

Dealer

F&I Special Section

by [Gil Van Over](#)



Aspiring Governors Gathering Votes at Dealers' Expense

I spent a year one week with my grandparents during my pre-teen years. Two lessons from that week stay with me to this day.

The first lesson had to do with personal credit management. I would start out on the path through the woods every day just after lunch. My ultimate journey was the general store about a mile up the gravel road.

I found out that my grandparents had a "credit" account at the store. To me, that meant I could walk in, get my Moon Pie, RC Cola and Popsicle and simply tell Oscar, "Put it on Grandpa's account."

As luck would have it, Grandpa stopped by the store on the way home from the coal mines on Friday and found out that his grandson had been running up his tab.

Grandpa told Grandma and all hell broke loose. I had to go out to the woods and find a hickory switch for Grandma to administer her whupping! Unfortunately, the first switch was much too slender for her taste, so she sent me after another, stouter, switch. My hinny was hurting well before the whupping.

I did learn to be more prudent with my credit purchase decisions.

My grandpa was kind enough to help me with my second lesson. He constantly preached, "Do not discuss religion and politics." Granted, this was when there were only four TV channels available, not that it mattered much in Grandpa's house. Given the fact that I had to go over the hill to use the outhouse with the Sears catalogue in hand the idea of a TV in the house was out of the question.

It's probably a good thing that Grandpa passed a while back. I don't know how he would handle all the talking heads generating ratings by manufacturing news that dominates the cable channels today. Still, I generally avoid getting into discussion with people about politics and religion.

I am making an exception this month to talk about two of the attorneys general (a.k.a. aspiring governors) that have recently taken positions contrary to auto dealers.

The Illinois candidate

Lisa Madigan, Illinois' attorney general, published a brochure titled "Stop Unfair Dealer

Financing” geared towards consumers in her state and targeting dealers. The brochure tries to compare dealer reserve to a mortgage broker’s markup. In her inflammatory language, the car dealer, “Mark-up Motors,” receives a 70 to 75 percent kickback of the marked up finance charge. By the way, she also shows in the brochure that the dealer markup was 6.30 percent.

You can view the brochure yourself at her web site, www.ag.state.il.us/consumers/brochures/truthauto0604b.pdf. While you are there, look at the other materials geared towards consumers.

The Minnesota candidate

This state’s attorney general’s office filed a friend-of-the-court brief supporting the plaintiff in the *Majors v. Ford Motor Credit Company* lawsuit. The complaint claimed, among other things, that Ford Credit engaged in deceptive practices because it failed to disclose the dealer rate markup on its loans.

The friend-of-the-court brief filed by the attorney general’s office argued that without disclosing the rate markup “dealers could push a higher yield spread with consumers the dealer believes are least sophisticated, where the unequal bargaining power is the greatest.”

Sounds like this attorney general here is a friend of the Dark Side, not a friend of the dealers.

By the way, the court ruled in our favor and declared that there is no need to reveal the dealer markup. I am aware that judicial logic is an oxymoron (kind of like George Carlin’s famous oxymoron - military intelligence), but this court appears to have exercised judicial logic by determining that Majors had all the necessary information in the amount financed, APR, interest charges, term and payment to make an informed purchasing and financing decision. Finally, a contract is a contract.

By the way, three attorneys general have announced a campaign for the governor’s mansion, either in 2005 or 2006: Mike Beebe (Arkansas), Eliot Spitzer (New York) and Jim Petro (Ohio). It is still early; there may be more by the time November 2006 rolls around.

I refuse to bet on sporting events because I would never bet against my teams. I tend to bet with my heart, even when I know in my mind that Ohio State will never cover the 45 point spread against a MAC team. I bet with my heart, not with my wallet. You can vote with your heart or vote with your wallet. Determine if your attorney general is a friend or a foe to your business, irregardless of party, and vote accordingly.

Grandpa, please don’t be disappointed. I only talked about politics because it is time.

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