



A PLAN TO REDUCE CANCELLATIONS AND CHARGEBACKS ASSOCIATED WITH PAYMENT PLAN SALES

Understanding Chargebacks and Cancellations Using The ZERO Plan



- Cancellations Occur Due To a Customer Request or As a Result of a Payment Default. ZERO Plan Will Request Payment Default Cancellation When a Customer is 30 Days Delinquent.
- Cancellations Do Not Result in a Net Loss of Profit. By Refunding a Pro-Rated Portion of the Premium Retailers Just Don't Make the Full Profit They Initially Expected.
- Based on How Much Down Payment Was Collected and How Many Payments Were Made Prior to the Default it is Possible to Limit the Loss of Profit and Get Closer to the Profit that Was Expected.
- All Payment Plan Sales Result in Incremental Revenue. No Matter What Your Cancellation Rate Is Payment Plan Sales Always Make Sense.
- Benchmarks: Portfolio Default Average 27% Franchised Dealers Ave10%-20%
Independent Dealers Average 32%

The ZERO Plan Has a Process in Place to Reduce Cancellations and Chargebacks.



In The Business Office:

- The ZERO Plan Reports Each Payment Plan Transaction to the Credit Bureaus Which Effects the Customer's Credit Score. MAKE SURE YOUR CUSTOMER IS AWARE OF THIS.
- The More Down Payment You Collect The Less Likely There Will Be a Default. When You Collect More Down Payment Then You Will Retain More Profit and Lower Dealer Fees. ALWAYS ATTEMPT TO COLLECT MORE THAN THE MINIMUM DOWN PAYMENT
- Utilize Extended Terms to Make Payment Affordable. Balance Retailer Fees Versus Reducing Chargebacks. LOWER PAYMENTS REDUCE CHARGEBACKS
- Loss of Job is the Main Reason Customers Default. UTILIZE THE PAYMENT PROTECT PROGRAM TO ENSURE THOSE HIGH BALANCE, HIGH PROFIT TRANSACTIONS DON'T CANCEL.
- Provide Your Customer With The NEW ACCOUNT INFORMATION Form. This Ensures Your Customer Does Not Throw Away Our Welcome Letter or Dispute the First Auto Pay Withdrawal. LET THEM KNOW THE ZEROPLAN WILL BE COLLECTING THEIR PAYMENTS
- Do Not Offer the Customer Coupon Payment Option Unless You Have To. Customers Paying With Payment Coupons Default more often than Credit Cards or ACH.

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ZERO Plan Actions:

- **When a Customer is 5 Days Delinquent, We Send a Friendly Reminder Text and Make a Phone Call to Remind The Customer to Make Their Payment.**
- **When a Customer is 10 Days Delinquent, We Send a Text and Make a Phone Call Advising the Customer They are Now Late.**
- **When a Customer is 20 Days Delinquent, We Send a Text and Make a Phone Call Advising the Customer They are Facing Cancellation If Payment Is Not Made.**
- **When a Customer is 20 Days Delinquent, We Mail the Customer a Certified Letter(Cure Letter) Return Receipt Requested Notifying the Customer That a Payment is Required in the Next 10 Days or They Risk Cancellation.**
- **When a Customer is 20 Days Delinquent, We Fax the Retailer a Save-A-Deal Notification Asking the Retailer for Help to Save This Deal**
- **During the Collection Process If a Customer Meets Our Guidelines They Are eligible For a 30 Day or 60 Day Payment Extension.**

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Retailer Save-A-Deal Actions:

- **Make Sure the Employee Who Retrieves Faxes is Aware of What the Save-A-Deal Fax Notification is and What to Do With It When It is Received.**
- **The Employee Should Forward the Two Page Notification To The Selling Business Manager.**
- **The Business Manager Should Call the Customer to Help Resolve the Underlying Issue. Use the Cancellation Notice to Provide Detailed Information.**
- **Many Customers are Unaware That Their Bank Account or Credit Card was Frozen or On a Security Hold. They May Have Forgotten to Notify ZERO Plan of a New Bank Account or Credit Card. Checks May Have Been Mailed and Lost. A Simple Call Can Resolve These Issues. Refer the Customer to ZERO Plan to Collect Past Due Payments.**
- **70% of All Customers Who Reach 20 Days Delinquent are SAVED! Save-A-Deal is an Important Weapon to Prevent Chargebacks. The Retailer's Collaboration is Essential!**

SAMPLE SAVE A DEAL FAX COVER SHEET WITH THE CURE LETTER ATTACHED

UNIVERSAL
LENDERS LLC

FAX COVER SHEET

TO: [REDACTED] OR FAX M. ANAGER

COMPANY: [REDACTED]

FAX No: [REDACTED] # PAGES: 2 (incl. cover)

DATE: 5/15/2014

RE: **ZERO Plan[®]-SAVE-A-DEAL Program**

Your customer:

Customer Name: [REDACTED]

Customer Phone: [REDACTED]

...is now 20 days delinquent and in danger of having their Policy(s) cancelled for non-payment. PLEASE FORWARD THIS NOTICE TO THE PERSON IN YOUR DEALERSHIP WHO SOLD THIS POLICY(S) TO THE CUSTOMER.

