

Mercedes-Benz Financial Services

Commercial Van Financing



Mercedes-Benz



2015

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Table of Contents

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Preface	Key Contact Information For MBFS Commercial Financing	2
Section 1:	Mercedes-Benz Financial Services Commercial Financing	5
	Mercedes-Benz Financial Services Commercial Financing Overview	6
	Dealership Commercial Financing and Differences between Consumer and Commercial Customers	8
	What Financing Options are available?	11
	Loans	12
	- Components of a Loan	12
	- Loan Decision Drivers	14
	- Key Features of MBFS Commercial Financing	14
	Leases	16
	- Types of Available Leases	16
	- TRAC Lease	18
	- Zero TRAC Lease	23
	- FMV Lease	24
	- Complete Advantage Lease	26
	- Lease End Overview	27
	- Lease Decision Drivers	29
	- AMT, defined	29
	- Financial Accounting and Income Tax Treatment	30
	Summary of Capabilities and Services	31
Section 2:	Commercial Credit Process and Procedures	32
	Overview of Commercial Credit	33
	What makes a deal “commercial?”	33
	- Business vs. Personal or Consumer Use	33
	- Distinguishing between “vocational” and “for-hire”	34
	- Why the name on a deal matters	35
	- Types of businesses and their organization	35
	Submitting Deals to the Commercial Credit Departments	37
	Financing upfitter modifications & customizations	39
	Credit Evaluation of Commercial Credit	40
	- Personal consumer use vs. commercial use	40
	- 5 Cs of Credit	41
	- Personal and company information used to review a deal	42

Structuring a Deal	47
Service Level Commitments	50
Credit Decision Letters	51
Dealer Reserve	52
Reviewing Decisioned Deals	53
Section 3: F & I Pro	54
Introduction and System Overview	55
User Login	55
Home Page	57
Customer Menu	58
- Create New Customer	58
- Customer Search	59
- Generate Customer List	60
- Payoff Inquiry	62
- Competitive Payoff List	63
Payment Quoting Menu	63
- Lease Quote	63
- Retail Finance (Loan) Quote	73
- Quick Finance (Loan) Quote	76
- Complete Advantage (Lease) Quote	77
Dealer Reports Menu	78
My F & I Pro Menu	80
- Maintenance	81
- Quotes & Other Functionality	83
Creating Documents	93
Notices	98
Section 4: Funding and EFT (Electronic Funds Transfer)	99
Overview of preparing a finance or lease package for funding	100
“Step-by-Step” to submitting a complete funding package	100
EFT – Electronic Funds Transfer	111
Section 5: Glossary of Financial Terms	121

Section 1: Commercial Financing



Commercial Financing - Overview

Mercedes-Benz (MB) dealers know that with Mercedes-Benz Financial Services (MBFS), they have a reliable business partner that stands with them and is ready to help wherever possible to maximize sales success and dealership profit potential. With its award-winning service, MBFS is proud to play its role in delivering the premier experience that the Mercedes-Benz automotive brand represents. With the Mercedes-Benz Van product, Mercedes-Benz dealers also have an opportunity to enter an entirely new segment of the transportation market and yet still count on industry-leading support from their captive finance partner. MBFS, powered by the resources of Daimler Truck Financial (DTF), is pleased to offer its dealers an array of financial products and services tailored to the specific needs of the commercial van customer. Similar to the role MBFS plays for Mercedes-Benz passenger cars, DTF is the captive finance provider for Daimler Trucks North America, North America's largest producer of commercial vehicles. Established in 1974, DTF now has more than 40 years of dedicated industry experience with more than 200 employees who manage a \$10 Billion portfolio with over 125,000 commercial vehicles. For MB dealers, DTF's commercial know-how and horsepower offered through MBFS is the ideal partnership to provide industry-leading customer service, close more deals, and succeed in this new market opportunity.

This reference manual is designed to provide you with a better understanding of the commercial finance and lease products available for commercial van customers and the benefits they provide. By integrating these ideas and concepts into your commercial sales process, you will get the most out of your commercial financing business.

At MBFS, we know that a strong and profitable Commercial Sales Department can be a significant profit center for your dealership. To support your sales efforts, we are pleased to offer our Mercedes-Benz Van dealers an array of services, products, and features all designed with the commercial customer's needs in mind, including:

- A reliable source of commercial vehicle financing.
- F&I Pro - A simple, easy-to-use online application, quoting, and contract documentation system created around the needs of servicing commercial customers.
- A quick credit application process and easy-to-understand financing documents.
- Customer lines of credit that make purchasing more convenient for qualified fleet customers.
- U.S.-based customer service representatives, trained and experienced in the commercial transportation market.
- Custom, flexible finance terms to meet the unique needs of businesses, such as delayed first payments, seasonal payments, balloons, skip, step, token, and partial payments.

- The option of setting up accounts with auto-draft to assist with timing cash flow and reduce the amount of time a business spends on paperwork.
- Consolidated billing that summarizes multiple vehicle accounts into one, easy-to-manage statement (when the due dates are the same). This is an ideal solution for customers with multiple vans or for those customers who have the potential to expand their businesses with a growing fleet.
- Simple interest loan financing.
- Extended finance contract terms and multiple commercial leasing solutions such as: TRAC Lease, Zero TRAC Lease, FMV Lease, and Complete Advantage Lease.

At MBFS, our mission is clear: It is our goal to be the first-choice provider of financial services for our dealers, and provide all of our customers, including our new commercial van customers, the comprehensive offerings and service that they want and need in today's marketplace.

Dealership Commercial Financing and Differences Between Consumer and Commercial Customers

MBFS is here to help you sell more vans and, once you sell to a customer, to help you keep that customer for life. As with our passenger car business, we like to say that when you do the work to *earn* van customers, MBFS will be there to help you *keep* them. However, there are some specific challenges that you may encounter in the commercial van business that you need to be aware of to help recognize sales opportunities and ultimately increase profit potential.

A large number of customers in the commercial transportation market rely on their business bank lines of credit or existing banking relationships to finance their vehicle acquisitions. While you may be familiar with the challenges of passenger vehicle customers who arrange financing outside the dealership, the issue is even more prevalent in the commercial market due to the nature of business operations and existing banking relationships. What does this mean to you and your dealership? Unless you understand and can present the available commercial finance and lease solutions to your customers, you stand a good chance of losing profit for yourself, your dealership, and even worse, repeat business. This highlights the importance of the MBFS/MB van relationship and its benefits for you as you build your commercial market and develop a loyal commercial customer network.

Later in this reference guide, you'll learn more about the customer advantages of using a finance or lease solution available from MBFS, but it's important to understand the nature of the banks relationships with businesses and some considerations your customers should be thinking about before deciding to use banks as a finance or lease source. While you should never openly criticize a customer's banking relationship or the bank itself, customers should be reminded that their MB van is an asset and there are certain advantages to utilizing a captive finance company like MBFS.

Maintaining liquidity

Businesses face the ongoing challenge of maintaining a readily available supply of credit that they can use to run their day-to-day operations. Before using credit lines to purchase commercial vehicles, customers should consider what their fallback solution would be if:

- Supplier costs spike
- Business revenues dip
- Expansion is needed to meet a new business opportunity
- Business interruption should occur
- The bank changes its policies, terms or availability of the total credit line

Each of these is a strong reason for customers to diversify their lending relationship and keep their financing and leasing arrangements with your dealership.

