it to any lender. How do the facts compare with the lending guidelines?

Does the customer have any special circumstances? Ask the customer during the credit interview about any past negative credit issues.

Each lender has their own unique set of guidelines and expectations. Each will have a particular credit bureau they favor. Our challenge is to learn and stay informed about the guidelines for each lender we do business with.

You should be pulling the same credit bureaus as your lenders. The credit applications should accurately depict the financial strength and character of the customer.

We are often asked about the different credit tiers and what the differences are between them. Every lender has the option of using an internal scoring system, or the credit bureaus scoring system.

The FICO score runs from 350-850. While Equifax uses the Beacon Scoring Model, Experian uses the Fair Issac Model, and TransUnion uses the Imperica Model. All are derived from the FICO Scoring Model in some fashion.



***CASE: Credit / Ability / Stability / Equity***

***Credit:***

Lenders look at four parts to any funding package. The first part of the puzzle is the past *CREDIT* of the customer. This is either TransUnion, Equifax, or Experian.

Most lender guidelines include a credit score as part of the credit tier criteria.

Let us take a moment to review the four basic credit tiers.

***Tier A:***

- No derogatory credit on bureaus
- Beacon score of 750 - 850
  - \* beacon scores higher than 730 are A+++
- Home owner
- Like credit
- In-line loan advance
- Customer has equity in the unit

***Tier B:***

- Maybe one old, small 30-days late
- Beacon score of 700 - 749
- May be new to area
- Continuous employment in same field
- Has some down payment
- May have great credit and needs extended terms

***Tier C:***

- May be collection accounts
- Slow pay, charge offs
- Beacon score of 675 - 699
- Renter / lease primary residence
- New to area
- New to job
- No down

**Notes:**

## *Credit Underwriting Guidelines*

### ***Tier D:***

- Repossessions
- Bankruptcies
- No down
- Extended terms
- Beacon score below 674
- Lender requires the dealership to pay points to secure financing

The worse the credit the more closely the lender will review the deal structure.

When submitting the application to the lender, remember the lender should never know more about the customer than you do. Conducting a proper credit interview is critical to securing credit approval with the lender.

The interview and the ability to pull bureaus are essential to minimizing the risk of spot deliveries.

The other part of the equation is completing all the loan documentation. Many states already have an authorized universal contract. Ask your state association about the existence of such documentation.

### ***Ability:***

Is the debt ratio and discretionary income numbers. Most lenders want the debt ratio to be 35 - 45 %. This is determined by the total monthly obligations divided by the total monthly income. Best practice is to calculate the debt ratio at the beginning of reviewing the credit bureau.

Remember to include the new payment, and to exclude the payment on any and all trades. Discretionary income is free, unobligated money. Guidelines are \$750 for the primary buyer and \$150 per dependent. These numbers can vary between lenders. Refer to your buy rate sheet.

### **Notes:**

***Stability:***

The completeness and accuracy of the credit application is your best defense in this issue. How long have they lived in their home? How long have they been employed or retired? Retired from what, as what?

And yes, just as in English class, neatness counts.

Ask about the customer lending relationships, where is their money? Do they have an IRA(s)? Do they have savings? What are the balances? Do they own property? Of so where? The lender will most likely require this information.

**Additional Information Sheet:**

Is a supplement to the credit application. The lenders like having an organized audit trail of the customer's past. For customers who have a tier C or D, this information could make the difference between making or breaking the deal.

The Additional Info document can be found at the end of this chapter. It helps strengthen the Stability part of the CASE.

***Equity:***

Down payment is equal to the level of customer commitment in the deal. Ask for down payment. *“For normal conventional financing, most lenders require 1/3 down. In your case, that would be \$\_\_\_\_\_”* (verbalize in terms of hundreds of dollars not thousands). That is about what you had in mind, isn't it? Where will the additional initial payment come from?

Down payment is equal to the degree of forgiveness the lender has regarding the past credit history.

**Notes:**

## ***Credit Underwriting Guidelines***

The sales department normally obtains a commitment from the customer for the initial payment. Realize that you may need to ask for additional down payment in order for the deal to fit the lender guidelines.

### **Notes:**

### **Selling the deal to the lender:**

Selling finance paper is one of the most important functions of a Sales Business Manager. It starts with a clean, complete and legible customer statement. Any additional information should also be submitted in an organized fashion to the lender. Remember that the customer statement is the only photograph the lender has of your client.

While most dealerships submit the credit application via a special port on the web. You can always send attachments with additional information. Maybe you will need to fax the additional information to the loan underwriter. Your best opportunity to secure an approval is the first submission. Prepare you CASE in advance.

#### ***Three cardinal rules when selling paper:***

- 1. Don't lie!**
- 2. Don't argue!**
- 3. Don't rush the lender all the time.**

#### ***SOME KEY POINTS:***

- A. Make sure the application is accurate and legible; always use black ink.
- B. Know your finance source. Get to know, on a personal basis, the loan officers who will be processing your deals.
- C. Keep accurate records to show definite trends and characteristics of lending institutions and loan officers.
- D. If turned down, isolate the objection, ask for an alternative way to go: "How can we make a deal for this customer?"

E. Do your homework on those marginal deals, make those direct checks yourself.

F. Ask the customer for proof of income while he/ she is in your office.

G. Make it fun to do business with you.

H. Remember to *“Keep It Simple !”*

A lender is in business to approve as many qualified retail deals as he possibly can. Remember, he is usually on a performance quota. However, the following is a list of factors that affect a lender’s willingness to work with you:

1. **Shot Gunning Deals:** Do you call your deals into all available sources at one time? If so, the paper buyers know you are using them to try to stack the odds in your favor, and they have a reduced opportunity to get that deal if they do approve it. The lenders view this action as wasting their resources and increasing their cost of doing business, which they eventually pass on to the customer via increased buy rates.

2. **Delinquency Rates:** Most lenders look for a one and one half to a two and one half percent (1-1/2% to 2-1/2%), delinquency rate. Are you presenting the deals honestly or are the lenders being surprised after the deal is made?

3. **Deals Approved VS Deals Received:** If the lenders look at fifty deals each month, and only receive six to be cashed, they know that you are Shot Gunning, and your position will be weakened considerably.

4. **Overall Quality of Deals Presented:** A paper buyer expects to take some marginal paper, but if that is all he is getting, he gets very tight in his buying policies, and will back out of the business in time. We have already seen this with many so called discount houses.

