

AVOIDING F&I PITFALLS



Concentrating your compliance training on your F&I department is not enough.

Compliance starts with your sales department and ends with service.

BY BRUCE FOSTER

Legal compliance is a hot topic in today's automotive industry, and numerous companies offer and promote legal compliance training as a result. However, many of these classes and seminars only focus on the F&I department since that's the area most dealers perceive to be their biggest exposure risk. In reality, the issue of legal compliance begins even before the customer arrives on the dealership lot, and then continues throughout the entire sales process and beyond. Therefore, it is imperative that dealerships take steps to ensure they are educating all of their employees on today's laws and regulations, not just those in F&I.

Like any business, automotive dealerships rely on advertisements to attract customers and get them into their stores. However, many dealerships are not aware of the multitude of laws that impact something as simple as a print or television ad. Regulation Z and Regulation M of the Federal Consumer Credit Protection Act and Consumer Leasing Act are just two of the laws that directly impact the content and wording of an advertisement, and establish guidelines for what an ad must contain in order to be deemed legally compliant. The issue has become even more complex with the growth of

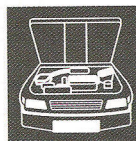
dealership Web sites and Internet advertising. That's why it is more important than ever for dealerships to remain up to date on all of the advertising laws and regulations.

IT STARTS WITH SALES



After a customer sees an advertisement and actually arrives on the dealership lot, the responsibility for legal compliance shifts to the sales department. The sales staff has a tremendous need for legal compliance knowledge since they are usually the first to provide detailed information about the vehicle and its features and benefits. This is also where the discussion about price begins. Additionally, since salespeople often pull credit reports or gather other personal customer data, they need to be aware of the guidelines for handling this type of information as well. Without sound knowledge of laws, such as the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act and the Gramm-Leach Bliley Act, salespeople could unintentionally violate one of these laws and place the dealership at risk.

IT ENDS WITH SERVICE



Lastly, after the customer has gone through the F&I department and purchased the vehicle, he or she will return to the dealership several times a year for service and/or repairs. Like other areas of the dealership, the service department also has a responsibility to comply with all laws and regulations. Contract laws, lemon laws, the Magnuson-Moss Warranty Act and the Gramm-Leach Bliley Act are just some of the laws that impact daily operations on the service drive. Service advisors and service managers must be aware of how to comply with the law.

In other words, it is not enough to simply provide legal compliance training for the F&I department. F&I managers are only one component of a much larger compliance picture. In order to truly comply with the law and minimize legal exposure, dealerships need to emphasize legal compliance in all areas of their store. ■

The companies you work with are oftentimes a great source for training. JM&A Group's Performance Development Center (PDC) offers training in several different areas. Here's a breakdown:

- Sales Manager Certification: This course provides sales managers with information on local and state laws affecting their dealership.
- The F&I Legal and Ethical Standards (FILES) Certification: This focuses on the F&I department, providing F&I managers with the tools they need to help protect themselves and the dealership.
- Service Sales Consultant (SSC) Certification: This course includes a model that addresses many of the laws and regulations impacting the service department.