Banking commitments

Another important thing to note is that some banks provide loans but have the ability to file liens on all assets in the business name, such as accounts receivables, equipment, furniture, computers, vehicles, and other possessions. Mercedes-Benz Financial Services typically only secures its interest in the equipment we finance, plus proceeds. Bank liens can become huge business and personal liabilities especially in emergencies or in tough times when a customer seeks financial help in tough times.

Customers should consider the total cost of their bank relationship in areas such as:

- Forced checking/savings account balances
- Equity or capital requirements
- Loan covenants, early payoff fees, or other transaction costs
- Excessive documentation and legal review requirements
- Hidden fees or other transaction costs

MBFS commercial finance and lease solutions make acquiring a MB van easy without adding risk to their business operations.

Ability to pay

Furnishing your customer with captive financing also provides your dealership with an added level of assurance that your customer will have the capability to pay for the product they've ordered and will return to purchase from you again. Many MB van sales will have a significant amount of work required to be done by body up-fitting companies or "Body Builders." Before your dealership arranges for this work to be completed and incurs what will likely be a significant expense, in-dealership financing assures you that a customer has the ability to pay for their commercial vehicle.

One size does not fit all - business solutions made easy

Your dealership can go further than ever to understand a customer's business needs beyond miles-per-gallon and the needed van specs. The expertise of knowing how to structure commercial loans and leases to get your customers the best tax benefits and create payment structures that maximize profits that work for their business cycles should earn you repeat business. Banks may offer financing, but is it the most economical choice for transportation equipment and is it best for the customer? For example, a construction customer may wish to finance with a bank. But, does their bank understand and accommodate for the fact that they are often off work for three or more months out of the year? A customer's business has characteristics that require distinct finance terms and conditions that match the use of their MB van. All MBFS products and services were developed with the diverse needs of the commercial customer base in mind. By matching finance terms and conditions with lifespan, use, and business revenue stream, a customer may increase their monthly cash flow and save money. One size does not fit all for commercial vehicle financing. Does your customer's bank understand that?

What Financing Options are Available?

Through Mercedes-Benz Financial Services, your customers have the option to acquire a MB van through either a loan or a lease. A 'Lease vs. Buy' analysis is a standard analytical tool for helping your customer select the financing that best meets their specific needs. A dealer's ability to explain the differences between these two scenarios is a value-added service that can differentiate you from the competition. Here's a basic overview to get you started and help you better understand leases and loans.

- What is a loan? Loans or "retail financing" are finance instruments for customers who wish to purchase and own their equipment. Loan customers either do not have the entire cash outlay to purchase the van and pay in full, or do not wish to use cash to purchase, but instead prefer to get a loan and make payments on their purchase. Loans allow your customer to retain the tax benefits from depreciating the value of the equipment over time and benefits associated with asset ownership. All MBFS commercial loans feature true simple interest financing or financing that is always based on the outstanding principal. Simple interest allows customers to pay interest periodically over the contract term and only on the unpaid balance.
- What is a lease? A lease is a form of financing in which a customer (or lessee) makes payments to the vehicle owner (or lessor) in exchange for *use* of the equipment over a period of time. There are three types of leases that MBFS specializes in for its commercial customers. The first is a unique commercial lease option called a **TRAC lease**. TRAC is an acronym for "Terminal Rental Adjustment Clause." By using a TRAC lease based on their business needs, a customer has the flexibility to determine what they wish to do with the van at the end of the lease (which is called lease maturity), but they are obligated for the residual value. The TRAC lease customer needs a van, but does not need the depreciation deduction. The TRAC Lease customer may desire the lower monthly payment and discounted implicit rate that a lease can offer. The second commercial lease option available to MBFS customers is a unique variation of the TRAC Lease, called the **Zero TRAC Lease**, where at lease end there is a zero dollar buy-out amount required to purchase the vehicle. The third lease option available to MBFS commercial customers is a **Fair Market Value or FMV Lease**. The FMV lease option is similar to a closed-end consumer lease where at lease end the customer has three options: either return the van (meeting all contractual terms, mileage obligations, and wear and tear commitments); extend the lease; or purchase the lease for the residual value.

We will cover both loans and leases more in just a moment, but for now, it's important to know that the products are geared specifically toward the commercial customers' needs and the flexibility their businesses demand.

Loans

Let's delve further into our discussion by taking a closer look at loans, which you will also hear referred to as retail or commercial loans. So, what is a loan? A loan is simply:

- A financing product that allows a customer to purchase an asset by creating debt that must be repaid over a specific time period with interest.
- Some key drivers for customers to choose loans include:
 - Desire to purchase and have the benefits of asset ownership.
 - Lack the entire cash outlay to purchase the MB van and pay in full.
 - Inclination to preserve liquid resources by making payments on their purchase.
 - Desire to retain the tax benefits from depreciating the value of the equipment over time.

Components of a Loan

A commercial loan will likely be the most common form of commercial financing offered at your dealership. While there are variations in payment schedules, rates and terms, a loan is a pretty simple concept to understand. MBFS offers several unique options specifically tailored to customer requirements.

Before we proceed with a closer examination of the drivers that cause customers to choose loans, let's first take a closer look at some aspects of a loan.

Loans typically include the following:

- Total Sales Price
- Down Payment Amount
- Amount to Finance
- Balloon, if applicable
- Interest Rate
- Simple Interest
- Dealer Reserve
- Monthly Payment
- Days to First Payment
- Term (in months or years)
- Amortization Schedule

It's important to understand these concepts and terms to better talk with customers about their financing needs, so let's take a few moments to explore each in more detail.

- The *total sales price* is the agreed-upon price of the purchase, plus taxes and fees.
- The *down payment* is the amount that customers put toward the purchase from a trade-in, cash, or both.

- The *amount to finance* is the total amount that will be financed. This total reflects the total sales price minus any money put down from cash or trade-in. The remainder is the total amount the customer will finance.
- Setting up a payment structure in which the customer pays a final lump-sum payment or *balloon* at the end may provide for smaller payments to be made throughout the term of that loan.
- The amount a loan “costs” the customer over time is referred to as interest on the loan. The amount of interest is based on an *interest rate* and reflects the difference between the total payments made over the term of the loan and the principal loan amount. Higher interest rates mean higher monthly payments. Lower interest rates mean lower monthly payments. There are two basic types of rates from which interest is calculated: a fixed rate and a fully-floating rate.
 - A *fixed rate* is interest that is calculated as a non-changing, specified percentage of the principal amount and is usually paid monthly for a specific term of time. MBFS features a simple interest, fixed-payment program that locks in the interest rate and provides a stable monthly payment. The advantage of a fixed rate is that customers always know what their monthly payment will be.
 - The second type of interest rate is a *fully-floating rate* that fluctuates with economic indicators. This can be an advantage for customers who finance during a time when rates are particularly high, as their rate will reduce if the market rates go back down. However, if customers use a floating rate when rates are low, their payments can spike significantly when the markets return to higher levels.
- The *annual percentage rate*, or *APR*, is an interest rate that can be different from the quoted interest rate because the APR includes lender fees, prepaid interest, and other items that may not be included in the advertised interest rate. APR measures the “true cost of a loan” and prevents lenders from advertising a low interest rate and hiding fees. This is critical to understand when comparing the interest rate you offer versus one from a competitor.
- The term *simple interest* means that the interest on the original principal is calculated daily only on the unpaid balance. So, customers are only paying interest on the current, unpaid balance of their loans because the interest portion of the payment is based on the actual number of days since the last payment. MBFS commercial loans only feature simple interest financing and can be a huge customer benefit which can potentially save them a significant amount of money over the term of a loan, especially if they pay early on a consistent basis. Another form of calculating interest often used by banks on commercial loans is “scheduled interest.” Scheduled interest is where payments are credited to interest and principal on the due date, even if you pay early or late.
- Dealers have the opportunity to make a commission on the sale of loans to Mercedes-Benz Financial Services. For our commercial products, we refer to this commission as *Dealer Reserve*.
- The *monthly payment* refers to how much money or payment is due on a financing contract each month.
- The *days to first payment* simply refers to the amount of time from a loan’s inception until a customer’s first payment is due. With MBFS commercial financing, customers have the flexibility to pick their due date within 45 days of their first payment. With approved credit, customers can delay their first payment up to 90 days, giving them additional time to focus on the needs of their business.

