

NEW VSC PRESENTATION

Finance MNGR: Did your salesperson tell you anything about your Manufacturer's Limited Warranty?

Customer: Yes

Finance MNGR: What is your understanding? (LISTEN!)

Customer: 3/36K mile bumper to bumper

Finance MNGR: Great! I'm going to go a little deeper with it so you have a full understanding of exactly what the warranty does and does not cover. That way, by the time you leave you'll be an expert. Sound fair?

"Time Line Illustration"

- (1) So your salesperson was correct. *Your Manufacturer's Limited Warranty is 3 yrs/36K miles, and it also has a 5-year/60K mile power train warranty.* (write out term and miles)
- (2) Your first 12,000 miles is what the factory calls the "break-in period". Everything is covered from the road to the roof and bumper-to-bumper (i.e. windshield wipers, belts, hoses, battery, etc.)
- (3) After the 12,000 miles, that's where the "limited" part of the warranty kicks in. From that time on, the only thing covered is DEFECTS. What I mean by "defects" is defects in materials and workmanship. "Materials" being the part itself and "workmanship" is the way those parts were installed by the factory.
- (4) Your Power train warranty is the same way. The only thing covered on it is defects.
- (5) The things that aren't covered are: MAINTAINANCE – for instance belts, hoses, brakes, tires, batteries, etc. There are 3 major reasons vehicles break down other than defects. The first is PERSONAL DRIVING HABITS, such as dents, dings, cracked windshields, scratched and dented rims or flat tires due to road hazards as well as any mechanical problems due to the way you drive (i.e. busted shocks, broken suspension pieces, etc.) – and because these breakdowns are due to your driving habits, they are not covered by your MLW.

- (6) CLIMATE ISSUES is another thing that your MLW doesn't cover. For instance, with all the computers and electric components, any moisture that comes in contact has the potential to cause damage and short items out internally causing the part to fail.
- (7) WEAR AND TEAR is the most common reason for a vehicle to be in the shop and need a repair. The factory is not obligated to repair these things. In regard to your factory power train warranty, what do you think is the main cause for breakdown at 45, 50, and 60K miles – defects or worn parts? Exactly, worn parts. Now for illustration purposes, this is a snapshot of your ownership timeline.
- (8) Earlier you told me you drive around 15K miles a year and plan to keep this vehicle about 6-7 years. With those driving habits, your factory warranty is going to expire in approximately 2.4 years due to miles.

Finance MNGR: When do you think this car is more likely to need repairs? Here (small box) or here (big box)?

Customer: I guess there (big box)

Finance MNGR: I agree. Less likely HERE and more likely HERE. (Write "LESS LIKELY" and "MORE LIKELY") So why don't manufacturers give the same coverage here (point to big box) when THAT'S when most people actually need it?

Customer: It would be too expensive for them.

- (1) Who then would be responsible for any major or minor repairs on your vehicle during or after the MFGS Limited Warranty has expired? That's right (Mr. Customer) you are. Your 100% risk responsible!
- (2) Do you have any idea what's happening to repair costs due to Inflation & Advancements in technologies? That's right (Mr. Customer) they're going up.
- (3) Doesn't it make sense then, that if you can, to eliminate that impact of any major or minor repairs on your vehicle after your MFG's Limited Warranty expires?

You see (Mr. Customer) we've anticipated what can happen and that's why we've developed what we feel is the most extensive & comprehensive vehicle protection package available in North America Today.

You get the best of both worlds. You have the factory warranty, which covers you during the time when your car is least likely to need a repair and we add in this protection when you're most likely to need it.

Given the option of having repair protection when you're less likely or more likely to need it, which would probably benefit you more? (TRIAL CLOSE)

Customer: When I'd need it more.

99.9% CLOSE

Transition Statement:

Finance MNGR: Ok so what your saying is you don't feel your car will break. Before we move on do you mind if I share a thought with you?

Customer: No, go ahead.

Finance MNGR: Would you be happy if your car gave you 100% perfect service? (Begin illustration)

Customer: Of course.

Finance MNGR: Me too. Would you be happy with 95% perfect service?

Customer: Yes.

Finance MNGR: Would you be happy with 99.9% perfect service?

Customer: Yes.

Finance MNGR: That's about as close to perfection as we're going to get, isn't it?

Customer: Yes.

Finance MNGR: What I need to know is how many days there are in 5 years. Do me a favor; take my calculator and multiply 365 times 5. What do you get?

Customer: 1825

Finance MNGR: Great. Now, if your car were 99.9% perfect, would you agree there is a rate of imperfection?

Customer: Yes.

Finance MNGR: Right and its one tenth of one percent, which as a decimal that would be .001, correct? Now take the .001 and multiply it by 1825?

Customer: 1.825.

Finance MNGR: Right! Where I come from, we round this up to 2, fair enough?

Customer: That's fair.

Finance MNGR: That "2" represents two days that your vehicle could be in the shop out of the next 5 years. How many hours are in a normal workday?

Customer: 8.

