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## Compliance checklist

by Gil Van Over

I am usually a guy who believes that if you get stale bread, you make toast instead of throwing the bread away. I know that today's tough times will improve. In time. I am also a realist. I know that tempting times can turn honest people into crooks. Today's reality in the seeming ghost town showrooms can tempt sales employees and finance professionals to commit bank fraud and other federal or state crimes. Implementing a compliance checklist can help to keep honest people honest.

### Elements of a Compliance Checklist

When putting your checklist together, consider the following elements.

#### Two-person Review

It should be completed by the F&I Manager and reviewed by the Billing Clerk. This places the responsibility on the professional being paid the higher buck to say to the organization, "I did this deal right." It also subconsciously says to the F&I Manager, "You are signing your name saying you did this deal right." The Billing Clerk is your control checkpoint to further help with your compliance.

#### Areas to Review

The checklist should ask the F&I Manager and the Billing Clerk to review items in your sales and F&I processes that help you to comply with state and federal laws and avoid claims of deceptive practices. Some example:

- If you use a menu, compare the final agreed upon terms on the menu to the contract or lease agreement.
- Ensure that the product premiums are consistent on all documents.
- Address discrepancies, Social Security Number discrepancies and credit bureau alerts have been addressed, resolved and documented.
- There is a legible, current U.S or state government issued identification in file.
- Valid, unexpired insurance has been verified.
- OFAC has been cleared and any potential hit has been addressed, resolved and documented.
- Copies of properly completed English and Spanish Used Car Buyer's Guides are in file.
- All voided contracts are marked void and in file.
- Recontracted contracts are dated the date of signing, not the date of delivery.
- State required documents, such as rescission agreements, are executed, as applicable.
- Dealer mandated documents, such as thumbprints, are in file, as applicable.
- All documents are signed by both the customer and the dealership in all applicable places.
- Strikeovers on the credit application have been initialed by customer.
- Down payments as disclosed on the contract or lease agreement were collected and documented with a receipt.
- FIN-Cen 8300 form in file on qualifying transaction.
- Products sold within dealership or state pricing guidelines.
- Lender stips are collected and copies retained in the file.

#### Benefits of a Checklist

You must process the deal to get paid for the deal. The use of a checklist places the accountability on the F&I Manager to have the deal right when it gets to Accounting. This should reduce the number of times the deal is kicked back to Finance to get something right before billing the deal.

The effective use of a checklist improves the deal processing and can improve your CITs.

Your sales people will be paid sooner if the deal is processed quicker.

The consistent use of a checklist will help with your compliance controls.

The use of a checklist can help keep honest people honest.

Gil Van Over is the President and founder of gvo3 & Associates, a nationally recognized F&I, Sales and Red Flag Rule compliance consulting and training firm ([www.gvo3.com](http://www.gvo3.com)).

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