- The *term* is the length of a loan (in months or years).
- An *amortization schedule* is a table that details a loan payment structure over the entire term of the loan. This schedule shows the exact amounts paid toward a loan's interest and principal each month. For accounting and tax reasons, commercial customers will often ask for an amortization schedule. With our F&I Pro Point of Sale system, creating one is simple. This will be covered more in-depth in the section covering F&I Pro.

Loan Decision Drivers

Now that we've covered the components of a loan, let's learn more about the advantages a loan can offer.

Here are four common drivers that may lead a customer to acquire a MB van with a loan:

- **ASSET OWNERSHIP BENEFITS:** When customers get a loan, they not only get tax benefits from ownership, but they can also make modifications to the MB van (subject to any restrictions from the financing source). For instance, they can add decals, change paint colors, or modify or upgrade components. Plus, once the loan is paid off, they own the van and can choose when to trade it in.
- **DO NOT HAVE FULL CASH OUTLAY AVAILABLE:** Customers who are interested in loans typically don't have the cash available to buy a MB van outright or want to keep their cash for other capital expenditures. Most customers who are growing their businesses have set aside a budget for vehicle payments.
- **DESIRE TO PRESERVE LIQUIDITY OR CASH POSITION:** Customers can save their cash for other business needs, such as business expansion, daily operations, and ultimately considering the best return on ALL of their assets, not just what they get out of their vehicles. For instance, customers who preserve their cash positions can more easily deal with volatile suppliers or operating costs and can avoid using costly bank lines of credit.
- **WANT TO RETAIN THE TAX BENEFITS FROM DEPRECIATING THE VALUE OF THE EQUIPMENT OVER TIME:** When customers finance with a loan, they can deduct the depreciation of the MB van on their taxes. Tax laws allow commercial vehicle owners to claim a certain amount of depreciation over a specified period of time, which allows customers to minimize their tax liability. It is always recommended that you defer your customer to their accountant on depreciation schedules and their potential benefits. However, it is important to discuss how they intend to use the equipment and how long they plan to keep their MB van. The customer and their tax advisor should have an understanding of this prior to making a decision.

Key Features of MBFS Commercial Financing

The unique MBFS financing features available to commercial customers include:

- **TOKEN PAYMENTS:** These are scheduled payments that give customers freedom to personalize their finance payments. For instance, perhaps they have a down payment and then are going to have another lump sum they can pay in about three months and then again in six months. Those would be called token payments. The remainder of their loan could then be set up as regular monthly payments.

- **SEASONAL PAYMENTS:** A good example of a customer who can benefit from seasonal payments is a construction customer with seasonal downtimes in which they don't work. In these cases, we can set up payments for the months he is working and no payments for the months he is off work. His payments will be higher during those working months when he has the necessary cash flow to cover the payments.
- **SKIP PAYMENTS:** A skip payment is similar to a seasonal payment and is usually set up at the onset of a loan. A skip payment can be set up to allow a customer to skip a predetermined payment and spread that payment and interest over the remaining payments. An example might be a customer with a 60-month loan. They know that every November their state taxes or business registration fees are due. Since this could hurt their cash flow in November, they set up their payments to SKIP November and spread the payments over the rest of the months.
- **STEP PAYMENTS:** MBFS commercial loans offer a unique payment structure called step payments for qualified customers who wish to ease into their full payment amount. For example, a customer's first and second payments may be \$500, the third \$750 and the fourth payment is \$1,000. The fifth payment may be the full amount of \$1,250 where it will remain throughout the rest of the loan. This allows a customer, such as a sole proprietor, to purchase a MB van and start earning money to build up to making full payments. Another example of this structure is "declining step payments" where payments are higher at the beginning of a contract and level off at a lower point later in the contract. This is particularly useful for customers who want to pay more up-front to free up cash flow later, in anticipation of maintenance expenses (such as brakes, belts, etc.)

Please note contracts dated after November 1, 2011, do not have a prepayment penalty. Make sure the "PPP code" in F&I Pro is set to "A". However, contracts dated prior to November 1, 2011, contain amounts due on the finance contract if there is an early termination. A payment equal to 3% of the unpaid principal balance (unless lower in accordance with state law) will be assessed. However, the 3% will not be assessed if the remaining term of the contract, including any extension or revision, is less than 24 months on the date of the prepayment. The contract generated out of F&I Pro will reflect the appropriate amount based on applicable state laws.

Leases

Now that you have a little better understanding of loans, let's take a look at the other side of financing — leasing. As mentioned earlier, loans are likely to be the most common form of financing for your commercial van customers. However, leasing is filling a very important role in the marketplace and is an excellent solution, depending on your customer's needs.

What is a lease? As we mentioned earlier, a lease is a form of financing in which a customer makes payments to use equipment over a period of time. Leasing is similar to renting. A customer or "lessee" pays for the use of a van that is owned by someone else. In this case, Daimler Trust* is the owner or "lessor." *

It is important for MB dealers to know that the biggest difference between traditional passenger car leases and commercial TRAC leases is that the customer has lease end liability for the residual value. This will be covered in more detail later in this training material.

Types of Available Leases

Determining if a finance product qualifies as a lease is an important consideration determined by the Financial Accounting Standards Board (FASB). Ultimately a customer will need to discuss lease requirements, and applicability to their business, with their own financial and tax advisors. Earlier we mentioned that leases can be thought of as more like a rental, but there are differences. These general guidelines will help you differentiate between rentals and the different types of leases.

- A *rental* is generally less than 12 months (a lease term is always 12 months or more).
- *Capital, finance, and non-tax leases* — you will hear these terms used interchangeably. Simply put, capital leases show up on the customer's balance sheet as an asset. The corresponding liability is recorded and amortized (similar to depreciated) over the life of the lease as if it were a sale.
- *Operating, true, and tax leases* — you will also hear these terms used interchangeably. With an operating lease, the equipment is not capitalized, so there is no record of the asset or corresponding liability. This means that operating leases can go off-balance sheet for customers.

Whether a lease can go off-balance sheet depends on the type of lease a customer chooses — capital or operating — and is determined by the Financial Accounting Standards Board's set of criteria, called the operating lease test.

Now let's explore the specific lease products that MBFS offers your commercial customers.

*Note: All leases are "indirect," listing the dealer as "Lessor" and the customer as "Lessee" and Daimler Trust as "Assignee".