### Notes:

## *Credit Underwriting Guidelines*

5. **Support Documentation:** You should be timely and complete on all lender requests for customer information verifications, such as proof of home ownership, proof of income, additional references.

If the customer is a business owner ask for two years tax returns for the business and personal up front. If they get a paycheck from the business ask for a copy of a current pay stub. The lender will require this documentation.

6. **Complete and Legible Paperwork:** Are contracts and customer statements neat and legible? If lenders can't read them, they probably go to the bottom of the heap. If your lender is using a computer to score the customer statement, the need for neatness escalates.

Your position as the liaison between the lending institutions and the customer, is a difficult one to balance properly.

First of all, you have a responsibility to the lender to maintain ethical standards that are beyond reproach. On the other hand, you have a responsibility to the customer, to get an approval for the deal. It is your job to find that silver lining in every deal and to point out the benefits of this customer to the lender, however, there is no deal worth losing your credibility with the lender. In most cases, the lenders will bend to make a deal, if you can show them how to justify their decision to do so.

### **Bureau / Credit Reports**

Credit Bureau, Inc., Experian Credit Data and Trans Union are the three most frequently used independent credit reporting agencies. All provide fast, efficient access to a customer's credit history, if certain information is available. Basically, you will need to know:

- The full name of the customer.
- Current address (including Zip Code).
- Previous addresses of the customer.
- The customer's Social Security number. The date of birth of the customer.

## **Notes:**

**WARNING:**

You have no legal authority to obtain a credit report, without a permissible use (AKA credit application), signed by the customer prior to requesting the report. Federal law may impose civil penalties, and/or criminal penalties of up to one year in prison and a five thousand dollar fine, or both, if a credit report is obtained for non-permissible reasons.

Protection of the credit file is one the financial representatives' responsibilities. Some precautions recommended:

Always protect your subscriber codes from unauthorized persons.

Carefully review you monthly billing statements for unusually or unauthorized charges.

Make sure consumer reports are accessed only for permissible purposes as outlined in the Fair Credit Reporting Act.

Place all terminals in a secure location.

Terminals should only be operated by authorized personnel. The terminal should have an automatic time out.

Do not disclose the information, positive or negative, on the credit report to the customer. If you do, you are responsible for correcting any misinformation. The Credit Bureau has trained representatives, and it's their responsibility to discuss the credit report with the individual.

Equifax, Experian, and TransUnion, require some what different input procedures. The printout formats vary, though the information provided is basically the same.

Please review each example, which is provided as a separate handout.

**Notes:**

## *Credit Underwriting Guidelines*

### **Marginal Deals**

The first rule for presenting any questionable deal to the lender is to: “Be prepared”. Anticipate questions he will have and be able to support your answers with documentation.

Some proof sources that will be helpful, include, but are not limited to:

Mortgage payment coupon books.

Property tax bills.

Credit Bureau or like.

Major credit cards.

Copies of paycheck stubs.

Deposit slips.

Copies of bank statements.

Paid contracts.

Savings account passbook.

Cancelled checks to landlords, or roommates.

Appraisal of trade-in.

Copy of tax returns.

Profit and Loss statements.

Notes regarding your conversations with all accounts which you obtained direct credit reporting.

You have the idea. Remember to always accentuate the positive in every customer. Do not lie, no inventing, just state the facts as you know them to be.

### **Notes:**



In the past, with some lenders you would have been able to package a few marginal deals together with a few great credit risk deals. However, in these times, and market, most lenders require that every deal stands on it's own merit.

You can of course remind the loan officer at the other end of the telephone how much business is sent to them each month.

The more business you send them on a continuous basis, the more likely they will bend for you.

In situations when you are trying to get an approval on a marginal deal, never threaten a lender. Always remember, they just like you have a job to do, and parameters to work within.

You may ask to withdraw an application due to the fact that you do not wish the customer to be alarmed by receiving a turndown letter from the lender. Especially if you have a different lender who will accept the deal.

Most lending institutions have established maximum loss ratios which they consider profitable and they seek to not exceed those numbers. As a financial representative, you should find out what the lender's acceptable loss ratio is and the actual loss ratio that they are experiencing on the business.

It is important to know this loss ratio, because a loan officer may reject marginal paper when the lender is experiencing a high loss ratio even though they may be experiencing a good loss ratio with your business.

Being aware of the loss ratio created by your dealership's business, will enable you to present a sound debate regarding rejections on marginal paper.

### **Notes:**

## *Credit Underwriting Guidelines*

### **Loan Balance and Cut-Off Days:**

Most lending institutions have an outstanding loan balance which they strive to maintain. They also have quotas and end-of-month cutoff days similar to your structure. Generally, a lender's outstanding loan balance is reduced six percent (6%) per month by incoming payments and they must therefore loan out six percent (6%) of their outstanding loans each month to maintain that balance.

For example, if a lender's outstanding loan balance is fifty million (\$50,000,000), he would be collecting three million (\$3,000,000) per month in payments. The lender, therefore, must continuously make loans for three million every month to maintain a fifty million outstanding loan balance. It is of help to you to know your lender's cutoff day as well as the amount he must loan out monthly to maintain his outstanding loan balance.

### **Sand Bagging:**

Some lenders have a history of asking for a larger down payment regardless of the amount that has been put down, particularly in cases involving young applicants or with C & D paper. Under these circumstances sand bagging the lender is permissible.

### **Types of Loan Assignments**

1. **90 Day Recourse:** This could also be called normal recourse. The lender has ninety days after the last payment made, to locate, retrieve, and deliver the vehicle to the dealership. The Dealer's liability being, paying the lender the balance of the contract plus all repossession charges.

If the lender locates the vehicle, or delivers the vehicle after ninety days from last payment, the lender absorbs the loss.

Please note that in either scenario, the reserve account is debited the amount of the unearned profit. Reserve is only real profit when it is fully earned.

### **Notes:**

2. **180 Day Waiver:** The Dealer's liability is the same as in ninety day recourse, except the lender has twice the time to locate and deliver the vehicle to the dealership.

3. **Participatory:** 70/30 Reserve after 90 days the reserve is never charged back.

4. **Limited Repurchase:** The dealership has full ninety day recourse liability only for the first twenty four months of every contract. After the twenty fourth payment has been made, the contract attains a nonrecourse status, and the dealership has no more liability, except that of being the reserve income. Remember, the reserve income is a floating profit until it has been fully earned.