Finance MNGR: And 2 times 8 is 16, correct?

Customer: Yes

Finance MNGR: Have you had a chance to go through our service department?

Customer: No.

Finance MNGR: Well, our labor rate like most dealerships is \$85.00 per hour. If you'll take the calculator and multiply the 16 hours by the \$85.00 labor rate, what do you get?

Customer: \$1,360.

Finance MNGR: Right! Now, is it fair to assume that if your car was in the shop for 16 hours there might be some parts needed?

Customer: Yes.

Finance MNGR: Our service records tell us that for every dollar you spend in labor, you will spend 2 dollars in parts. Instead of using a 2 to 1 ratio, let's just be conservative and use a 1 to 1 ratio. Using a one to one ratio, if you have \$1,360 in labor, how much would you have in parts?

Customer: \$1,360.

Finance MNGR: Right! \$1,360 plus \$1,360 is....

Customer: \$2,720.

Finance MNGR: And that's if your car gave you 99.9% perfect service. Let's just say your car only gave you 99.8% perfect service. What would happen to that \$2,720?

Customer: It would go up. (Try to get the customer to say, "It would double.")

Finance MNGR: \$2,720 plus \$2,720 is... (Pause briefly)

Customer: \$5,440.

Finance MNGR: So wouldn't you rather pay \$2100 knowing that is all you have to pay vs. having a 2700-5400 potential risk of paying out of your own pocket?

Customer: Most definitely.

Finance MNGR: I couldn't agree more. That being the case, would you like to stay with the 5-year/75,000 mile or upgrade to the 6-year/100,000 mile?

MLW 3/36 5/60

Covered

1-12K BI Period
12-36K 5/60K

DEFECTS ONLY

Materials

Parts

Workmanship

Factory Installation

Not Covered

Maintenance

Belts

Hoses

Brakes

Tires

Batteries etc.

