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Consistently right

by Gil Van Over

Being consistent is a good thing. Having a process in place to do things the same way every time is being consistent.

Being right is a good thing. Having a process in place to do things in a legal and ethical manner is being right.

Being consistently right is a great way to help defend yourself in a lawsuit alleging deceptive practices.

Here are a couple of areas in which you should establish processes to be consistently right.

Payment quotes

The first payment quote a customer receives is critical to moving the negotiations forward and to avoid claims of payment packing or discriminatory pricing.

If you review the last 100 payment quotes generated by the desk and can't tie the APR used to calculate the payment to a consistent method, you may have issues.

Solution – if you pull a credit bureau before quoting a payment, develop a matrix based on credit score. If you do not pull a credit bureau, establish a rate that is used every time to calculate the payment quoted. Use standard terms (60 months for new and 48 months for used). Finally, make sure the rates used do not exceed state max rates if they apply in your state.

Doc fees

These fees vary by state and I've seen them range from \$45 to \$745. Regardless of the amount you charge, you need to have a process that applies the fee consistently.

That does not mean that everyone has to be charged the same amount. There can be exceptions, as long as they are consistently applied. Some of these exceptions include manufacturer employee purchase plans, fleet deals, limitations by certain lenders and dealership employee deals.

Solution – establish your fee amount, paying attention to any potential state max. Establish potential exceptions and the fee amount for exceptions. Publish the policy and enforce it.

Computer programming

Technical Truth in Lending and Regulation M claims can be made because the contracts are not correctly completed. Chances are that if you have a technical disclosure violation on your contracts, your Finance Managers are consistently incorrect.

Solution – have your Finance Manager run test deals for both retail and lease for every different contract you use. Make sure each deal has all the products you sell in F&I and has negative equity. Review all contracts to make sure the proper disclosures are made. If there are missing or incorrect disclosures, make the changes to the computer programming.

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