5. **Non-Recourse (WOR):** The dealership has no liability usually after the sixth payment on the loan has been paid by the customer. Of course this will vary from lender to lender. Read your lender agreements, or ask your bank rep for details.

Nonrecourse status gives all the collecting and repossession losses to the lender. Under this agreement the lender may limit the amount of the advance for Service Agreements, as well as limiting the point spread on the reserve.

6. **Unconditional Guaranty (UG):** The dealership has full liability for all collections and repossession charges. The lender has the right to demand full payment at any time for any reason from the dealer.

Whenever possible, ask the dealer for permission to review each agreement which he/she has signed with the lenders whom you utilize. The agreement will specify the amount of advance, and limits on liability to both parties, and the limits on the income potential for the finance reserve.

**Notes:**

## *Credit Underwriting Guidelines*

### **Bankruptcy Intent Codes Information**

It is the legal process under the federal Bankruptcy Act by which debtors are granted some form of relief from their financial obligations. The current U.S. Bankruptcy Code provides for a number of different types of bankruptcies. However, not all bankruptcy proceedings result in a liquidation of the debtor's assets. Provided below are the corresponding Intent Codes used by Equifax to describe the various forms and phases of bankruptcy.

### **Notes:**

#### **Chapter 7:**

This is a basic liquidation proceeding and is often referred to as a "straight bankruptcy." The debtor's assets are liquidated or sold by the court in order to cover court costs and partially repay secured creditors as well as some unsecured creditors. Exemptions are granted for necessities such as home equity, clothing and personal items, including family bibles and professional tools needed for earning a living. If a debtor receives a Chapter 7 discharge, another bankruptcy petition cannot be filed for at least six years. Chapter 7 bankruptcy petitions may be filed voluntarily by the debtor or involuntarily by the debtor's creditors.

#### **- Voluntary (Chapter 7):**

The debtor voluntarily places all property under the control of the bankruptcy court for the satisfaction of all debts. The debtor begins the proceedings by filing with the bankruptcy court a petition listing at least three creditors. A Chapter 7 bankruptcy petition may be filed by any individual debtor as well as any business establishment but cannot be filed by a governmental unit, bank, insurance company or railroad.

#### **-Involuntary (Chapter 7):**

An individual's or business' creditors may join together and petition the court to declare the debtor involuntarily bankrupt.

**- Chapter 7 Discharged:**

A discharge in bankruptcy relieves the debtor from indebtedness to all creditors listed in the petition unless the debt is reaffirmed. The discharge prevents any action to recover or collect debts which have been discharged.

**- Chapter 7 Dismissed:**

In a legal context, a dismissal removes a case from the control of the courts before the matter has been completely reviewed by the court. A dismissal may be with prejudice, which operates as a bar against the refile of a petition, or, the dismissal may be without prejudice, which will not operate as a bar against a future refile. Generally, a dismissal of a bankruptcy petition means either the debtor withdrew the petition or the court will not honor the petition due to some flaw in the filing.

**- Chapter 11:**

This chapter of Bankruptcy Code provides a means by which a financially ailing business may restructure its finances and payments on outstanding debts so that it may continue in operation. The business assets are protected during the pendency of the Chapter 11 case and the business may ask the court an acceptable plan; an unreasonable delay by the business debtor that is damaging to creditors; failure to propose a plan of reorganization within the time provided by the court; or other similar type situations.

The court may order renegotiation of outstanding contractual agreements. Any business entity that can file a voluntarily petition for liquidation is eligible to file a petition for reorganization including a corporation, partnership, sole proprietor, business trust, or unincorporated association with property located in the United States.

**Notes:**

## *Credit Underwriting Guidelines*

### **- Chapter 11 Discharged:**

The confirmation by the court of the business debtor's plan automatically discharges the Chapter 11 business debtor from most debts that arose prior to the date of confirmation. However, some debts are not dischargeable in a liquidation case and will survive reorganization. All debts existing prior to the confirmation are in effect extinguished and replaced by the debts and interest provided for in the plan or confirmation order. It is common for a reorganization plan to contain conditions for participating in a distribution of property or securities. The debtor is obligated to carry out the plan after it has been confirmed. In most cases when a dispersing agent's report is filed, the debtor's discharge has occurred.

### **- Chapter 11 Dismissed:**

Any party in interest may request that a Chapter 11 reorganization case be converted to a Chapter 7 liquidation or that it be dismissed. The court may not convert or dismiss the case until it determines what is in the best interest of the creditors and the business debtor's estate. Situations which might cause a case to be converted or dismissed include: a continuing decrease in the size of the estate; an inability to carry out an acceptable plan; an unreasonable delay by the business debtor that is damaging to creditors; failure to propose a plan of reorganization within the time provided by the court; or other similar type situations.

### **- Chapter 12 (Farmer):**

This chapter, effective November 1986, applies only to farmers and is modeled after the Chapter 13 plan for debtors with regular income. The Chapter 12 plan applies only to family farmers who have regular annual incomes sufficient to make payments under a proposed plan. The family farmer may be an individual, an individual and spouse jointly, a corporation, or a partnership with certain limitations. Payments under the plan must be completed in three years, except that in certain situations, payment in no

### **Notes:**

longer than five years is permitted.

**- Chapter 12 Discharged:**

Under this chapter, a discharge is entered after the completion of all payments under the plan. However, certain payments on some long-term claims, which are due after the last payment under the plan, will continue after the date of discharge.

**- Chapter 12 Dismissed:**

The court may dismiss the plan or terminate the plan for various reasons, including unreasonable delays, gross mismanagement, nonpayment of any fees and charges, failure to file a plan in a timely manner, failure to make timely payments required by a confirmed plan, denial of confirmation or request made for additional time, and so forth. Additionally, a Chapter 12 debtor may convert to a Chapter 7, and upon request by the farmer debtor, the court may dismiss the Chapter 12. However, a Chapter 12 may not be converted to Chapter 11 or Chapter 13.

**-Chapter 13 (Debtors with Regular Income):**

This chapter allows an individual to reorganize finances and protect assets while a court approved repayment plan is in effect. The individual debtor is protected from creditors by an automatic stay while the plan of repayment is developed and carried out. Any individual debtor with regular income may seek Chapter 13 relief as long as unsecured debts are less than \$100,000 and secured debts less than \$350,000. Generally, under the plan, debts must be repaid over a period of three to five years and full repayment is generally requested.