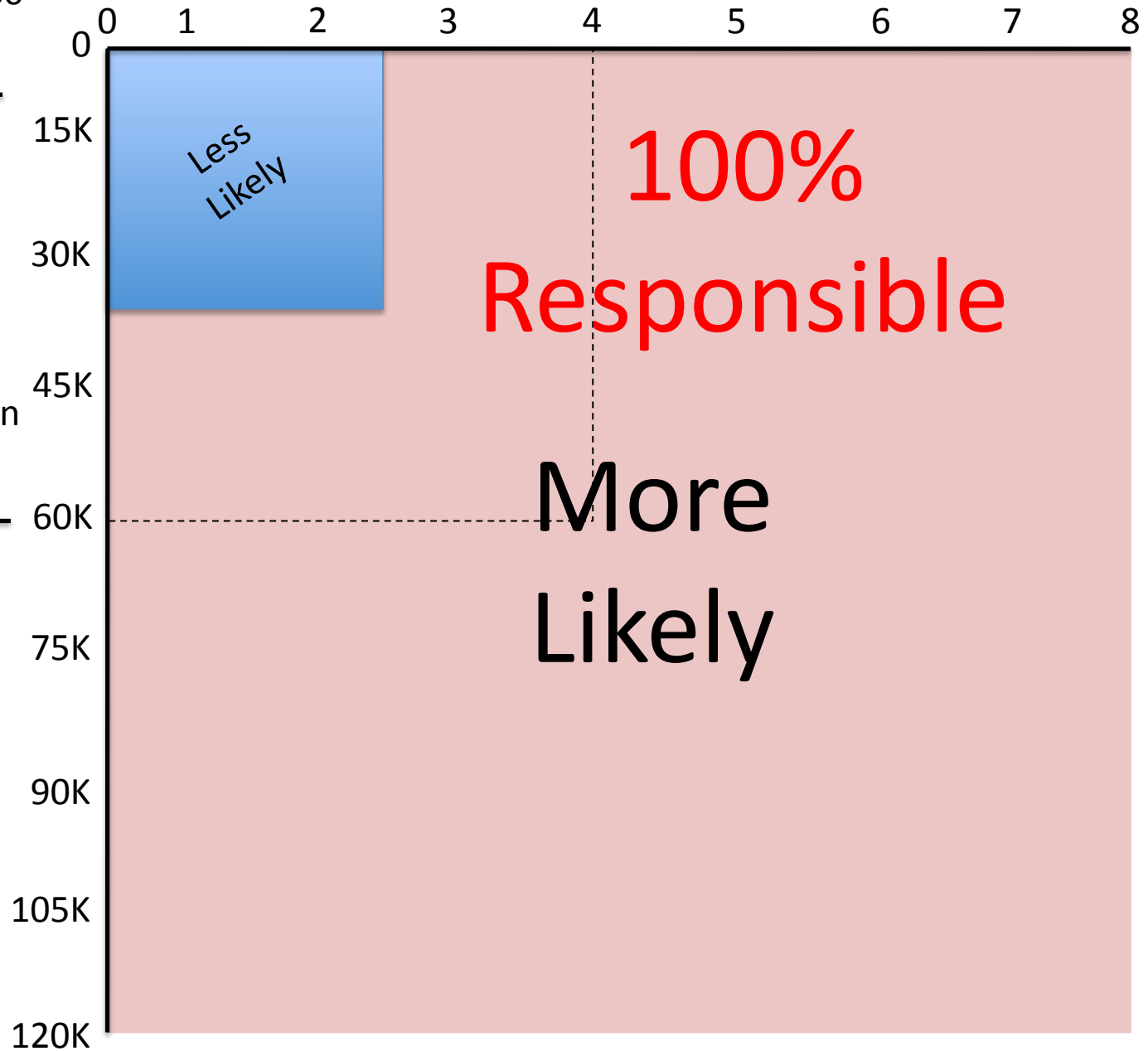
Top 3 Reasons

PDH

Climate

Wear & Tear

Worn Parts



(G)uaranteed (A)sset (P)rotection

In the event your vehicle is deemed a total loss due to an accident, theft or act of God, your insurance company usually covers the fair market value or the actual cash value of your vehicle at the time of the accident. The amount you owe your lender or lease company may be more than the actual cash value at the time of settlement. This difference between the two is the amount that is covered under the G.A.P policy.

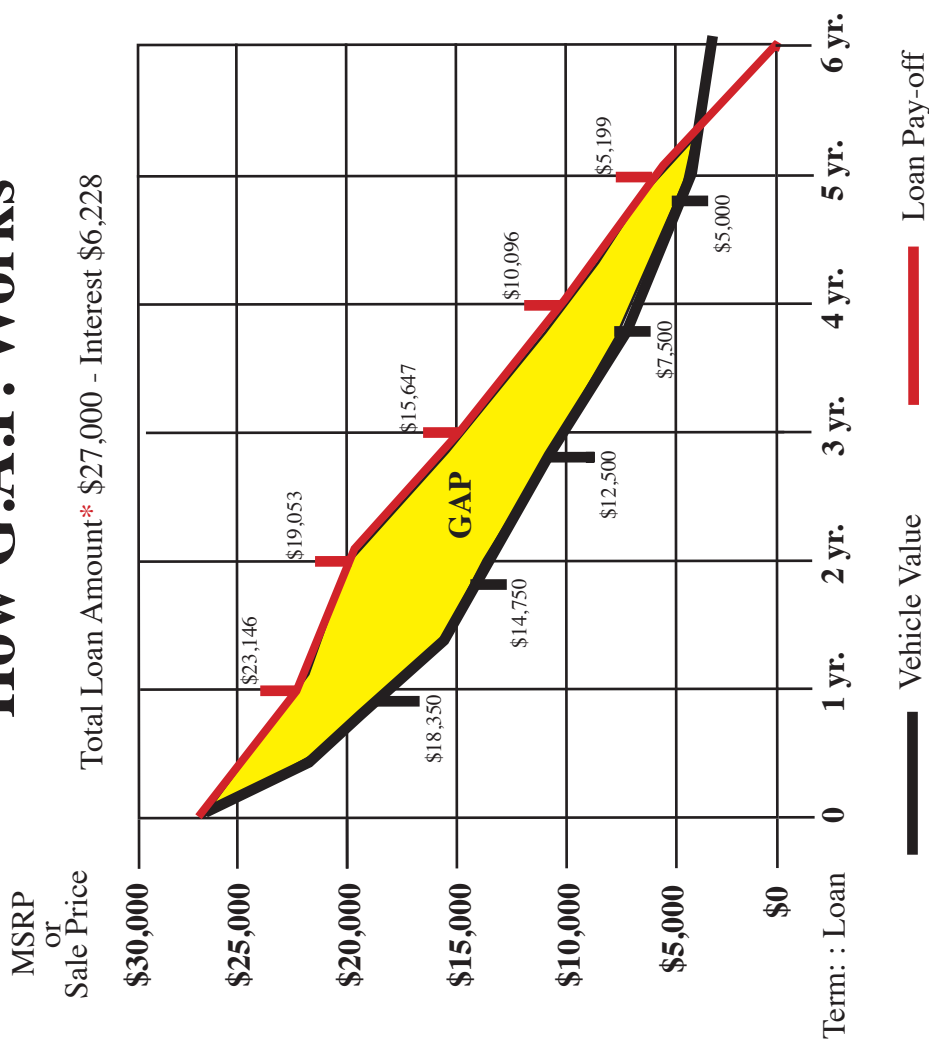
GAP COVERS THE DIFFERENCE AND THEN SOME

- Protects new, used and leased vehicles
- Covers up to 150% of MSRP
- Pays your insurance deductible up to \$1,000

FAQ

- Q: Can I buy this through my own insurance company?
A: Yes! However, insurance companies will limit their GAP coverage to 20-25% of the actual cash value.
- Q: Do I need GAP if I am planning on paying my vehicle off in the next twelve months?
A: Yes! You only pay for what you use. At the time of your early pay-off you will receive a pro-rated refund.

How G.A.P. Works



*Total loan amount does not include tax, title, license or DOC fees