

**F&I**

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Protect Yourself with Out of Area Deliveries

I've had the pleasure to travel to or live in other cultures, mostly because of my dad's career in the Air Force. I've lived in Okinawa and Germany, South Carolina and Texas, California and Illinois. Each of these areas or countries has differing ideas about life and what's acceptable and expected.

For example, I can count in Japanese and German. I know that pop, cola, soda and soft drink mean the same thing. I appreciate Carolina BBQ, Tex-Mex chili, Napa Valley wines and Chicago style pizza.

You start out as a stranger, but after living in a place for a while, you start assimilating yourself into the area's lifestyle and form a comfort zone for yourself.

We all have comfort zones. Those areas of our lives where we know the drill, where we understand the dynamics between people in our lives, where we can complete our jobs with a radio blaring in the background.

Sometimes, though, we have to tackle a task not within our comfort zone.

One such out of the comfort zone process in a dealership is out of area deliveries.

Out of area deliveries defined

The typical out of area delivery is a transaction where the customer lives outside your normal trading area, the customer has arranged for transporting the vehicle to another location and the customer is not physically coming into your dealership to complete the transaction.

A second type of out of area delivery is obtaining a cosigner on a transaction where the principal signer is in your area, is taking delivery from your dealership and signs the paperwork in your offices.

Out of area deliveries risks

Two significant risks abound with out of area deliveries.

Identity theft is the most significant risk.

Good ID thieves are smart, but shy. The bad ID thieves take the risk of showing their faces in dealerships and assuming someone else's identity.

The good ones, though, do not want to be

in your presence. They want to conduct their crime over the Internet, phone or fax. They want to get a credit card through the mail. They want to have you deliver the car to them and conduct everything in the transaction by

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e-mail, express mail and snail mail.

Out of area deliveries satisfy every component of a smart ID thief's game plan. Find a vehicle on the dealer's web site. Apply through the dealer's web site or through the dealer's Internet department. Close the transaction via e-mail. Receive and complete the paperwork by mail. Arrange for transport from the dealership to a location convenient to the thief.

The second significant risk may or may not apply to your dealership, or with each lender, but is something you should investigate.

Some lenders have a clause in the Dealer-Lender Agreement you executed prior to starting your indirect lending relationship in which you affirm that the customer took delivery and signed the paperwork in your dealership. If this is the case, it is possible that an out of area delivery transaction violates your Dealer-Lender Agreement and would make that transaction a recourse deal.

Out of area delivery process

However, if you decide to move forward with an out of area delivery, you should have a consistent process that managers are to follow. One process to complete the transaction is as follows:

Review the transaction for any potential

red flags of identity theft. If you subscribe to a service that scores the applicant's information and provides a Red Flags' pass/fail score, complete that piece of the process and retain the results in the file.

With the customer, complete the out of wallet questions available either through your Red Flags provider or from a list you have developed yourself. The customer must correctly answer all the out of wallet questions to be eligible for an out of area delivery. Retain the correct answers as your documentation that this step was completed.

Complete the paperwork deck and mark the appropriate places for all customer signatures.

Next, you have two options. Option number one is to send the paperwork to the customer with the instructions to sign the papers in front of a notary and have all signatures notarized. Option number two is to contract with a service that provides notaries who conduct the deal closing at a location convenient to the customer.

Receive the paperwork back from the customer or the closing service and compare the signatures on the forms to the signature on the customer's government issued identification.

Finally, confirm that each signature was notarized.

You may also want to make this process a part of your Red Flag's Rule program.

Continued good luck and good selling. 

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