Mercedes-Benz Financial Services offers three main types of lease products:**TRAC (Terminal Rental Adjustment Clause) Lease**

A TRAC Lease is an open-end lease since the lessee is responsible for the residual value of the vehicle at lease end but has several other options, such as purchasing the vehicle or financing the residual value. A TRAC Lease is treated differently for income tax and accounting purposes. Because a TRAC Lease typically fails the GAAP rule, which states “The present value of the minimum lease payments is less than 90% of the original cost (fair market value) of the equipment or property,” a TRAC Lease is treated as a Capital Lease. Lease payments must be included on the financial statements, and the customer can take a depreciation deduction and interest expense deduction for financial accounting purposes. For income tax purposes, a TRAC Lease is considered an Operating Lease and lease payments can be deducted in accordance with the lessee’s method of accounting. TRAC Leases are the most commonly used type of lease for commercial fleet equipment. With a TRAC Lease, the customer is responsible for the residual value of the vehicle, so that value is determined with customer input. TRAC Leases are limited to motor vehicles leased to businesses and used at least 50% of the time for business purposes.

Zero TRAC Lease

A Zero TRAC Lease is a fully amortized lease that offers many of the same benefits as a traditional TRAC Lease. Because a Zero TRAC Lease typically fails at least one of the GAAP rules of an operating lease, it is intended to be a Capital Lease for accounting purposes and an Operating Lease for income tax purposes.

FMV Lease

The FMV Lease is a closed-end lease agreement that is intended to satisfy all the requirements of an Operating Lease for both financial accounting and income tax purposes. It is commonly referred to as a walkaway lease, since the lessee can simply turn in the vehicle and walk away from the vehicle at lease maturity, after meeting all obligations of the contract (return conditions & mileage limitations). The leased vehicle is not an asset of the lessee, and the lease obligation is not listed as a liability on the books of the lessee. Payments may be deducted /expensed against income as payments are due, and the lessee avoids the risks and responsibilities typically associated with vehicle ownership.

* Mercedes-Benz Financial Services does not provide tax or accounting advice to its dealers, customers ,or potential customers. The statements herein should not be relied upon and customers should consult their tax and financial advisors to determine the tax and accounting treatment of the lease transactions.

TRAC Lease

A Terminal Rental Adjustment Clause lease (TRAC) is a capital lease for accounting purposes that is only offered in the transportation industry and is an excellent fit for commercial lease customers who use the MB van at least 50% of the time for business purposes. A TRAC Lease gives customers the use of a vehicle at lower payments than a typical retail finance transaction. As a capital lease, TRAC Leases should be reported on a customer's financial balance sheet. At inception of a TRAC Lease, MBFS and the customer agree on a projected residual value for the van.

A TRAC lease is an open-ended lease. When the TRAC lease is finished, depending on the customer's needs, the customer has various options on what to do with the van, which include:

- Purchasing it outright for residual value (plus any applicable incurred fees).
- Financing the residual payment with a loan (subject to credit approval).
- Re-leasing (subject to credit approval).
- Returning the MB van to the lessor for sale with proceeds going toward the owed residual value. Any deficiency is owed by the customer and any excess is refunded to the customer, less any remarketing costs.

With a TRAC lease, the customer does not own the van automatically like they would with a loan nor can they "drop off" the van without any further liability like on a FMV lease (subject to return conditions & mileage limits).

The two main benefits for choosing a leasing option to acquire a MB van include:

- Looking to optimize cash flow with a lower monthly payment.
- Having financial considerations that include reducing tax liability and avoiding the Alternative Minimum Tax (AMT).

By working with your customer and the credit department, you'll be able to decide upon a residual value that is most appropriate for the customer's cash flow needs, taking into consideration the usage and annual miles. Also, in a TRAC Lease, the lessor (vehicle owner) is often able to pass on some of the benefits of taking the asset's depreciation in the form of lower lease rates, when compared to those of a similarly structured loan. Combining these two concepts translates into what will likely be the lowest payment option for your customer.

Minimizing tax liability is a significant advantage to those customers considering a lease. By leasing, your customer has the ability to use the lease payments as an operating expense, thus reducing their overall stated profitability. This also lowers their tax liability, and therefore could be a huge benefit to an otherwise very profitable, highly taxed business. If your customer wants to learn more about such benefits, it's always best to refer them to their Certified Public Accountant (CPA).

** MBFS does not provide tax or accounting advice to dealers, customers or potential customers. Customers should consult their tax and financial advisors to determine the tax and accounting treatment of the lease transactions.

Components of a TRAC lease

Before proceeding into specifics of the commercial leases available to your commercial customers through Mercedes-Benz Financial Services, let's once again take a closer look at the components of the leases we'll review:

- Capitalized Cost/Cap Cost
- Capitalized Cost Reduction
- Adjusted Capitalized Cost
- Residual Value
- Implicit Rates
- Payment Factors (vs. Money Factors)
- Dealer Fee/Dealer Reserve
- Monthly Payment
- Arrears or Advance
- Term (in months or years)
- Payment Schedule
 - The term gross *capitalized cost*, or cap cost, represents the total dollar cost of the equipment to be leased, plus applicable taxes and any additional documentation fees and charges, which are rolled into the amount.
 - Since leasing uses the term capitalized cost to indicate the transaction, the down payment for a lease is referred to as the *capitalized cost reduction*.
- *Adjusted capitalized cost* is the total amount a customer's payments, after the capitalized cost reduction and all the costs are considered.
- *Residual value* indicates the predetermined, agreed upon, or fair market value of that van at the end of its lease. By working together, the lessor (MBFS), the dealership, and the customer determine the desired residual value for the end of the lease. This residual value is impacted by factors such as creditworthiness of the applicant, specs, deal structure, mileage, and vehicle use. The lessee's (customer's) lease end responsibility to satisfy the residual value is a key distinction between traditional MB passenger car consumer leases and those available on MB Vans. Additionally, a residual value is expressed as a percentage of the Adjusted Cap Cost *not* as a percent of the MSRP. So, for example, if the adjusted cap cost is \$40,000 with a residual value of 20%, the residual value that the customer would be responsible for at lease maturity would be \$8,000. This residual value can be satisfied by any of the four lease end options:
 - Purchasing it outright for residual value (plus any applicable fees/taxes).
 - Financing the residual payment with a loan (subject to credit approval).
 - Re-leasing (subject to credit approval).
 - Returning the MB Vans to the lessor for sale with proceeds going toward the owed residuals value. Any deficiency is owed by the customer and any excess is refunded to the customer.

- With a lease, it is important to understand that a customer is not entering into a loan and therefore, there is no interest rate stated in a lease agreement or contract. However, customers often wish to determine what the interest rate would be if they were to borrow funds for a loan to purchase a van with a similar term as a lease. The comparable rate is often referred to as an *implicit rate*, or the interest rate implied in the terms of the lease.
- To calculate what a lease payment will be, dealers will use a *Payment Factor*, which is simply a lessor-provided figure to determine the lease payments. This Payment Factor will vary depending on the customer's creditworthiness and the structure and term of the lease transaction. For those familiar with the MBFS passenger car lease, Payment Factors are similar to Money Factors in that they ultimately are used to derive a lease payment.
- Just like with loans, dealers have the opportunity to make a commission on the sale of leases through MBFS. For our commercial products, we refer to this commission as Dealer Reserve.
- *Monthly payment* is used to indicate how much money is due on the leasing contract each month. To determine a monthly payment amount, the Payment Factor is multiplied by the adjusted cap cost. This is really the "base" payment without taxes, as MB Vans are generally not tax exempt. Except in states where taxes are paid upfront, the monthly payment will be in two pieces, the base payment and the applicable taxes on that payment determined by the equipment garaging location.
- *Arrears or advance payments*. Advance payments refer to lease payments collected at the beginning of each period instead of the end. Arrears payments set the first payment 30 days out from the lease inception. This is the opposite of payments made in advance.
- The *term* is the length of a lease (in months or years).
- The *Lease Payment or Amortization Schedule* is the payment schedule agreement between the customer and the lessor (MBFS).