**- Chapter 13 Discharged:**

A discharge relieves the debtor from any further legal obligations on debts, whether secured or unsecured which are provided for by the plan. Certain long-term debts including mortgages for example may not, however, be discharged upon full compliance with the plan. Additionally, debts to a spouse, former spouse,

**Notes:**

## *Credit Underwriting Guidelines*

child support and alimony may also be exempt from discharge.

Generally, if the debtor's Chapter 13 plan provides for payment of more than 70 percent but less than 100 percent of the allowed unsecured claims, a Chapter 7 petition may be filed and is barred even if the Chapter 13 discharge was obtained within the previous six years.

### **Notes:**

#### **- Chapter 13 Dismissed:**

An interested party such as a debtor or a creditor, may request that a Chapter 13 case be either dismissed or converted to a liquidation case. The reasons for doing so include: unreasonable delay by the debtor that is damaging to creditors; nonpayment of court fees and costs; failure to file a plan in a timely manner; denial of confirmation of the plan or denial of additional time to file another plan; material default by the debtor; revocation of an order of confirmation and termination of a confirmed plan by reason of the occurrence of the conditional specified in the plan. A dismissal removes the case from the bankruptcy courts.

#### **- Non-Adjudicated:**

This term generally means the court did not hear and rule on the case and thus the debtor has not been declared bankrupt.

#### **SOURCES:**

“Norton Bankruptcy Law Adviser”

“Bankruptcy Law Reports” (October 1986)

Black's Law Dictionary

“Overview of Bankruptcy Court and Bankruptcy Proceedings,” (Illinois, Northern District, Eastern Division - Chicago)

Bankruptcy Law Manual

(Benjamin Weintraub and Alan Resnick)



**Funding:**

The lenders have stated that 50% - 65% of all funding packages cannot be processed due to missing documentation. The devil is in the details! Use a document check list to ensure you have packaged all necessary documentation.

We showed the fast funding Doc ✓/List to many lenders at the many conventions, and it was viewed favorably by all of the lenders who saw it. Each lender indicated that if dealership personnel would use this form, the dealership's funding would be completed much faster. If you do not like the example of the funding check list use the lenders document check list.

Simply view the documentation part of your process as an escrow office. Use a checklist before the customer leaves your office.

**Follow the contract through funding:**

F&I should prepare the funding documents for the accounting office.

Every computer system should be able to print a pending finance deal report. This report should come from F&I and it should show up to the minute what deals are outstanding.

When the office receives funding they should notify F&I so that F&I may close out the deal and remove it from the pending finance deal report.

The deal should remain open until all monies are receipted, and the title to the trade is clear.

The report should have a status field so that the dealership management team can identify the reason for the deal not being cleared. A sample of this report is located on pages 21.

**Notes:**

# Credit Underwriting Guidelines

Dealership: \_\_\_\_\_ Customer Name: \_\_\_\_\_  
 Phone : \_\_\_\_\_

## Fast Funding DOC v List

Name of Funding Lender:	Date Prepared:
Lender Address	Date Sent to Lender:
C/S/Z	Date Funded:
Approval Number:	
Lender Phone:	Lender Fax:
Document List:	Docs Prepared by:
Signed Contract Retail or Lease _____	How was the funding package sent? Note the tracking number.
Signed Credit Application _____	
Signed ATFI _____	FedEx
Copy of Proof of Insurance _____	UPS
Copy of the LA&H Policy _____	US Mail
Copy of VSA Policy _____	Hand Delivered
Copy of Protective Coatings Warranty _____	Faxed
Copy of Security System Installation _____	Special Notes:
Copy of Trade-In Sheet _____	
Copy of Invoice (new unit sold) _____	
Copy of NADA Book Sheet (used sold unit) _____	
Copy of Supplemental Invoice _____	
Copy of Report of Sale _____	
Guarantee of Title ( Used Vehicle) _____	
MSO (New Vehicle) _____	
Copy of Customer's D/L _____	
Copy of Customer's SSN Card _____	
<u>Add'l Lease Documentation</u>	
Copy of Lease Work Sheet _____	
Lease ODO on Lease Return _____	
<u>CUDL</u>	
CUDL Credit Application _____	
Approval Number _____	
Auto Approval Sheet _____	
<u>Stipulations:</u>	
Copy of Telephone Bills _____	
Proof of Residence _____	
Copies of Proof of Income (POI) _____	
6 References _____	

© Kelly Enterprises  
 Telephone 800.336.4275

Pending Finance Deals Report

Dealership Name:

	Deposit Date	Contract Date	Stk#	Customer	(H) (W)	Phone:	Sls/Mgr/SBM	Unit Sold	Trade	Amount Due	Lender	Status
1												
2												
3												
4												
5												
6												
7												
8												
9												
Total Units:											Total \$ Due:	

Run Date:

## *Credit Underwriting Guidelines*

### **KEY WORDS APPEARING ON CREDIT REPORTS**

ABJD	Abstract of Judgment	INQS	Inquiries
AGE	Age	INV	Involuntary
AKA	Also Known As	INVER	Indirectly Verified
ANUL	Annulment	LEFT	Date Left Employment
AUT/LN	Auto Loan	LIAB	Liabilities in Bankruptcy
B	Both or Buying (depends on ln)	L/P	Date of Last Payment
BAL	Balance	M	Male, Married or Month (depends upon line)
BDS	Birthdate-Subject	MAR	Marital Status
CA	Current Address	MR	Months Reviewed
CHAT/L	Chattel	MTG/LN	Mortgage Loan
CHKAC	Checking Account	NPFC	Non-Profit Financial Counseling/Consumer Credit Counseling
CKG/LN	Checking Account Loan Plan		
COM/LN	Commercial Loan		
CS	Current Status		
D	Divorced	N/RES	Non-Responsibility Notice
DEAL/P	Dealer Plan Loan	NSF	Closed Due to Insufficient Funds in Account
DEF	Defendant		
DEP	Dependents	NV	Not Verified
DLA	Date of Last Activity	O	Own or Open End Charge (depends upon line)
DLS	Date of Last Sale		
DN	Death Notice	OF	Former Employment - Other
DV FDD	Divorce Filed	OP	Date Opened
DV FL	Divorce Final	OPND	Date Opened
DV IN	Divorce-Interlocutory	P	Separated (Marital status)
EOA	Equal Credit Opportunity Act	PD	Date Paid
EF	Former Employment - Subject	PD CL	Paid Collection Account
EMP	Date Employed	P/D	Amount Past Due
EO	Employment-Other	P/DUE	Amount Past Due
ES	Employment - Subject	PER/LN	Personal Loan
E2	Employment - Subject's Second Former	R	Revolving Charge (in status)
		RPTD	Date Reported
FA	Former Address	S	Single or Subject (depends upon line)
FAD	File Activity Date (Last time file was accessed)	SECLN	Secured Lien
FN	File Number or Former Name (depends on line)	SPECL	Special Service Item
		SAV AC	Savings Account
FORCL	Foreclosure	SINCE	Date File was Established
H/C	High Credit	SP MT	Separate Maintenance
HHG/LN	Home Improvement Loan	SSO	Social Security Number - Other
I	Installment (in status)	SSS	Social Security Number - Sub.
ID	Identification Information	ST JD	Satisfied Judgement
IND	Individual	TRM	Terms
		UPCL	Unpaid Collection