THIS IS YOUR OPPORTUNITY TO CONTACT YOUR CUSTOMER TO SAVE-A-DEAL AND SAVE_A CHARGEBACK!

WE NEED YOUR HELP!

We have sent the attached "cure" letter to the customer by certified mail. **If the account is not brought current on or before 04/21/2014, we will then request cancellation of the policy(s), and a cancellation refund will be required of your dealership.**

IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION, OR IF YOU HAVE QUESTIONS, PLEASE CONTACT OUR CANCELLATION DEPT AT (866) 954-1050

OUR FAX NUMBER IS (773) 889-4508

SAMPLE OF CUSTOMER
CURE LETTER

UNIVERSAL
LENDERS LLC

▶ **CANCELLATION NOTICE** ◀

Via Certified, First-Class US Mail, Return Receipt Requested

|||||
JILLIAN [REDACTED]
1501 [REDACTED]
MARLTON, NJ [REDACTED]

Date: 07/13/2011
Ref: Account No [REDACTED] 1119

We have not received your payment that was due on 06/18/2011. Consequently, this letter will serve as notice that **WE INTEND TO CANCEL YOUR WARRANTY, SERVICE CONTRACT, OR VEHICLE PRODUCT FOR NON-PAYMENT IF WE DO NOT RECEIVE PAYMENT WITHIN 10 DAYS.**

AMOUNT NOW DUE: \$ 121.62
PAYMENT MUST BE RECEIVED BY: 07/25/2011

Principal Balance:	\$ 1802.56	Last Payment Made:	\$ 131.62
Late Fees:	\$ 10.00	on:	06/17/2011
NSF/Other Charges:	\$ 6.89		
TOTAL BALANCE:	\$ 1818.15	Past-Due Since:	06/18/2011

ONCE YOUR WARRANTY OR VEHICLE PRODUCT IS CANCELLED, YOU WILL LOSE ALL COVERAGE. TO AVOID CANCELLATION YOU MUST PAY \$ 121.62 BY 07/25/2011. AFTER 07/25/2011, YOUR WARRANTY WILL BE CANCELLED AND NO PAYMENTS WILL BE ACCEPTED.

If you have questions, please call our office toll-free at (866) 954-1050

Please return this bottom portion with your payment.

08 1041 0.00 0A 001041 07 1011 0000

Remittance Section

LENDERS LLC

For Courier Service, please send to:
9950 W LAWRENCE AVE STE 305
SCHILLER PARK, IL 60176-1216

Account Number: [REDACTED] 1119
Last Payment Received: \$ 131.62 on 06/17/2011

Notice Date: 07/13/2011
Payment Due Date: 06/18/2011

Please write your account number on your check and make payable to:

Total Amount Due Now: \$ 121.62
Payment MUST be Received By: 07/25/2011

|||||
UNIVERSAL LENDERS LLC
PO BOX 66518
CHICAGO, IL 60666-0818

Amount Enclosed: \$ _____

[REDACTED] 1119101011840000012182

UniversalLenders.com/ContactUs/No-Debit-1119101011840000012182

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Retailer Internal Controls – BEST PRACTICES:

- **If Necessary, Create Your Own Retailer Minimum Down Payment Guideline of 15%, 20% or 25% to Collect More of the Sales Price in Front and to Discourage a Customer From Cancelling.**
- **If Necessary, Limit ZERO Plan Eligibility to Customers Who Have a Credit Score Higher than _____**
- **Always Solicit CASH Buyers With The ZERO Plan to Combat Adverse Selection. Selling Only Credit Challenged Customers Will Raise the Cancellation Percentage.**
- **If Necessary, Limit the Profit Margin on Products Financed Using The ZERO Plan to Lower Payment Amounts.**
- **If Necessary, Track the Cancellation Rates of Individual Business Managers and Limit the Use of ZERO Plan Due to Individually High Cancellation Rates.**

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IMPORTANT THINGS TO REMEMBER ABOUT CANCELLATIONS:

- **In the Event of a Customer Requested Cancellation We Need to Be Notified in Writing. Please Email/Fax a Copy of the Provider Cancellation Form.**
- **Do Not Issue a Refund to Any Customer Until You Confirm That Their Account is Paid In Full. If it is Not Paid In Full Then Secure a Payoff Amount From ZERO Plan or the Vehicle Installment Lender.**
- **We Will Continue to Withdraw ACH Payments and Charge Credit Cards Under Our AutoPay Program Until the Retailer or the Customer Advise Us to Stop.**
- **ZERO Plan Does Not Cancel Product Policies. That is the Responsibility of the Retailer as the Seller. We Will Refer All Cancellation Requests From Customers Back to the Selling Retailer.**
- **ZERO Plan Does Not Refund Any Monies To Your Customers. The Retailer as the Seller of the Product is Responsible to Determine What, if any, Refund is Due to the Customer Per the Terms of the Product Policy and State Laws.**