Calculating a TRAC Lease

Now let's take a closer look at calculating lease payments. To calculate a lease payment, you simply multiply the amount financed by the lease Payment Factor. Here's an example:

We are reviewing a 60 month with a 20% residual TRAC Lease for ABC Plumbing, Incorporated. It is referred to as a 60/20% because it is based on a term of 60 months with a residual value of 20%.

Below in Example # 1, this lease will be calculated from an Adjusted Capitalized Cost of \$43,500 (including vehicle price and all other fees).

ABC Plumbing, Inc.	Example 1	Example 2	Example 3
New	<i>MB van</i>	<i>MB van</i>	<i>MB van</i>
Acquisition Quarter	2	2	2
Acquisition Year	2015	2015	2015
Adjusted Capitalized Cost	\$43,500.00	\$43,500.00	\$43,500.00
Term	60	60	60
Residual %	20.00%	20.00%	20.00%
Residual \$	\$8,700.00	\$8,700.00	\$8,700.00
Dealer Reserve %	0.00%	1.00%	3.00%
Actual Dealer Reserve	\$0	\$435	\$1,305
Monthly Payment - Arrears	\$725.62	\$735.30	\$754.71
Payment Factor - Arrears	0.01668	0.01690	0.01735
Implicit Rate - Arrears	6.37%	6.78%	7.59%
Monthly Payment - Advance	\$721.14	\$730.73	\$749.97
Payment Factor - Advance	0.01658	0.01680	0.01724
Estimated Implicit Rate - Advance	6.37%	6.79%	7.63%
<small> Lease reserve is a % of the Adj. Cap cost Payment = Adj. Cap cost * Payment factor </small>			

In column 1:

- We plug our \$43,500 Adjusted Cap Cost number into our lease calculator to determine the customer's monthly payment.
- We choose a term of 60 months.
- We choose a residual percent of 20%, which is a very common residual amount.
- You can see in our example that the residual calculated out to be \$8,700.
- In this example, we did not add a Dealer Reserve.
- This lease's monthly payment is calculated in arrears with the customer paying 30 days out.
- The next number you see is the Payment Factor. This payment factor, multiplied by the Adjusted Capitalized Cost, gives you the lease payment.

**LEASE PAYMENT = ADJUSTED
CAPITALIZED COST MULTIPLIED BY
THE PAYMENT FACTOR**

- At this point, you can see that the arrears payment is \$725.62 with an Implicit Rate (calculated specifically for arrears) of 6.37%.
- If you move down the column, you can now see what the payment is when we calculate this monthly payment as an advance payment.

In Example #2, we have re-calculated the customer's monthly payment, adding 1% Dealer Reserve.

- You will see that everything is the same until you get to 'Dealer Reserve' where the dealer has added 1%. Being able to successfully sell the payment to the customer will earn the dealer \$435.
- Now you can see the 'arrears' payment is \$735.30 and the Implicit Rate increases slightly.
- When we drop to the bottom of the column and re-calculate with payments made in 'advance,' you see the payment again drops to \$730.73.

In Example #3, you can see that the same process was done a third time, this time adding 3% Dealer Reserve.

You can see that by adding just \$28.83 of additional payment cost for the customer each month, the dealer can make an extra \$1,305 profit. This is the power of Dealer Reserve, and we'll cover more on this topic later when we cover the deal submission process and working with the commercial credit departments. Financing MB vans with Mercedes-Benz Financial Services provides you with additional revenue opportunities in this new commercial market segment.

*****It's important to know that the payment factor is tied to the residual value percent chosen.***

Any change to the residual value percentage will necessitate a change to the payment factor.

Some additional common TRAC lease customer characteristics include:

- The TRAC lease customer needs the van but not the depreciation deduction. When customers acquire a significant amount of equipment, they often have more depreciation than what is needed for financial reporting purposes. This is especially common in the fourth quarter for many companies. For more on this, see the section on Alternative Minimum Tax (AMT) below.
- Companies that show profitability.
- Want the upside at the end of the lease term or will often retain the vehicle and refinance it.
- Do not want restrictions on the wear-and-tear or the mileage of vehicle use.

A TRAC lease differs from a traditional passenger car lease because it is an open-end lease, which makes a customer responsible for the residual value of the equipment upon lease maturity. In most passenger car leases, customers enter a “closed-end” lease agreement where the residual value of the vehicle is the responsibility of the lessor.

A TRAC lease offers customers four options at the end of the lease term (subject to credit approval):

- Return/Disposal option: This option allows MBFS to sell the vehicle at the end of the lease, with the customer receiving any surplus from the disposal price that is greater than the residual value (less MBFS’s selling expenses). Keep in mind that some lessors do not allow the customer to get any additional monies from the sale, but MBFS does. On the other hand, if the MB van’s value at the termination of the lease is less than the projected residual value, the customer will be invoiced for any deficit and the customer has to pay the difference, plus MBFS’s selling expenses. When the lease is terminated, the value is based upon resale of the van to a third party or is determined by an independent appraisal.
- Purchase option: This option is where the customer purchases the vehicle at the lease end residual price.
- Re-Leasing option: With this option the customer can re-lease the MB van as a used vehicle using the prevailing lease offers.
- Finance option: This option allows the customer to refinance the residual at prevailing used van finance rates or re-lease the vehicle for a reasonable term.

Zero TRAC Lease

The Zero TRAC lease is a capital lease which amortizes to a zero residual at the lease end. Instead of pre-planning for a residual “worth” at the end of the lease (as in TRAC leasing) and being able to resell the van or trade it in, the Zero TRAC lease is amortized to zero.

These are leases with nominal, if any, up-front payments and are attractive to those vocational and fleet customers interested in vehicle ownership. Few finance companies offer this type of product, so it’s an excellent sales tool for MB van dealerships.

At the end of a Zero TRAC lease, the customer can make a fair market value purchase bid. MBFS accepts that bid and conveys the title free and clear with an invoice for the fair market value. To satisfy the invoice amount for the purchase, MBFS reimburses the customer for lease payments made and applies them toward the purchase value of the vehicle. The end result is that the customer benefits by getting ownership at lease end, with generally no additional cost. (Sales tax may be due in some states.)

Some additional advantages of the Zero TRAC lease include:

- Customers build, what is in essence, equity in the product, similar to a loan.
- There are no maximum mileage or equipment condition restrictions.
- If your customer chooses not to use the purchase option, they can get cash back from the fair market sale. As the vehicle essentially has no pay-off, the proceeds of any sale of the vehicle will be refunded to the customer* (less applicable selling expenses, taxes and fees).
- Cash flow advantages: Lease payments are less than comparable retail financing.
- Like other leases, payments have the potential of being fully deductible as operating expenses.

