



Recreational Financing: Understanding & Expediting the Process

Written by Heather Mariscal, Lorraine Mariotti and Laura Smith of Priority One
June 16, 2010

We've all heard the saying *time is money*. And this is so true in our industry. When you have a customer ready to buy, you want to get them approved, closed and out the door. But let's face it, not every deal is a slam dunk. In fact, when it comes to recreational loans most deals take time and skill. A good F&I manager knows how to use his time wisely, expertly submit complete and correct paperwork, allow for unforeseen delays and give him ample time to negotiate with the lenders on behalf of the customer.

Customers often compare the experience of obtaining a recreational loan to that of a car loan. Sure, they walked into the dealership, looked at the different models in the showroom, maybe even sat behind the wheel, but here's where the similarities end. Recreational loans are among the most challenging loans to obtain. Lenders know a payment on a leisure item will be the first one to go when times get tough and for that reason their lending guidelines are much more stringent. And in our current economy, guidelines are even tighter. More often than not, lenders are requesting factory invoices upfront, requiring higher down payments, booking out more & more units, (i.e. all new 2008 units are being booked out in order to see their current loan value) and reducing staff. Top those measures with decreased availability of lenders willing to offer dealers retail financing options and one can see why recreational purchases can be time consuming and sometimes confusing.

F&I managers have to work harder than ever to get customers into the units you sell. Gathering the right information, reviewing the paperwork, investigating any discrepancies, negotiating the down payment, working with the sales staff and lenders and compiling the deal takes time. And every minute that goes by from the time the customer fills out an application to delivering the unit is vital.

While an experienced F&I manager should be prepared to devote the time & attention it takes to get a recreational customer approved, he should also take steps to remove unnecessary delays in the process. With every moment as critical as we know it is, you can't cut corners on getting the customer approved. Sloppy work will get you nothing more than a speedy decline. But you can save valuable time by watching out for these six things:

- If the paperwork is not clear, concise and correct, your F&I manager should take the time to contact the customer or your dealership for additional clarification. Even one typo, such as one digit on a social security number can slow things down.
- Your F&I manager should be knowledgeable about the Red Flag Rule and know the difference between major and minor discrepancies in order to communicate to your customer possible delays in loan processing and confirm identity when necessary.

- It is important to use your financial institution's credit application because it includes everything needed to move forward on the deal; using the wrong company's application may not include the questions your lender's application requires and cause delays.
- Your F&I manager should look for things on the application that could be adjusted before submission. For instance, if the customer has only worked at his job for one year, include a more detailed work history. Rather than the underwriter questioning one year of work, or worse, turning the loan down, your manager should include more information up front to save time.
- Send the factory invoice on all new units upfront with the credit application and with discounts clearly legible.
- If the unit is used, your F&I manager will need to book-out the unit so provide them with a list of options with the purchase agreement. If there is a trade allowance, make sure the trade is described fully.

You work hard for each and every sale. You should feel confident that your F&I manager uses his time with the customer in the most effective way, saving time when possible and spending the time when it's needed to secure an approval and deliver a unit. These simple steps will ensure needless delays are avoided keeping your F&I manager focused on securing an approval, generating F&I profits and protecting the purchaser's investment.