



# Dealer Frequently Asked Questions

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## 1.1 FinCo's BuyHere-PayTHERE Product

### **Q. Who is FinCo Management?**

**A.** Founded on decades of experience in automotive financing, FinCo is a complete automotive financial services contractor. We have brought together the very best tools and services in the industry to create BuyHere-PayTHERE, enabling Dealers to approve and finance their own deals.

### **Q. How does *BuyHere-PayTHERE* work?**

**A.** Submit your customer's information online. The customer's credit is automatically analyzed by our underwriting system and the deal structure and contract are available for you to view online within seconds. The final decision to take the deal is all yours. If you choose to accept the deal, print the online contract, have it signed, and send it to FinCo along with any supporting documentation. We do the rest – documentation, servicing, collections, and when necessary repossessions. If you choose not to accept the deal, simply print the online Adverse Action letter. There is no cost to sign up, no monthly minimums, and you keep the principal as paid by the customer. FinCo collects the interest.

### **Q. Once the credit application is submitted, how fast is it before I get a credit decision?**

**A.** Generally within 10 seconds, but most of the time it will be faster!

### **Q. Does the Dealer get access to the customer's credit bureau report?**

**A.** No, they should pull their own credit reports prior to applying with FinCo in order to take advantage of traditional subprime financing which may be available from another source.

### **Q. How is FinCo different from other subprime companies?**

**A.** FinCo is not a credit based lender. We offer you a method to collect your profit over time after covering your cost in the deal. This is known as "collateral based financing". Even if you never receive a payment, you still have not lost any money.

### **Q. Are there other subprime finance companies Dealers can use to finance any deal that has the amount of cash in it that is required by FinCo?**

**A.** Dealers can continue to use other finance companies when it makes sense. They should use FinCo's BuyHere-PayTHERE service for those deals you can't get financed anywhere else or for those deals where the discount is larger than they wish to absorb.

### **Q. What vehicles are eligible for financing?**

**A.** We have no limits on make, age or mileage.

### **Q. Can you finance motorcycles?**

**A.** Yes. We offer the same program for motorcycles, but at the current time we have no way of remarketing motorcycles. Therefore, we assume that every deal is "High Risk."

**Q. What is the sign up cost of the program?**

**A.** Zero. There is no cost to sign up, no monthly minimum, and we never charge a percentage of your principal! There is a one-time \$85 origination fee deducted from the customer's first principal payment. The Dealer keeps the principal as paid and FinCo collects the interest.

**Q. Does FinCo advance any money when they purchase the Dealer's Contract?**

**A.** No. We do not advance funds. The Dealer is taking the risk and financing their profit over time.

**Q. If I live in Texas can I sell a car to a customer in Oklahoma?**

**A.** Yes. You would need to follow Texas law in this situation.

## **1.2 Underwriting**

**Q. Who makes the credit decision and what is the credit model?**

**A.** FinCo's underwriter is Monetricks ([www.monetricks.com](http://www.monetricks.com)), owned by World Omni. At least two credit reports are requested on each applicant, including co-buyers and/or guarantors. Monetricks performs advanced relational credit underwriting from a collateral based lending standpoint, providing you with an intelligent risk-based recommendation. The deal is either a FinCo: "Smart Deal" meaning there is enough cash in the deal to cover 100% of the Dealer's cost at closing, a "Collateral Risk" meaning the collateral in the deal has enough value to cover the Dealer's cash deficit at closing after repossession and remarketing, or the deal is "High Risk" meaning the Dealer cannot recoup the face value of the contract via repossession and remarketing, but only through repayment of principal by the consumer.

The final decision to enter into a retail installment contract is always the Dealer's (except in the case where the contract will be invalid by law or definition, such as if the consumer is under the age of 18 – in this situation FinCo will deny the application prior to the Dealer being able to print the contract).

**Q. If the customer does not have enough cash to cover the Dealer's ACV, how much over ACV will FinCo allow me?**

**A.** Your dealership will be allowed to immediately make FinCo Smart Deals and Collateral Risk deals (as described above). This means that the deal is already cash positive to the Dealer, or that the vehicle will cover the principle amount of the loan if repossessed and sold at auction. Once the portfolio is operating, additional latitude will be granted to the Dealer.

**Q. How is ACV determined?**

**A.** ACV is determined by the Dealer. Sales and F+I commission is also figured into the deal.

**Q. How are the interest rates determined?**

**A.** Initially, the interest rate is set by FinCo as limited by state usury rates and is capped at a 24% fixed rate. Once a Dealer's portfolio is performing, as determined by FinCo, latitude may be given to the Dealer to adjust the rates, within the constraints of the usury laws of each state.

**Q. What are FinCo's maximum terms and how is the term determined?**

**A.** Terms are limited to 12 to 36 months, with most being 24 months. You may set the term, but longer terms pose greater risk.

**Q. Are there different rates for different terms?**

**A.** No. For 12 to 36 month terms, the rate is the same.

**Q. Does FinCo have a minimum amount financed?**

**A.** We require a minimum amount financed (by state) in order to cover our costs to underwrite, service, and collect on contracts. We will allow you to finance deals that do not meet our minimum amount financed, but we require a \$10 monthly processing fee in order to cover our costs in this situation.

**Q. Do you require customer stipulations?**

**A.** The Monetricks underwriting decision engine recommends stipulations. It is up to the Dealer to enforce the stipulations.