UCC	Uniform Commercial Code
VER	Date Verified
VOL	Voluntary
VOL DIS	Voluntarily Discharged
W	Wife
WEP	Wage Earner Plan

**Notes:**

**SUMMARY:**

\_\_\_\_\_Recap of trade in file; oldest opening date of trade on file, most current reported date.

- “PR/OI” (public records/other information);
- “FB” (Foreign bureau); total number of trade items on file.
- “HC (high credit and range);

## *Credit Underwriting Guidelines*

### EQUIFAX INDUSTRY CODES

#### **A AUTOMOTIVE**

AN Automobile Dealers, New  
AU Automobile Dealers, Used  
AT TBA Stores, Tire Dealers  
AP Automotive Parts  
AR Automotive Repair, Body Shops  
AS Service Stations  
AL Truck Dealers  
AF Farm Implement Dealers  
AZ Miscellaneous

#### **B BANKS**

BB Banks

#### **C CLOTHING**

CG General Clothing Stores  
CS Speciality-Shoe, Hat, Etc.  
CZ Miscellaneous

#### **D DEPT. & VARIETY**

DC Complete Dept. Stores  
DV Variety Stores  
DM Mail Order Firms  
DZ Miscellaneous

#### **F FINANCE**

FA Auto Financing  
FF Sales Financing  
FP Personal Loan Cos.  
FM Mortgage Cos.  
FS Savings & Loan Assoc.  
FC Credit Unions  
FZ Miscellaneous

#### **G GROCERIES**

GD Dairies  
GN Neighborhood Groc.  
GS Supermarkets  
GZ Miscellaneous

#### **H HOME FURNISHINGS**

HA Appliance Sales/Serv.  
HC Carpets & Floor Coverings  
HF Furniture, Etc.  
HM Music & Records  
HT Television & Radio  
HZ Miscellaneous

#### **I INSURANCE**

IG General Insurance  
IL Life Insurance  
IZ Miscellaneous

#### **J JEWELRY & CAMERAS**

JA Jewelers  
JC Cameras  
JZ Miscellaneous

#### **K CONTRACTORS**

KG General  
KI Home Improvements  
KS Sub-Contractors  
KZ Miscellaneous

#### **L LUMBER, BLDG. MATERIALS & HARDWARE**

LA Air Conditioning, Plumbing  
Electrical Sales/Service  
LF Fixture & Cabinet Cos.  
LH Hardware Stores  
LP Paint, Glass & Paper  
LY Lumber Yards  
LZ Miscellaneous

## *Credit Underwriting Guidelines*

### **M MEDICAL & HEALTH**

MB Dentists  
MC Chiropractor  
MF Funeral Homes, Cemeteries  
MH Hospitals  
MO Osteopaths  
MP Pharmacies & Drugs  
MS Optometrists, Etc.  
MV Veterinarians  
MZ Miscellaneous

### **O OIL & NAT'L CREDIT CARDS**

OC Oil Companies  
ON Nat'l Credit Card Cos.  
OZ Miscellaneous

### **P PERSONAL SERVICES**

PA Accountants, Etc.  
PB Barbers, Beauty Shops  
PD Dry Cleaning, Laundry  
PE Engineering, All Kinds  
PG Photographers  
PL Legal & Related Services  
PZ Miscellaneous

### **R REAL ESTATE, HOTELS, ETC.**

RA Apartments  
RE Real Estate, Sales/Rent  
RH Hotels  
RM Motels  
RZ Miscellaneous

### **S SPORTING GOODS**

SB Boat & Marinas, Sales/Serv.  
SG Sporting Good Stores  
SM Motorcycles & Bicycles

Sales & Service  
SZ Miscellaneous

### **T FARM & GARDEN SUPPLIES**

TC Chemical & Fertilizer Stores.  
TF Feed & Seed Stores  
TN Nursery & Landscaping  
TZ Miscellaneous

### **U UTILITIES**

UC Coal & Wood Dealers  
UD Garbage & Rubbage Disposals  
UE Electric Light & Power  
UF Fuel Oil Dealers  
UG Gas - Natural & Bottled  
UT Telephone Cos.  
UW Water Cos.  
UZ Miscellaneous

### **V GOVERNMENT**

VC City & County  
VF Federal  
VS State  
VZ Miscellaneous

### **W WHOLESALE**

WA Automotive Supplies  
WB Bldg. Supplies & Hardware  
WC Clothing & Dry Goods  
DW Drugs & Chemicals  
WG Groceries & Related Products  
WH Home Furnishings  
WM Machinery & Equipment  
WZ Miscellaneous

### **X ADVERTISING**

XA Agencies  
XM News Media

## *Credit Underwriting Guidelines*

XZ Miscellaneous

### **Y COLLECTION SERVICES**

YA ACB of A

YC Others

### **Z MISCELLANEOUS**

ZB Reporting Agencies

ZR Retail, not elsewhere classified

ZS Services not elsewhere

ZW Wholesale, not elsewhere

ZX CBR

ZY CSI

ZZ All Others - Business Machines,  
Catering, Vending Machines, Schools,  
Aircraft Leasing, Railroads, Clubs,  
Lodges, Shopping Centers, Travel  
Agencies

**Notes:**



**Experian - The Code Numbers**

**Notes:**

The First digit represents the region in which subscriber is located:

- 1 Eastern Region
- 2 Midwestern Region
- 3 Western Region
- 4 Inquiries from Broker Customers
- 6 Eastern Region
- 7 Western Region
- 8 Western Region

The second digit represents the subscriber's industry:

- 0 Public Record/Associations
- 1 Bank
- 2 Bank Credit Card
- 3 Retail
- 4 Credit Card
- 5 Loan Finance
- 6 Sales Finance
- 7 Credit Union
- 8 Savings & Loan
- 9 Service & Professional

If the third digit is an 8, it is a collection account.

