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DEALERS FINANCIAL TIMES

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Ashley Phillips
President, Dealers Finance

ASHLEY PHILLIPS NAMED NEW PRESIDENT

Open communication among his top priorities

Please join us in congratulating Ashley Phillips in his new position as President of Dealers Finance. Ashley will assume his new role upon the retirement of Mike Wynne in June 2008. Mike has played an integral role in the success of Dealers Finance. We all wish him good health and happiness in his retirement.

Ashley has over 30 years of experience in the areas of retail and inventory lending and is a top notch replacement for Mike Wynne. Ashley looks forward to continuing the goal at Dealers Finance to be the independent car dealer's friend in the finance business. His future plans will be to

focus on open communication with dealers and internal staff.

Ashley is also interested in expanding services offered online, including developing new releases of the Account Access section on www.dealersfinance.com that make it easier for dealers to do business with Dealers Finance on a day-to-day basis.

Dealers Finance is, as always, committed to providing the most competitive



Mike Wynne
Retiring President,
Dealers Finance

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The Dealers Finance Mission

We like being the friend in the finance business. It's what makes us different from other floorplan financing companies. We believe that excessive fees unfairly drive up the cost of dealer financing. So we will never charge for overnight shipping expenses or for site visits. Plus we proudly offer the industry's only no-fee inventory financing plan, the Gold Plan. We have created our financial products to be flexible and customized to the specific needs of growing dealerships. Simply put, we are a local lender managed by friendly, local people.

DEALER\$ FINANCE
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1-800-205-6221 or 678-739-2059 | <http://www.dealersfinance.com>

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DEALER TIPS

Three tips on moving more units per month.

To gain consumer sales, you must position your dealership to offer the right car at the right place at the right time for the right price. However, finding the right inventory for your dealership can be a difficult process. Consumer buying patterns change frequently based on many external factors such as gasoline prices, job status and others.

Here are a few tips to help you find out which vehicles are your best sellers, how to obtain quality vehicles on a regular basis and how to use language as a bridge builder.

Research your inventory.

You know which vehicles move the fastest off your lot, but do they have the highest profit margin? Sometimes a less popular model can bring in a better return. Consider using a car dealer software package such as Wayne Reaves Software Systems, Lot Wizard or Frazer Software to reveal trends on your lot such as how quickly a model is selling and the average profit margin for each type of vehicle.

Consider all resources when buying inventory.

Once you have determined your top selling vehicles the difficult part will be to find a steady supply of those units. Auctions are a good place to start, however you are competing with hundreds of dealers in your area for the same vehicles. Not to mention the fact that traveling to auctions can become expensive and time consuming. Consider alternate resources such as buying vehicles online from services such as OPENLANE or OVE.com. You can also check out bank repossessions, seized vehicles, and government and police vehicle auctions. Just make sure to review the auction's arbitration process. It's inevitable that some of the vehicles you purchase using these options will have problems.



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EMPLOYEE SPOTLIGHT

Walt Phillips, Account Executive

Where did you work before Dealers Finance?

I worked in various car dealerships in upstate South Carolina and western North Carolina for 28 years as manager of F&I. The last one that I worked for before coming to Dealers Finance was Fairway Ford in Greenville, SC.

What do you like most about working at Dealers Finance?

I really enjoy the people that I work with at Dealers Finance. Being in the field, it is nice to know there will be a friendly voice on the telephone when you call. Everyone is very helpful in

trying to solve any problem that you may encounter. I also enjoy the fact that I don't sit behind a desk and the variety of day-to-day events.

How would you describe your job?

It is eventful. My job is never the same on a day to day basis. I am in a different city and meet with different dealers everyday.

What do you do outside of work?

I enjoy spending time with my family, especially the grandchildren. I also enjoy playing golf and I like to travel for pleasure when I get the chance.

INDUSTRY TRENDS



Bankruptcies, Auctions and Charge Offs

Highest Per Capita '07 Bankruptcy Filing Rate

| Ranking | State | Ranking | State |
|---------|-----------|---------|-------------|
| 1 | Tennessee | 6 | Ohio |
| 2 | Georgia | 7 | Nevada |
| 3 | Alabama | 8 | Arkansas |
| 4 | Indiana | 9 | Kentucky |
| 5 | Michigan | 10 | Mississippi |

Source: U.S. Courts

Average Sales Price - Physical Auctions

| Year | Avg. Sales \$ | Year | Avg. Sales \$ |
|------|---------------|------|---------------|
| 1998 | \$7,700 | 2003 | \$8,319 |
| 1999 | \$8,288 | 2004 | \$8,430 |
| 2000 | \$8,361 | 2005 | \$8,778 |
| 2001 | \$8,440 | 2006 | \$9,138 |
| 2002 | \$8,505 | 2007 | \$9,310 |

Source: National Auto Auction Association, 2007 Annual Review

Percentage of Charge-Off Amounts by FICO Score

| Gross | | Net | |
|------------------|-----------------------|------------------|-----------------------|
| Credit Rating | % of Used Charge-Offs | Credit Rating | % of Used Charge-Offs |
| 720+ | 13% | 720+ | 7% |
| 680 - 720 | 22% | 680 - 720 | 13% |
| 620 - 679 | 31% | 620 - 679 | 30% |
| 550 - 619 | 19% | 550 - 619 | 27% |
| 549 and Unscored | 15% | 549 and Unscored | 23% |

Source: NABD

Dealer Tips - continued from the previous page

Be flexible when it comes to speaking English. If possible, learn a few key phrases in the common languages for your area. It's always a good idea to have a few language translation dictionaries available. You can buy translation books for a variety of languages at your local book store. The money could be well spent as an opportunity to turn a "no sale" into a sale by

starting the communication process in the customer's native tongue.

Keep an ear to the ground and an eye on the horizon and you'll be on your way to maximizing profits in 2008.

David Ozyp, www.ozyp.com

SPECIAL OFFER

BHPH Note Program

Dealers Capital is proud to offer a special note purchase rate for qualifying dealers for a limited time.

Sign up for a new account before July 31st, 2008 and you will receive a one-time AMP Program advance of \$.80 for a minimum order of 20 accounts.

The Dealers Capital AMP Program is a vehicle note funding product designed to help buy here-pay here dealers increase monthly cash flow. We advance a percentage of your qualifying vehicle notes. You maintain contact with your customers and continue to collect all payments.

Free up capital trapped in your inventory. For more information call 1-877-531-2689 or visit www.dealerscapital.com.

DEALERS CAPITAL
YOUR FRIEND IN THE FINANCE BUSINESS

New President - continued from page 1

floor plan financing programs in the industry. In addition to helping you save money on fees, Dealers Finance is also proud to offer the following special benefits to every dealer we work with:

- Reduce curtailments from 20% to actual Black Book value
- Add non-auction vehicles at 100% of Black Book average value
- Eliminate fees for overnight delivery of titles
- Never pay fees for site visits and lot checks
- Be automatically signed up with all auctions

If you have any questions, or if you would like to wish Ashley a personal congratulation, please feel free to email him at aphillips@dealersfinance.com.

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