**Q. Can I sell any aftermarket product that I want at any price that I want?**

**A.** Yes, but every product sold must be disclosed on the credit application. You can resubmit the credit application multiple times in order to get a satisfactory combination of deal structure and after-market products.

### **1.3 Loan Servicing and Payment**

**Q. Who services the contracts, collects payment, and credits the Dealer's account? What is their experience?**

**A.** Servicing of FinCo's contracts is performed by Fiserv Automotive Solutions, a division of Fiserv, Inc. (NASDAQ: FISV), a Fortune 500 company providing information management and electronic commerce systems and services to the financial industry. Leading services include transaction processing, outsourcing, electronic bill payment and presentment, investment management solutions, business process outsourcing (BPO), software and systems solutions. Fiserv is the leading provider of account processing solutions for U.S. banks, credit unions and thrifts with more than 6,000 clients worldwide. InformationWeek magazine selected Fiserv as the top ranked company in the Banking and Financial Services category, and chose Fiserv No.4 overall on the 2008 InformationWeek 500. Fiserv was ranked the largest provider of information technology services to the financial services industry worldwide in the 2008, 2006, 2005 and 2004 FinTech 100 surveys. For more information, please visit [www.fiserv.com](http://www.fiserv.com).

**Q. How is the interest determined?**

**A.** Simple interest is applied to the amount financed.

**Q. How is the Dealer assured that they will get their money on a timely basis?**

**A.** FinCo has chosen Fiserv as our servicer for one reason – they are the best in the business. Fiserv uses FinCo's strategy on how to collect successfully from subprime customers. This means educating the customer on what to expect and high touch communication with the customer – the customer receives a phone call as soon as they are one day late on payment. They can also opt to receive text messaging 2 days before payments are due. FinCo, along with all our partners, firmly believes in treating subprime customers with the respect any customer deserves, meaning we always give the customer options as long as they are willing to work with us. It works – we have a repossession rate of less than 1.4% and a 30 day late rate of less than 3%.

**Q. How does the Dealer get paid? If they sell a car today when will they see their first payment?**

**A.** Payments are due 30 days from the contract date. There is a 10-14 day period for the funds to be authenticated, meaning they never receive insufficient funds and we never back charge. Your account will be credited via ACH as soon as the funds are verified.

**Q. Can customers make payments directly to the dealership?**

**A.** No. 100% of the consumer's payments must be made by check sent to the FinCo payment address or by cash via [www.MoneyGram.com](http://www.MoneyGram.com).

**Q. When does Fiserv start calling the customer for past due payments?**

**A.** At one day late. After 10 days of nonpayment the customer will be charged a \$10 late fee.

**Q. Does the customer get billing statements or coupon books?**

**A.** The customer receives monthly statements by mail and text messages (if the customer elects to receive texts).

**Q. How does the Dealer get payoff quotes on the customers?**

**A.** Fiserv, acting as FinCo's servicer, will have a hotline through which payoff quotes can be obtained.

### **1.4 Documentation**

**Q. Who in the dealership may sign the Dealer Agreement?**

**A.** Anyone authorized by corporate resolution.

**Q. What are the documents that a Dealer needs to send FinCo to book a contract?**

**A.** Prior to originating any consumer contracts, a Dealer will need to enter into a Master Dealer Contract with FinCo. All other Retail Installment Contract documents will be provided online at the time of the closing of each deal. Dealerships will need to provide appropriate supporting documents, such as Bill of Sale and Title documentation indicating FinCo as the Lien Holder of record.

**Q. Once the customer is approved, how do I get access to the online contracts?**

**A.** Fully completed contracts and associated documents are generated by the FinCo Website and are instantly ready for printing and signing by the consumer and the Dealer.

**Q. Can the Dealer use their own contracts if they are approved by FinCo?**

**A.** Never. In order to process a low volume of contracts from thousands of Dealers, use of FinCo generated contracts and documents is required.

**Q. Who is the lien holder on the title?**

**A.** FinCo Management is the lien holder

**Q. Can FinCo be the second lien holder?**

**A.** No. FinCo must be the first lien holder.

**Q. How fast does the Dealer have to get the title to FinCo?**

**A.** Dealers must file the title application within 3 days.

**Q. Do you require the customer to maintain full insurance coverage?**

**A.** Yes. Customers are required to keep Liability and Collateral insurance.

**Q. Do you track insurance coverage on the customer?**

**A.** Not at this time, but we are considering adding it in the future.

## **1.5 Repossessions**

**Q. What kind of vehicle tracking do you offer?**

**A.** If the Dealer chooses to put a tracking device on the vehicle, FinCo manages operation of the device during repossessions.

**Q. How fast do you repossess the customer's car?**

**A.** We are very punctual in our timing of repossessing a vehicle. If we have not heard from a customer within 5 to 10 days after a payment is due, we begin the process. In the interest of protecting your asset, we only repossess a vehicle when it holds enough value to make doing so financially sensible.

**Q. What happens when a car is repossessed?**

**A.** The vehicle is taken to the local auction, where it stays during the period during which the consumer has the right to redeem the vehicle. During this time, the Dealer can check the status of the vehicle. We are working on a system whereby the Dealer could set a minimum acceptable bid for the vehicle. The vehicle needs to go through the auction process under consumer protection laws in order to make sure that the sales price, or minimum acceptable bid, is used to set the actual market price of the vehicle.

**Q. Can a Dealer sell the repossessions and keep the proceeds?**

**A.** No. The vehicle must go to the auction according to consumer protection laws to determine the market price for the car.