**ASSOCIATION CODES WITH DEFINITIONS**

Association With Account Currently Active:

- 0(A) **Undesignated:** Reported by Experian Information Services only
- 1(H) **Individual:** This is the only person associated with this account (Termination code H to be used only in cases of mortgage loans being assumed by others)

## *Credit Underwriting Guidelines*

### **Notes:**

- 2(B) **Joint Account - Contractual Responsibility:** This individual is expressly obligated to repay all debts arising on this account by reason of having signed an agreement to that effect. There are others associated with this account who may or may not have contractual responsibility.
- 3(C) **Authorized User - Joint Account:** This individual has use of this joint account for which another individual has contractual responsibility.
- 4(D) **Joint Account:** This individual participates in this account. The association cannot be distinguished between Joint Account - Contractual Responsibility or Authorized User.
- 5(E) **Co-Maker:** This individual has guaranteed this account and assumes responsibility should maker default. This code only to be used in conjunction with Code 7 Maker.
- 6(F) **On Behalf Of:** This individual has signed an application for the purpose of securing credit for another individual other than spouse.
- 7(G) **Maker:** This individual is responsible for this account which is guaranteed by a comaker. To be used in lieu of Code 2 and 3 when there is a Code 5 Co-Maker.

**NOTE:** ( ) Association Terminated As Of Date Reported.

**Notes:**

**24 - Month Payment Profile**

Shown below are the definitions of the coding that will display in the 24-month Payment Profile.

- C Current
  - N Current / zero balance reported
  - 1 30 days past due date
  - 2 60 days past due date
  - 3 90 days past due date
  - 4 120 days past due date
  - 5 150 days past due date
  - 6 180 days or more past due date
  - No history has been reported for that particular month. (Dash)
- No history maintained. See status comment. (Blank)

# Social Security Number Verification Service (SSNVS)

Social Security Online



## Social Security Number Allocations

Employer Information Directory

[Employer W-2 Filing Instructions & Information](#)

[Electronic W-2 Filing Handbook](#)

[SSNVS Handbook](#)

[Registration Handbook](#)

[Do You Really Need to See the Card?](#)

[How to File W-2s](#)

[Information and Instructions to Verify Social Security Numbers Online](#)

[Forms & Publications](#)

[AccuWage/AccuW2C](#)

[Information for Software Developers](#)

[Vendor List](#)

[Employer Reconciliation Process](#)

[General W-2 Filing Information](#)

[Tax Forums and Speaking Engagements](#)

[Other Sites](#)

[Frequently Asked Questions](#)

[Customer Support](#)

[Feedback](#)

[SSN Randomization Frequently Asked Questions](#)

### Attention All Users

On June 25, 2011, Social Security changed the SSN assignment process. **The information below explains how we established and issued SSNs prior to the new SSN assignment process. We continue to provide it strictly for historical and informational purposes.** Please see [SSN Randomization](#) for more information on Social Security's new assignment process and how it may affect you.

Since 1973, social security numbers have been issued by our central office. The first three (3) digits of a person's social security number are determined by the ZIP Code of the mailing address shown on the application for a social security number. Prior to 1973, social security numbers were assigned by our field offices. The number merely established that his/her card was issued by one of our offices in that State. See also [High Group List](#) of SSN's.

### THIS DATA IS STRICTLY FOR INFORMATIONAL PURPOSES

The chart below shows the first 3 digits of the social security numbers assigned throughout the United States and its possessions. See "[Note](#)" at bottom of page.

001-003	New Hampshire	261-267	Florida	449-467	Texas	531-539	Washington
004-007	Maine	589-595		627-645		540-544	Oregon
008-009	Vermont	766-772		468-477	Minnesota	545-573	California
010-034	Massachusetts	268-302	Ohio	478-485	Iowa	602-626	
035-039	Rhode Island	303-317	Indiana	486-500	Missouri	574	Alaska
040-049	Connecticut	318-361	Illinois	501-502	North Dakota	575-576	Hawaii
050-134	New York	362-386	Michigan	503-504	South Dakota	750-751	
135-158	New Jersey	387-399	Wisconsin	505-508	Nebraska	577-579	District of Columbia
159-211	Pennsylvania	400-407	Kentucky	509-515	Kansas	580	Virgin Islands
212-220	Maryland	408-415	Tennessee	516-517	Montana	580-584	Puerto Rico
221-222	Delaware	756-763		518-519	Idaho	596-599	
223-231	Virginia	416-424	Alabama	520	Wyoming	586	Guam
691-699		425-428	Mississippi	521-524	Colorado	586	American Samoa
232-236	West Virginia	587-588		650-653		586	Philippine Islands
232	North Carolina	752-755		525,585	New Mexico	700-728	Railroad Board**
237-246		429-432	Arkansas	648-649		729-733	Enumeration at Entry
681-690		676-679		526-527	Arizona		
247-251	South Carolina	433-439	Louisiana	600-601			
654-658		659-665		764-765			
252-260	Georgia	440-448	Oklahoma	528-529	Utah		
667-675		530,680	Nevada	646-647			

**NOTE:** The same area, when shown more than once, means that certain numbers have been transferred from one State to another, or that an area has been divided for use among certain geographic locations.

Any number beginning with 000 will NEVER be a valid SSN.

The information in our records about an individual is confidential by law and cannot be disclosed except in certain very restricted cases permitted by regulations.

\*\* 700-728 Issuance of these numbers to railroad employees was discontinued July 1, 1963.

**Additional Information Sheet**

**Four (4) References**

Names: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Names: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Names: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Names: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Previous Residences**

From: To: Street:  
20 20 City: State: Zip:

From: To: Street:  
20 20 City: State: Zip:

From: To: Street:  
20 20 City: State: Zip:

From: To: Street:  
20 20 City: State: Zip:

**Work History**

From: To: Company:  
20 20 Street:  
City: State: Zip:

From: To: Company:  
20 20 Street:  
City: State: Zip:

**Notes:**



# Policy Cancellations



## *Policy Cancellations*

The object of this section is to give you a working understanding of the Rule of 78. How to calculate refunds with or without the refund charts.

