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Third Time Is A Charm

By Gil Van Over

Life is a world of threes. Three times is a charm. 3D is better than 2D. Tony Orlando preferred to hear the knock three times. We are the third rock from the sun. One judge answered the question, "When is a contract a contract?" with a three times answer.

A dark side mercenary brought a lawsuit against a dealer alleging that the dealer stuffed an F&I product, the consumer did not know he was buying this product and the sales practices were deceptive. But, thankfully for the dealer, the judge threw the case out, noting that that consumer signed three separate documents that disclosed the product sale and the price of the product.

"How can you sit here and say the plaintiff did not know he was buying (product) if he signed for it three times?" the judge asked incredulously. Use this precedent to your advantage and adapt a Rule of Three (four, if you are a belt and suspenders type of owner).

Run a test deal in which every single F&I product is sold. See how many times you disclose the product, the price and obtain a customer's signature affirming the purchase. At a minimum, the pricing should be on your menu and the product enrollment form. If you use a Buyer's Order or an Order for a Leased Vehicle, disclose the product and pricing on this form. California dealers have not historically used a Buyer's Order, but a required disclosure under the new Bill of Rights should provide this third disclosure on retail transactions.

Finally, disclose all the products and pricing on your retail and lease agreements. Confirm that your third party creditors and lessors will accept the retail and lease agreements with these products disclosed before you make the change. The last thing you will want is for your contracts in transit to increase.

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