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DEALERS FINANCIAL TIMES



Keith Graham
Nathan's Cars & Trucks

DEALER INTERVIEW

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with Keith Graham from Nathan's Cars & Trucks.

Dealers Finance has been working with independent automobile dealers for over twelve years. We take great pride in providing the most competitive floorplan financing for growing dealerships just like Keith Graham of Nathan's Cars & Trucks. We had the opportunity to ask Keith a few questions about his business, the used car industry and, of course, Dealers Finance.

1 How did you get into the automotive retailing business?

I had just returned from Viet Nam and was discharged from the Army. I immediately went to work for Lockheed like everyone else. I worked there for about six weeks. As the weeks went by, when I received my paycheck, I became more and more unhappy. I thought, "I know I'm worth more than this." One day I stopped at Jim Clay Ford and applied for a sales job. They hired me immediately because of the draft and the fact that I was a veteran. I did extremely well and I knew I would always be a salesman.

2 What is your favorite car of all time?

A 1966 Ford Thunderbird Convertible. I like its size and luxury.

3 Where is your favorite place to vacation?

Now that all of my children are grown I enjoy going to Israel. I love Israel. I have been several times and plan on going again this year.

4 What is the funniest thing you can remember happening on your lot?

It wasn't funny at the time, but it is now. I had a new salesman that had been working a deal. We had all of the customer's information and a copy of his driver's license. Everything was correct and he was in his forties.

Continued >>

The Dealers Finance Mission

We like being the friend in the finance business. It's what makes us different from other floorplan financing companies. We believe that excessive fees unfairly drive up the cost of dealer financing. So we will never charge for overnight shipping expenses or for site visits. Plus we proudly offer the industry's only no-fee inventory financing plan, the Gold Plan. We have created our financial products to be flexible and customized to the specific needs of growing dealerships. Simply put, we are a local lender managed by friendly, local people.



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Dealer Interview Continued...

He asked if he could take the vehicle to let his mechanic see it. We told him that was fine. Several hours later he still hadn't returned and it was closing time. I knew what had happened. He had stolen our vehicle. When I told the salesman his look was priceless. I think his first thoughts were that he would have to pay for the stolen vehicle. The vehicle was recovered the next day and the thief got a ten-year sentence.

5

What do you think the future holds for the used car business?

I believe the used car business will get better and better. However, I think to survive you have to be an innovative dealer. It appears to me that the trend is turning to special financing. More and more people are overextended and it is affecting their credit scores. It will become more difficult for these people to get prime financing. This will be the new market. Not the BHPH, but something more innovative.

6

Is there anything in particular you like about Dealers Finance?

Dealers Finance has been the best floorplan company I have dealt with. All of the personnel are very polite and helpful. It's a company that works with its dealers and I recommend them to everyone.



The car lot at Nathan's Cars & Trucks



EMPLOYEE SPOTLIGHT

Jodi Gravitt : Customer Service

Jodi Gravitt joined Dealers Capital in July of 2006 as an administrative assistant, and then transferred to Dealers Finance in January of 2007 in the customer service department. Her responsibilities include helping dealers with payoffs and adding cars to floorplans, and helping to answer questions the dealers might have.

Where did you work before Dealers Finance?

I worked for an upscale art supplies store in Midtown Atlanta in the purchasing department.

What do you like most about working at Dealers Finance?

I really enjoy getting to know our customers and helping in any way that I can. I've also been lucky to have great co-workers that I can rely on; I think we have a great team of people in our office.

What do you like to do outside of work?

I love to read crime novels, especially anything by James Patterson. I enjoy spending time with my husband and our two adorable cats, Vidalia and Murdoch. I also enjoy a girls' night out every now and then.

What do you feel is your biggest accomplishment?

My husband and I were married in November of 2006, so I'd definitely call that an accomplishment. We also just recently found out that we are expecting our first child, so it's been quite a year for us!

2

DEALER TIPS

Four simple tips on how to buy vehicles at auction.

There are a lot of things going on all at once at the auction. It can be easy to lose sight of why you are there and what you need to accomplish to be a successful dealer. Here are a few tips to help get you in the right direction when you are bidding in the auction lanes.

1. Research before you go - You have to know your numbers like the back of your hand. How much are you willing to spend? What different makes and models do you sell quickly on your lot? By using dealer management software like Frazer's software package (www.frazer.biz) you can analyze your biggest profit making units over the last year as well as the last quarter. Bring that list of vehicles with you to remind you what vehicles you need to buy - not what looks like a good deal in the lane.

2. Always preview the vehicles before the auction. There's no substitute for seeing your purchases up close and personal. It helps you make sure you know everything about the vehicles you want to bid on. Get to the auction early to review your options! The earlier the better. There's nothing worse than seeing that great looking car out of the corner of your eye, jumping in the ring and winning the auction

only to find out the air conditioner blows warm or there's another technical problem that needs to be fixed. You can save yourself a lot of frustrations if you spend some time out on the auction lot, even a few days before the auction starts if you have the time. Beat the crowds, avoid distractions and look for the cars you'll want. And make sure to have a Black Book guide with you. If you have a web phone, you can use the car pricing web sites while you are at the auction.

3. Check, check and re-check the quality of the vehicles. Some bidders at car auctions are smart and don't take any chances. They use a paint and body inspection gauge like the Elcometer digital coating thickness gauge to measure the thickness of the paint. This tool is simple, you just touch it to the car's painted surfaces, and the LCD readout tells you how thick the paint is. This is useful in flagging cars that have had body work done. Factory paint jobs are usually 4.5 mils thick. When a body shop paints a panel, their process is not refined like the factory and they often paint over existing paint, doubling the thickness. Once your LCD readout hits the 8-12 mil range, you

know that body work was done on this car. As each car in the auction drives up the auction lane to be bid on, you'll see a group of dealers rush up to it and start placing their Elcometer on all the major panels, doors, hood, and trunk, looking for "evidence" of body work.

4. Work with a floorplanner that already has a relationship with the auction. For example, Dealers Finance works with hundreds of independent auctions around the nation, as well as the big corporate auction houses. Make your life easier and minimize your headaches by working with a reliable floorplanner that can take care of your paperwork quickly, while you are still at the auction.

Keep an ear to the ground and an eye on the horizon and you'll be well on your way to maximizing your profits in 2007!

David Ozyp, www.ozyp.com



INDUSTRY TRENDS

Inventory Data – Retail Dealer

Average Used Car Inventory - \$304,648

Average Used Truck Inventory - \$294,603

Total Vehicle Inventory - \$599,251

Days of Supply, based on dollars - 49

Days of Supply, based on units - 47

Days to Turn Inventory - 46

Number of Turns Per Year - 8.84

Source: Leedom & Associates, Inc.



NEWS & EVENTS

Five great reasons to do business with Dealers Finance

1. Reduce curtailments from 20% to actual Black Book value.
2. Add non-auction vehicles at 100% of Black Book average value, instead of 80%.
3. Eliminate fees for overnight delivery of titles.
4. Never pay fees for site visits and lot checks.
5. Automatically signed up with all auctions.



SPECIAL OFFER

Register for a \$100 Gift Card!

How would you like an extra \$100 in your pocket next month? Dealers Finance is offering an ongoing monthly drawing for one \$100 gift card. Register by visiting our website (www.dealersfinance.com) and signing up for our free online version of our newsletter, The Dealers Financial Times. To qualify you must provide your name, your dealership and your email address. No floorplan or note financing is required to win. Only one gift card will be issued to each winning dealership. Questions? Call one of our representatives at 1-800-205-6221



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