- **The Rule of 78 applies to:**
  - Credit life insurance
  - Could be disability insurance
  - Could be some vehicle service contracts
- **Pro--Rata Time**
  - Road Hazard policies
  - Coach Net
  - Could be some service agreements
  - Could be GAP policies
- **Pro-Rata Miles**
  - Some service agreements
- **Rule of Anticipation**
  - Disability insurance for the states of California & Oregon
  - Have your agents give you a refund chart
- **Worksheets / Drills**

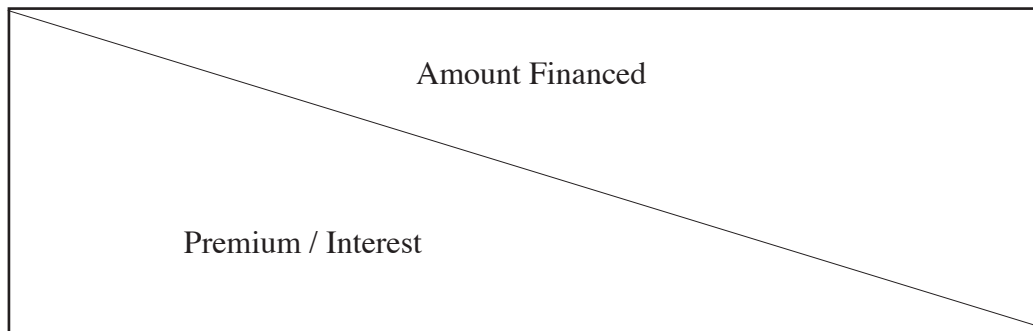


**How it works:**

The "Rule of 78" is used in most states to calculate the amount of finance charge or credit life insurance premium to be rebated when the customer off their contract before it reaches maturity. The term "Sum of the Digits method" is synonymous with the term "Rule of 78" and "digits" refers to months.

When a borrower makes a retail installment loan, he is required to repay the loan monthly over the full term of the loan. Using a 12 month loan as an example, during the first month the borrower has the use of all of the money he borrowed and then makes a payment. During the second month he has the use of only 11/12ths of the money, and then makes a payment. This continues until the last month when he has the use of only 1/12 of the money he borrowed. The lender earns a greater portion of the finance charge at the beginning of the contract than will be earned at the end of the contract.

**Notes:**



## *Policy Cancellations*

### **Formula for the Rule of 78:**

### **Notes:**

The formula for calculating the customer's rebate is as follows:

Definitions:

TR = Sum of time remaining digits.

OT = Sum of original term digits.

OC = Original charge (finance or premiums)

Formula:

[TR/OT = Refund Percentage]

[(OC)( Refund Percentage) = Customer Rebate]

To find the sum of the digits you may either add up all the months, ie:

[(1+2+3+4+5+6+7+8+9+10+11+12 = 78)]

or you may want to recall the basic equation:

N = the number of months in which you want to find the sum of the digits.

[(N ( N + 1) / 2) = Sum of the digits]

Example:

48 = the number of months

[( 48 ( 48 + 1) / 2) = 1176 is the sum of the digits]

Drill:

60 = the number of months

[( ( + 1) / 2) = ]

**Drill:**

Find the sum of digits in a 36 month contract.

$$[(N + 1) / 2] = \text{Sum of digits}$$

**Notes:**

Find the sum of the digits in a 120 month contract.

## **Use of the sum of the digits**

You must calculate two items. One being the sum of the digits for the Original Term of the contract. The other being the sum of the digits for the Time Remaining in the contract terms.

- Step 1  
Find out the sum of the digits for the Original Term of the contract.
- Step 2  
Find out the sum of the digits for the Time Remaining in the contract terms.
- Step 3  
Divide the sum of the digits for the Time Remaining by the sum of the digits for the Original Term. The answer will be the percentage of unearned interest or unearned insurance premium.
- Step 4  
Multiply the original insurance premium by the percentage you arrived at in step 3 to find out the dollar amount of refund due to the customer.

## *Policy Cancellations*

### **Example of calculating Rule of 78 refund percentage:**

#### **Step 1**

Calculate the sum of the digits for the Original Term of the contract.

Equation is:

$$[(N ( N + 1) / 2) = OT \text{ (Sum of the digits)}]$$

#### **Step 2**

Calculate the sum of the digits for the Time Remaining in the contract.

Equation is:

$$[(N ( N + 1) / 2) = TR \text{ (Sum of the digits)}]$$

#### **Step 3**

Divide the Sum of the digits for the Time Remaining by the Sum of the digits for the Original Term of the contract.

Equation is:

$$[TR / OT = \% \text{ of refund due to the customer of either interest or Life Insurance Premium}]$$

#### **Step 4**

Multiply the original insurance premium by the % of refund due to the customer.

$$[\$ \underline{\hspace{2cm}} \text{ X } \underline{\hspace{2cm}} \% = \$ \underline{\hspace{2cm}} ]$$

Original Premium    % of refund                      Dollars due the customer

#### **DRILL:**

**Step 1:**  $[(N ( N + 1) / 2) = OT]$

**Step 2:**  $[(N ( N + 1) / 2) = TR]$

**Step 3:**  $[TR / OT = \% \text{ refund}]$

**Step 4:**  $[\$ \underline{\hspace{2cm}} \text{ X } \underline{\hspace{2cm}} \% = \$ \underline{\hspace{2cm}} ]$

Original Premium    % of refund                      Dollars due the customer

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**Cancellation Worksheet for Service Agreements**

**Pro-rata ( Time)**

Time the policy was in force divided by the original length of time of coverage will yield the percentage of the policy used. The difference between 100% and the amount of used percentage will result in the percentage of refund due the customer. Multiply the retail price of the policy by the percentage of refund and subtract the cancellation fee. The answer will be the dollar amount of the refund due the customer.

Time elapsed is the time the policy was in force.  
Original term is the original length of coverage.