** Some states allow credits to be used to cover the sales tax on the lease end vehicle purchase. While this is a key benefit for many customers, it's important to check with your Mercedes-Benz Financial Services Dealer Relations Manager or Business Support coordinator to see if your state allows this, or if it requires MBFS to charge the lessee sales tax on the fair market purchase.*

FMV Lease

A Fair Market Value (FMV) lease is one of the most flexible financial offerings available to commercial customers. It is similar to a traditional passenger car “closed-end” lease agreement where the residual value is the responsibility of the lessor. An FMV lease is often called a “walk-away” lease because there is no residual payment due at the end of the term. The customer simply returns the vehicle to their dealership, pays any applicable remaining charges, and, assuming the van meets predetermined condition requirements for wear-and-tear and mileage, walks away from the van and the risks associated with ownership.

The lessee typically has three options at the end of the lease:

- Return the van, meeting all terms and conditions.
- Extend the lease.
- Purchase the vehicle for the residual value.

Benefits of an FMV lease:

- There is no residual risk for the customer at lease end.
- Lease payments are generally lower than traditional financing.
- Meets all requirements of an operating lease.

• Customers should consult their tax and financial advisors to determine the tax and accounting treatment of the lease transactions.

FMV Lease Features:

- May be used in conjunction with a Line of Credit
- Rates & Residuals published monthly in F&I Pro
- Custom terms/rates/residuals are available depending on customer needs (see “Custom Quote From” in F&I Pro)
- Do not allow mid-term mileage adjustments
- No mileage purchase options (variable mileage option)
- 15 cents per mile charged on overage
- Dealer fee calculation matches TRAC, 3% maximum dealer participation
- Maximum 30 days to first payment
- No acquisition or disposition fees
- Money factors apply for both advance and arrears payments
- Approvals valid for 30 days
- Current model year, new MB Van only

Common FMV Lease Customer Features:

- Walk-away operating lease
- Money Factors (vs. Payment Factors) used
- Residuals expressed as a % of MSRP
- Commercial has arrears payment option, typically no acquisition or disposition fee
- Commercial quoting functionality and contracts housed in F&I Pro

Common FMV Lease Customer Characteristics

- Customer turns in FMV lease at end of term under liberal trade conditions
- High mileage options
- Lower payments than comparable Retail Financing
- Payments expensed against income**
- Possible off-balance sheet accounting**
- Security (lien) taken on vehicle only

* Actual rates, terms, down payment, advance, and program eligibility will be determined by the MBFS Credit Team based upon creditworthiness of customer.

** MBFS does not provide tax or accounting advice to dealers, customers, or potential customers. Customers should consult their tax and financial advisors to determine the tax and accounting treatment of the lease transactions.

Complete Advantage Lease

Complete Advantage Leases offer customers one consistent payment for a leased vehicle. It includes coverage for preventive maintenance (PPM) and wear items, plus an extended limited warranty (ELW); while offering you greater utilization of your service department, an overall increase in your dealership's income opportunity, and a new way to compete with leasing companies.

Complete Advantage Lease is an attractive financing option for small business owners with small fleets who don't want to manage maintenance, who want to even out vehicle expenditures, or for those who are dissatisfied with or don't want to pay for full-service leases.

With a Complete Advantage Lease, your customers can drive away in a new Sprinter with peace of mind and protection from certain unexpected vehicle expenses.

Lease Elements:

- TRAC or FMV Lease
- ELW
- PPM
- Wear Items
- Dealer enters term, engine type, mileage, residual, and vehicle details to obtain all-in-one payment

Dealer Earns:

- Commission of \$250 per unit
- Plus up to 2% Dealer Reserve on entire transaction
- Does not replace dealer's ability to sell Aftermarket Products separately

Please see our marketing notice for full program terms and conditions.

A Complete Advantage Lease is an effective tool for financing customers, influencing their buying decision, and to keep customers returning to your dealership for future sales and service. To be successful, it's important to bring financing into the conversation early and focus on selling the convenience and value of a Complete Advantage Lease.

Lease End Overview

The following outlines the turn-in process for commercial vehicles at lease maturity under the Fair Market Value (FMV) Lease and TRAC Lease programs available for commercial vans.

Purchase option:

- a. If the customer is interested in purchasing the leased unit for the residual value listed on the original lease schedule, plus any fees, payments or amount due & not paid during the life of the lease, dealer will be notified of the sale.

Turn-in option:

- a. If the customer does not wish to purchase, the vehicle is to be turned in to the selling dealer's location at maturity date. Any exceptions to the turn-in date or location must be approved ahead of time.
- b. The customer must schedule an appointment with the dealer for turn in.
- c. Vehicle is to be returned in the mechanical and physical condition and subject to the mileage limits as outlined in the lease agreement.

Extension option:

- a. If the customer is interested in extending the lease, Remarketing will notify the dealer of the extension period, if any is allowed.
- b. The turn-in process will begin again 30 days prior to the revised lease end date.

PROCESS:

1. MBFS will typically contact the customer in writing 120 days prior to lease maturity to remind them of the approaching lease end.
2. MBFS will send a copy of the customer letter to the selling dealer typically 120 days prior to maturity. This provides the dealer with the opportunity to request a follow up with the customer to clarify turn-in requirements as outlined in the lease agreement and actively assist with the turn-in arrangements.
3. MBFS will generally contact the customer in writing 75 days prior to lease maturity. Letter reminds customer the lease is maturing and requests customer call MBFS with questions and/or intentions.
4. At approximately 60 days prior to lease maturity, dealers may want to offer the customer a no-cost inspection of the vehicle to ensure the vehicle is in turn-in-ready condition. Dealers can use this exchange as a sales opportunity to assist with selecting a new vehicle or booking service work with the customer to address any areas of concern with the returning vehicle.

5. If the customer has not responded to written communications, by at least 60 but no less than 45 days prior to lease end, MBFS will call the Customer.
6. MBFS will follow up with the customer and the dealer, 30 days prior to maturity to address any remaining issues and confirm turn-in arrangements.
7. Upon return of the vehicle, the dealer will document the odometer mileage as well as the turn-in date of the vehicle and report it to MBFS in accordance with the lease agreement. Information should be submitted via Turn-In Confirmation form. If forms have not been provided, email leasematurities@daimler.com.
8. Upon receipt of turn-in report, MBFS will offer the dealer the opportunity to purchase the vehicle in its current condition for the contracted residual value.
9. If the dealer declines to purchase the returned vehicle, MBFS will arrange for inspection.
10. If the vehicle does not pass inspection, MBFS Remarketing may request an estimate for the cost of the repairs needed to bring the vehicle up to the terms of the agreement.
11. MBFS will inform the customer of the turn-in deficiencies and work with customer on resolution.

NOTE: After turn in, only MBFS may authorize repairs. MBFS may commission dealers to execute repairs. MBFS covered repairs will be determined on a case-by-case basis, authorized in writing and executed at the sole discretion of MBFS.

Lease Decision Drivers

Similar to loans, there are key drivers that lead customers to consider or request a leasing option on a commercial vehicle like a MB van.

