

## The Credit Score Questionnaire (for the down payment/initial investment)

Just like all the other areas of the negotiations, the first figure for the down payment or initial investment should come from somewhere other than our customer. If we ask them to start, they may be forced to guess where to start or start unrealistically low. To start the negotiations for the initial investment, we say,

- *"For preferred financing, most banks will require an equity position or initial investment of 25%. Will that be convenient for you?"*

Then we get our customer's commitment. We figure out what 30% of the total amount is, write down the dollar amount, draw the line/checkmark underneath, turn the worksheet around, offer our pen and be quiet. Then we wait for our customer to initial the offer. If there is no objection, we proceed to the next step in the commitment process which is the payments or monthly investments.

Some dealerships get their customer more involved in determining the initial investment amount. They have a prepared sheet or screen that says:

We have asked our lending partners to help us develop the following credit guidelines. Please take a few moments to review them, then let us know which one most closely resembles your current credit condition.

### **"A" Credit**

5 or more years at current address  
5 or more years with current employer  
Previous auto loans paid as agreed  
Multiple credit accounts paid as agreed  
No bankruptcy in the past 10 years  
No repossessions, account charge offs  
No collection accounts  
No more than 1 30 day late in last 5 years  
Suggested initial investment of 5%

### **"C" Credit**

Current renter for 1 or more years  
Over 6 months with current employer  
No previous auto loans  
No bankruptcy in the past 7 years  
Charge off/collection accounts paid in full  
Some late payments but accounts current  
Suggested initial investment of 25%

### **"B" Credit**

Long term renter or over 1 year as a homeowner  
Over 1 year with current employer  
Previous auto loans paid as agreed  
Credit accounts paid as agreed  
No bankruptcy in the past 10 years  
No repossessions or account charge offs  
No more than 1 collection account  
No more than 3 30 day late in last 5 years  
Suggested initial investment of 15%

### **"D" Credit**

Verifiable home address  
Over 3 months with current employer  
Proof of previous employment available  
Dismissed bankruptcy for more than 1 year  
No derogatory credit since bankruptcy  
No more than 1 repossession of an auto loan  
No more than 3 charged off accounts  
Suggested initial investment of 50%

Then they have their customer decide which initial investment option is appropriate for their current credit condition. When they choose one, they've made their commitment.