Steps

- 1) 
$$\frac{\text{Time elapsed}}{\text{Original term}} = \text{_____} \quad (\text{answer will be in a decimal form})$$
- 2) (1.00 minus the decimal answer in step 1)  
The answer will be the unearned percentage of refund in a decimal format.
- 3) Multiply the retail selling price of the VSA by the percentage of refund (answer in step 2).  
Subtract the cancellation fee from the subtotal.  
The answer will be the amount of refund due the customer.

Worksheet:

- 1) 
$$\frac{\text{TE}}{\text{OT}} =$$
- 2) 
$$1 - \text{_____} =$$
- 3) Retail Selling Price of VSA \$ \_\_\_\_\_ X (answer #2) = \_\_\_\_\_
- 4) (Answer #3) \$ \_\_\_\_\_ less (Cancellation fee) \$ \_\_\_\_\_
- 5) Amount of refund = the answer from #4      Refund Amount = \$ \_\_\_\_\_

## Policy Cancellations

### Cancellation Worksheet for Service Agreements

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**Cancellation Worksheet for Service Agreements**

**Pro-rata ( Miles )**

The miles driven divided by the original mileage terms of coverage will yield the percentage of the policy used. The difference between 100% and the amount of used percentage will result in the percentage of refund due the customer. Multiply the retail price of the policy by the percentage of refund and subtract the cancellation fee. The answer will be the dollar amount of the refund due the customer.

Time elapsed is the time the policy was in force.

Original term is the original length of coverage.

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## Policy Cancellations

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**Credit Life and Disability Insurance Cancellation Log**

Dealership Name: \_\_\_\_\_ L/A &H Co: \_\_\_\_\_ Voice: \_\_\_\_\_  
 Address: \_\_\_\_\_ Fax: \_\_\_\_\_  
 C/S/Z/ \_\_\_\_\_ Dealer Code: \_\_\_\_\_ E-Mail: \_\_\_\_\_

	Customer Name	Policy #	Stock Number	Effective Date	Cancellation Date	Original CL Premium	CL Refund Amount	Original A&H Premium	A&H Refund Amount	Total Refund Amount	Received from Company on:	Date Paid to Lender/Customer	Dealership Check #
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													

General Agent

Voice:

Fax:

Pager:

Submitted to company for verification on: \_\_\_\_\_

Verification received on: \_\_\_\_\_

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## *Policy Cancellations*

This page is left blank for your additional notes.



# Case Studies



## *Case Studies*

### **Solution:**

#### **Customer Information:**

Snow Bird, retired works part time while they are on the road for extra spending money. Retirement goes into the bank by automatic deposit.

#### **Customer Concerns:**

The customer does not think they need a service agreement after all they have a "Forever Warranty" on the unit. They travel a lot and do not think the added policies will be honored at other shops.

#### **Customer Family**

Customer is married Grandchildren present the reason for being mobile.

FICO Score is 725

#### **Deal Structure**

Sales Price is \$83,500

Invoice is \$ 68,500

Trade Allowance is \$ 55,000

Est. Pay off \$69,500

Cash down is \$25,000

How much negative equity do they have?  
What lender will you structure this deal for and why?

**Solution:**

**Customer Information:**

The customer is trading in a gas guzzler for a more fuel efficient vehicle. Family is lowering their monthly expenses.

The customer has a two hour commute to work one way.

**Customer Concerns:**

They do not think they need a VSA after all the factory warranty is 100K and the sales person said the factory covers everything.

**Customer Family**

Married with 2 children. Both adults work.  
How much discretionary income do they have to have?

**Deal Structure**

Deal is over advanced, customer likes to trade in the vehicles every three to four years.

For you Auto Industry folks.... Where would you place this deal and why?

What type of credit would the customers need to have?

## *Case Studies*

### **Solution:**

#### **Customer Information:**

Customer is employed by the power company. During the winter he has to travel a lot fixing high power lines. Either he can stay in a hotel or put the per diem toward a new fifth wheel.

#### **Customer Concerns:**

He is very mechanical and can fix anything. He does not want to pay for anything extra. He is cheap. He plans on having his crew help pay the payments with their per diem as they will stay in the unit when they are out on site.

#### **Customer Family**

Married with 3 children and a stay at home wife.

FICO is 743

#### **Deal Structure**

He is placing \$10,000 down and want to finance the balance. Company per diem is \$55 per day while they are on location. Note: the per diem money is not always a guarantee.

Budget is set up for a \$425 monthly payment.

How much can they finance? How much down do you need to make the payment fit the budget?

What lender will you use and why?

**Solution:**

**Customer Information:**

Customer is retired and want to pay cash for this luxury vehicle. The out the door price is \$46,500

Customer did complete a customer statement

**Customer Concerns:**

He will finance if payment do not exceed \$750 per month. Finance charge is not greater than two thousand dollars, and the term of the note does not exceed 48 months.

**Customer Family**

Husband and wife only

**Deal Structure**

What is the amount to finance? How much do you need as an initial payment?

What is your solution?

## *Case Studies*

### **Solution:**

#### **Customer Information:**

Customer works for the school system and wants to finance with the school credit union due to the unique repayment plan.

#### **Customer Concerns:**

Budget crunches are beginning, and the lay offs have started at work. They currently have some money in savings, not much. The customer needs a dependable vehicle in case he has to commute to a new job.

#### **Customer Family**

Married with two children

#### **Deal Structure**

Trade in is a victim of negative equity, the manufacturer has lots of rebates and dealer incentives help to make deals happen.

\$2000 rebate from the manufacturer

\$3500 Negative Equity

How much money is required from the customer and what are your options?



**Solution:**

**Customer Information:**

Has high credit card debt. (\$85,000 total CC debt)  
Home owner getting ready to retire. Currently  
making \$95,000 annually.

**Customer Concerns:**

Must have washer and dryer in the RV.

**Customer Family**

Children are grown, 8 grandchildren

**Deal Structure**

Class A coach has \$53,000 gross profit in it. The first lender has approved the main part of the deal if you can get the credit card debt in line. As it stand now the customer does not qualify for another loan due to debt to income ratio.

What are your options to help them reduce their monthly outgo and still purchase the coach?

## *Case Studies*

### **Solution:**

#### **Customer Information:**

#### **Customer Concerns:**

#### **Customer Family**

#### **Deal Structure**

**Solution:**

**Customer Information:**

**Customer Concerns:**

**Customer Family**

**Deal Structure**

## *Case Studies*

### **Solution:**

#### **Customer Information:**

#### **Customer Concerns:**

#### **Customer Family**

#### **Deal Structure**