- **LOWER MONTHLY PAYMENT:** Leases feature lower monthly payments because the owner/lessor (MBFS) claims depreciation on the van and passes a portion of those benefits along to the customer in the form of lower lease payments compared to a loan of similar terms. Additionally, TRAC leases offer customers the opportunity to choose their residual value (on approved credit and deal structure), which can significantly lower their monthly payment amounts. The higher the residual value, the lower the monthly payment. Customers looking to optimize cash flow with the lowest monthly payment possible are an excellent fit for leases.
- **FINANCIAL CONSIDERATIONS:** Minimizing tax liability is an important consideration that comes into play when discussing a lease with your commercial customers. If your customer claims that he has a significant tax liability or is likely to be impacted by the Alternative Minimum Tax (AMT), leasing is a viable solution as it allows him to deduct the payments as an operating expense. By doing so, this reduces the company's reported profitability and therefore, its tax liability. Leases are especially attractive to businesses where the vehicle is not a key factor in revenue generation, but rather a tool to conduct their business. For example, a restaurant with a catering business is more likely to lease a MB Van than a delivery company. Why? Because a restaurant is less likely to need depreciation because of the amount of other equipment that can also be depreciated. However, a pick-up and delivery company isn't likely to have as many assets that they will depreciate. Lastly, if a company is especially profitable, leasing can also be an excellent option to increase operating expenses, reduce profitability, and ultimately reduce a company's tax liability.

Make sure your customer considers what their goal is in the long run. Leasing may have lower payments but could end up costing more in the event of an early termination or if the customer intends on returning the vehicle for MBFS to sell in order to cover the residual value owed. In many cases of an early TRAC lease turn-in, the sale value of the vehicle does not cover the residual value owed and the customer is liable for the remaining balance.

What is the AMT?

The current Alternative Minimum Tax, or AMT, was introduced in 1986. The AMT makes it more difficult for both corporate and non-corporate taxpayers to avoid Federal Income Tax through the use of certain normal tax benefits, known as tax preference items. Basically, the AMT requires all companies and individuals to compute their income tax in two ways:

1. Once under the standard corporate income tax (taking all the preference items or deductions they are allowed to take).
2. And again under the AMT provisions (not including the preference items).

The AMT liability is computed at a 20% rate applied to minimum taxable income. Companies pay whichever method results in the higher amount of tax. If a company's alternative (AMT) calculation is higher, they owe the alternative minimum tax. The AMT is frequently caused when companies have a high number of purchased assets and have taken too much depreciation. Profitable companies or those with a business that have several depreciable assets are more likely to be subject to AMT and desire a lease to acquire their MB van.

“Are there any fees assessed when there is an early termination of a commercial lease contract?”

Yes, amounts are due on lease contracts if there is an early termination. A monthly payment will be due in addition to any other amounts due under the lease contract.

Financial Accounting and Income Tax Treatments of Commercial Leases*

To effectively sell leases, it is important to understand some of the financial accounting and income tax implications of each lease product, especially from your customer's point of view. From the lessee's perspective, there are two types of leases: a Capital Lease and an Operating Lease.

For financial accounting purposes, a Capital Lease requires the lease payments to be recorded as an “on-book” debt liability, while an Operating Lease permits the lease payments to be recorded as an “off-book” operating expense.

Leases which meet ALL of the criteria listed below at their inception are considered Operating Leases for financial accounting purposes.

- The lease does not transfer title to (ownership of) the property or equipment to the Lessee at the end of the lease term.
- The lease does not contain a bargain purchase option.
- The lease term is less than 75% of the estimated economic life of the equipment or property.
- The present value of the minimum lease payments is less than 90% of the original cost (fair market value) of the equipment or property.

All other leases should be accounted for as Capital Leases for financial accounting purposes.

For income tax purposes, the test of whether a lease is properly treated as a Capital Lease or an Operating Lease is determined based on whether the lessor or the lessee has the economic benefits and burdens of ownership (excluding the effect of any qualified TRAC provision).

Due to differences between the income tax code and generally accepted accounting principles (GAAP), the characterization of a lease as a Capital Lease or an Operating Lease may differ for tax and accounting purposes.

Summary Of Capabilities and Services

We've covered several topics in this section, and it is important to know that you have the resources available to help you in your sales efforts.

To recap, here are some of the benefits available to your dealership and your commercial customers:

- A reliable source of business vehicle financing, regardless of economic cycles
- F&I Pro: A simple, easy-to-use online application, quoting and documentation system
- Competitive rates
- Up to 100% financing with no down payment based on creditworthiness
- Simple interest loan financing with no pre-payment penalties on loans.
- Commercial leasing solutions including TRAC, Zero TRAC, and FMV leases
- Annual, semi-annual, quarterly or monthly payment options
- Customized finance packages (such as variable, skip or balloon payments)
- Flexible repayment terms (based on your budget)
- Terms up to 6 years
- Used equipment financing
- Line of credit for future purchases without loan covenants or tying up operating cash
- Easy application process
- Simplified documentation
- Online access to account information
- Consolidated billing and automated payments
- U.S.-based customer service representatives trained and experienced in-commercial transportation

Mercedes-Benz Financial Services is proud to play a role in your dealership's success and looks forward to supporting your sales efforts in the commercial market with our commercial loan and lease products and services. Regardless of economic cycles, your dealership and your business customers can count on MBFS as a reliable financial services provider dedicated to the needs of the commercial customer.

Section 2: Commercial Credit Process and Procedures



Overview of commercial credit

In this chapter you will learn more about the credit departments dedicated to your commercial business and learn how to work with them to submit applications, structure deals and ultimately, close more business.

Mercedes-Benz Financial Services, in combination with Daimler Truck Financial, is able to provide Mercedes-Benz van dealers access to two unique credit departments, both designed and focused around meeting the needs of dealers and their commercial customers. Both Small Business Credit and Fleet Credit understand the unique offerings of Mercedes-Benz vans and their many applications for businesses. Both departments specifically review commercial transactions and are dedicated to supporting the needs of business customers. Their combined experience provides dealerships with a level of credit decision consistency they can count on and use to improve closing ratios. By using MBFS commercial credit resources, your dealership will be well positioned to tap the potential of the van market segment.

What makes a deal “commercial?”

Commercial vs. Personal or Consumer use

Before you can begin to put a financing or lease deal together for a customer, it's important to understand what a commercial customer is and what separates them from a standard consumer transaction.

Some typical characteristics of your commercial customer can include:

- Working class tradesman or small business owner
- Initial acquisition cost is very important, but TOTAL cost of ownership is MORE important
- Very loyal to dealer and to a proven brand
- Can buy multiple vehicles a year, depending on use
- Frequent dealer service and parts customer
- Expects extended service hours and quick vehicle repairs
- Keenly aware of vehicle uptime
- Many want to buy, test drive and contract from dealer at their workplace
- Purchases (and titles) vehicles in both company and personal name

In terms of what qualifies as a commercial transaction for either of the credit departments to review, it is simply a matter of the vehicle's use or application. Will they use it to help run their business? Is it an integral part of their business operation? Does revenue depend on the vehicle or is it generated by the vehicle? ***If the answer is "yes" to any of these questions, then the deal is considered a commercial transaction and should be sent to one of the commercial credit departments for review.***

Please note: Individuals whose intended use of the vehicle is commercial should still be submitted through F&I Pro in the personal name. If the answer is "no" to ***all*** of these questions, then the deal should be sent through the normal consumer credit review process using MB Advantage and the MBFS consumer credit department.

