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Best practices -- Avoiding power booking

by Gil Van Over

This year's columns have been dedicated to describing this whole thing called compliance. We are now in the process of describing best practices that, if implemented, are designed to help reduce exposure to litigation and regulatory inquiries. Today's topic is a best practice to avoid power booking from taking place in the dealership.

Issue

Your dealership works with several finance sources to provide financing for your customers. Many of these finance sources will periodically request a bookout sheet to determine the vehicle's value as part of the credit decision. Some Sales or F&I Managers have been known to use a deceptive practice known as "power booking" to increase the amount a finance source will advance by showing phony or non-existent options on the Bookout sheet to the finance source. Make no mistake about it, power booking is bank fraud and can lead to criminal charges filed against anyone involved in the deception.



Best Practice

You should use the following process to best protect yourself and the dealership against charges of power booking.

A Manager is responsible for booking each used vehicle into inventory

This manager physically verifies all of the options on each used vehicle placed into inventory and generates a bookout sheet based on the physical inspection

This manager then signs and dates each bookout sheet which is placed in the vehicle's deal jacket. This is the only bookout sheet that will be submitted to your finance source at the time you submit credit applications.

These Bookout sheets usually cover a two month period, for example, January and February or July and August. If a new time period has elapsed, in other words, it is March and your Bookout sheet is from January – February, or the third party lender requires a different bookout sheet the F&I Manager may create a new bookout sheet to accurately reflect the vehicles value, but both bookout sheets must be submitted to the third party lender.

Finally, a copy of the bookout sheet must be retained in the customer's file.

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