

# The Power of Second Look Financing



## What is Second Look Financing?

Second Look or "Discount Financing" is a way to approve a wider variety of credit, including customers that most "prime lenders" (like banks) would decline, by sharing a portion of the risk with the dealer. Risk discounts are costs to the dealer based on the customer's credit and application information; the weaker the credit, the higher the fee may be.

Example of discounts for a \$5,000 sale.

Risk Discount	None	95% Bid	None	95% Bid
Promotion Discount	No Promo	No Promo	6 MOSAC	6 MOSAC
Total Discount	0%	5%	2.75%	7.75%
Dealer Payout	\$5,000	\$4,750	\$4,862.50	\$4,612.50

## How can second look financing add to your bottom line?

Example: \$5,000 sale turned down by a prime only lender = no money in your pocket. If FFC is able to approve that loan at a 90% bid (10% risk discount), you will be paid \$4,500, turning a loss into incremental revenue you'd otherwise have missed. Note: The actual risk discount will vary based on the customer's credit and application information.

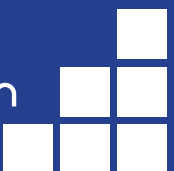
## Why Accept a Discounted Deal?

- › Some profit is better than no profit.
- › Help cover general, administrative and marketing expenses.
- › Prevent customers from using a competitor who does take discounts.
- › Future sales & service from customers along with referrals.
- › Breaks from suppliers on pricing due to greater volume of sales.

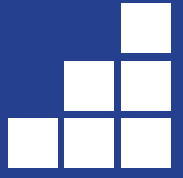
## APPROVAL TIERS

Our Tier 1 and Tier 2 approvals are paid out at 100% (less any promotional plans) with NO dealer fees.

Our Tier 3 bids are done at discounted levels, allowing you to close sales with customers most lenders would decline. Let us show you how to turn these discounted bids into additional revenue to build your bottom line.



# Frequently Asked Questions



**Q** Do all approvals have a risk discount?

**A** No! Risk discounts are only applicable to Tier 3 approvals. Tiers 1 & 2 will always be at 100%. The only fee that would apply is if you select a promotional program that has a fee to you.

**Q** Can I accept a down payment?

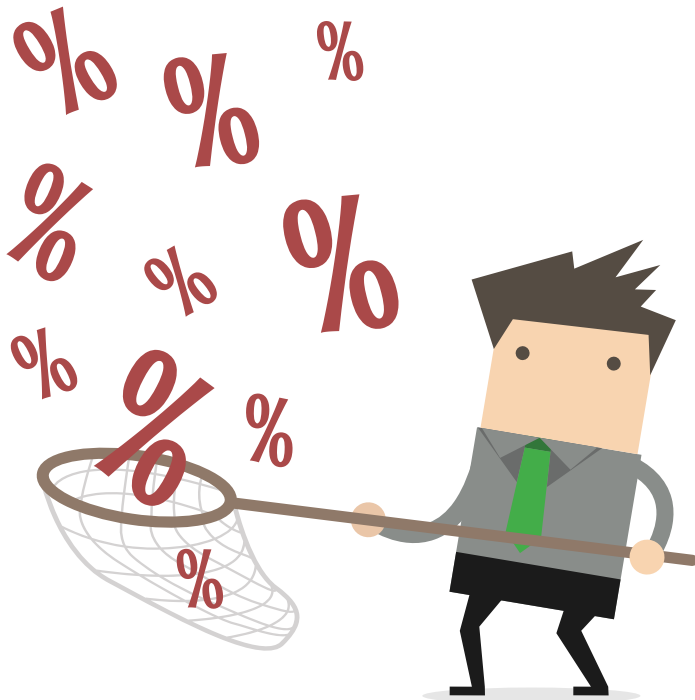
**A** Yes. Any down payments will go directly in your pocket with no discount removed.

**Q** On Tier 3 bids, what determines the risk fee? How can I get the best approvals?

**A** FFC is not strictly a "FICO score" driven lender. We look at credit and application factors to determine what tier a customer falls into. Getting joint credit applications whenever possible and accurately listing all income will help with getting better approvals.

**Q** Can I pass along the discount to the customer?

**A** No. According to the Truth in Lending law, you are not allowed to pass along the cost to the customer.



*Foundation Finance approves up to*

**77%**

*of deals other lenders decline.*

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