

October 31, 2006

Here's a scary thought

by Gil Van Over

Happy Halloween everyone!

The office staff at the dealership I am at this week will be celebrating Halloween by dressing up in costumes today. This should be quite an event, perhaps even a scary one, based on the conversations I overheard yesterday.

Here's another scary thought I picked up on by monitoring (not overhearing) some of the various online F&I forums. What if your F&I Managers are not conversant in the laws, rules and regulations that govern your transactions?

True thread, just recently posted.

Poster #1: Does anyone have a Cliff's Notes version of the FCRA? I'm reading the text from the government's Web site and it is taking a long time.

Poster #2: Ha, don't worry about all the details from a compliance perspective. I am the compliance officer at my dealership and my goal is to just stay within the lines.

Poster #3: I've been in F&I for over a year now. Just what the heck is FCRA?

As the thread developed, Poster #3 reminded me of the poor slob who fought off the lions in ancient times. He went into the coliseum without experience or training, didn't know what to expect, wasn't sure how many lions were going to be there, and the time he spent alive was for the benefit of a few wealthy citizens. By the way, if the poor slob didn't make it, there were more poor slobs to take his place.

This F&I Manager was thrown into the wars without any experience or training. He is trying to learn on his own, but who knows how many mistakes or potentially litigious actions he is taking. He has no clue as to the list of laws, rules and regulations he is responsible for overseeing. Moreover, if he doesn't make it, I suspect the dealer has a replacement in mind.

To answer poster #1's question, I've found the Association of Finance and Insurance Professional's (AFIP) certification study manuals to be a complete, condensed source of the Federal laws and regulations that an F&I Manager must understand and abide by. Some of the Federal laws also cover other credit-related areas such as open-ended credit and mortgage lending that may not apply to the auto financing process. AFIP has successfully weaned out the parts of the Federal laws that do not apply to the auto business making it an easier read.

As for poster #2, hopefully your lines are sufficiently close to where they need to be. Imagine riding a motorcycle down a football field. There are lines, but also plenty of room to make mistakes and wipe out.

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