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## Required options

by Gil Van Over

I received a phone call last week from a loyal reader. "Gil," he started, "I have a great idea and wanted to run it past you."

Unfortunately, great ideas are usually run past me because someone thinks he has found a way around a compliance standard. This turned out to be the same.

He continued, "I sometimes get cut back by lenders on a line three call and can't always get the customer to put more money down or get the Used Car Manager to put more in the trade. That means we end up taking the difference out of gross and the deal ends up being a loser.

How about if I get the customer to agree to buy F&I products to make up the profit shortfall? I can even get it in writing that the customer agrees to buy these products because the bank won't finance the purchase price. Heck, I can even get the customer to agree to assign the proceeds to me if the policy cancels."

My loyal reader did not like my answer.

First, you can't require that a customer purchase certain optional F&I products without running the risk of the premium becoming a portion of the finance charge. There is a reason Gap and Service Contracts are labeled as optional on the Retail Installment Sales Contract.

Second, try defending your position to retain the cancelable portion of the F&I product when your customer prepays to a judge when you are accused of coercing the consumer with this agreement.

Finally, putting it in writing seals your fate.

Before you try something creative like this, do yourself a favor and run it past your attorney. It could save you plenty of headaches in the future.

Gil Van Over is the President and founder of gvo3 & Associates, a nationally recognized F&I, Sales and Red Flag Rule compliance consulting and training firm ([www.gvo3.com](http://www.gvo3.com)).

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