Here are a few examples of deals that are and are not commercial deals:

- A 10-passenger configuration that is used for:
 - a large family **is not** a commercial deal.
 - a limousine service **is** a commercial deal.
- A panel van with a tow package configuration that is used for:
 - an individual's recreational purposes **is not** a commercial deal.
 - a plumber or HVAC engineer **is** a commercial deal.

Distinguishing between "vocational" and "for-hire"

In the case of MB vans, most of your vehicle sales will likely be commercial, making it easier to determine if you should send transactions to the commercial credit department or not. However, as you begin to sell more MB vans and see a greater variety of customers interested in them, you will notice that the vehicle use will fall into two main categories. While both of these are considered commercial transactions, it's important to have a general understanding of the two groups as they can influence deal structure and potentially the credit decision and terms.

Commercial deals will fall into two categories that include:

- Vocational business
- "For-hire" business

While similar, let's take a moment to explain both so you can better understand the needs of both. For a ***"vocational business"*** customer, the van's operation does not directly generate income nor does it serve as the primary means of creating revenue. For this customer, the MB Van is another business tool, much like a forklift or a computer. For example, a vocational prospect may own a flower shop or may be an HVAC engineer. Each of these customers has a business where they need a MB van to conduct their day-to-day business activities but revenue is not directly generated by the vehicle.

A “**for-hire business**” customer will use a MB Van for the sole purpose of creating revenue for their company. Without the van, the customer would otherwise be unable to complete the fundamental tasks of their business operations and therefore, not generate income. Some “for-hire” customers can potentially be hired on short-term contracts to provide services entirely dependent on the van’s use. The most frequent examples of “for-hire” customers that you will encounter in your dealership can include limousine drivers, parcel delivery contractors or expeditors. In each of these examples, revenue is generated directly by transporting a person or another business’s products. As the name of the category indicates, their business is transportation “for-hire.”

Why the name on the deal matters

While it may seem like a minor detail, it is important for business customers to recognize the need to apply and contract for financing in their business name. By doing so, a customer now claims the vehicle as a business asset (or in a lease, a business expense) and, therefore, the vehicle can be included in the financial and tax records of the company. For MBFS commercial van transactions, a customer will be asked to place the vehicle in the company’s name where one exists. We’ll cover more on types of companies in the next section. This allows MBFS to report on the business’s credit experience during the course of the loan or lease, and also permits us to use the company’s established credit history to evaluate the requested transaction.

Types of businesses and their organization

As you become more adept in the commercial van market, you’ll be sure to encounter the various types of companies allowed under the U.S. state and federal law. Your understanding of your customer’s business will help in both building your relationship with them and matching them with the right MB Van and financial product. It’s also helpful to know the various ways they can configure their businesses. Here’s a brief overview of each:

- **Sole proprietorship** is a business of one person where the individual represents the company legally and fully. As a sole proprietor, the person files taxes in the same way as an individual files them, as personal income taxes, including business losses and profits. The individual’s personal and business income are considered the same and self-employed tax implications apply. Financial matters are generally easier as operations are less complex, and no payroll set-up is required to pay the individual. Critical to getting a commercial transaction for this customer approved is the realization that being a small, one-person company frequently means that financial statements are not available and commercial credit references are difficult to come by. Qualifying these customers early and supplying as much information to MBFS as possible will greatly assist in getting these customers financing for the MB van they want and need. Common examples of sole proprietors include start-ups, contractors, and many “for-hire” businesses.

- **Partnership** is a type of business entity in which partners (owners) share with each other the profits or losses of the business. Partnerships are often favored over corporations for taxation purposes, as the partnership structure does not generally incur a tax on profits before they are distributed to the partners (i.e. there is no dividend tax levied). However, depending on the partnership structure and the jurisdiction in which it operates, owners of a partnership may be exposed to greater personal liability than they would as shareholders of a corporation. Smaller, family businesses will typically be the most frequent examples of this type of business entity.
- **Corporation** is a business where the company becomes an entity itself that is separate and distinct from any person associated with the corporation, such as shareholders, officers, or employees. The ownership is made up of shareholders, with operations run by officers and employees. The corporation is able to take on debt and enter agreements in a manner similar to that of an individual. Like an individual or sole proprietor with a Social Security number, all corporations have a tax ID number that is used to pay federal and state taxes. Corporations include both “S” and “C” types of corporations. The main distinctions between these two types of corporations are the tax rates and types of shares allowed. In an “S” corporation, taxes are lower, but shares are limited to only one class of stock, which limits outside investors that are often needed to grow the company with capital. A “C” corporation has a higher corporate tax rate but allows for multiple classes of shares to be issued. For any type of corporation, the ownership can be held by as few shareholders as those who started the company, or as many as the corporation deem necessary.
- **Limited liability company**, commonly called an “LLC,” is a business structure that combines the pass-through taxation of a partnership or sole proprietorship with the limited liability of a corporation. Like owners of partnerships or sole proprietorships, LLC owners report business profits or losses on their personal income tax returns. In other words, the LLC itself is not a separate, taxable entity. Like owners of a corporation, however, all LLC owners are protected from personal liability for business debts and claims—a feature known as “limited liability.” This means that if the business owes money or faces a lawsuit, only the assets of the business itself are at risk. Unless a guarantee is in place, creditors usually can't touch the personal assets of the LLC owners. The owners of an LLC are referred to as “members,” and the company is run by a “manager” or a “member-manager.”

Submitting deals to the commercial credit departments

You now have an understanding of the types of business customers you'll encounter and the financial services that you can offer them. In this chapter, we'll review the structure of the two credit departments so you know where to route your deals for review. By getting your deal to the right credit department, you'll get a timely credit decision and move one step closer to closing the sale.

Small Business Credit

- For any customer who has less than \$750,000 outstanding financed with Mercedes-Benz Financial Services, financing should be routed to the Small Business Credit department. Even if this customer has a fleet of commercial vehicles or equipment financed at another source, Small Business will continue to review the customer for financing until they have crossed the \$750,000 threshold.

Fleet Business Credit

- For customers who have reached or will surpass the \$750,000 threshold of financed or leased assets with MBFS, the deal should now be routed to the Fleet Credit Department.
- An additional consideration to the above-\$750,000 rule is for those customers who wish to establish a line of credit with MBFS. All requests for a line of credit should be routed to the Fleet Credit Department. Credit line requests have a minimum requirement of at least \$500,000.

Submitting an application

Now that you've identified what credit department should review your deal, you'll need to understand exactly how to submit it and what details you'll need to include. Should you be wondering about payment calculation, you'll learn about that in the chapter dedicated to F&I Pro, where you'll find a step-by-step tutorial on how to quote both a lease and loan payment for a customer.

The only way to submit a credit application for commercial business is online through F&I Pro. Once deals are submitted and received, they are assigned an application number and given to a credit analyst or buyer. It's important to know that deals submitted via F&I Pro move automatically--and more quickly--to credit analysts. Please see the F&I Pro section in this manual titled "Credit Application Menu" for a step-by-step guide to submitting an application via F&I Pro.

Please make sure that you provide a completed form and fill in or supply as much information as possible. Missing information delays the credit decision and can prevent your customer from getting the loan they deserve in the timeframe they need. Plus, incomplete information and the delays and hassle it can cause can open your deal up to competitive loan products and conditioned or declined deals that would otherwise be approved. Even worse, incomplete information and the delays that go with it can open up the deal to the competition.

We will require a signed copy of either the credit application or of the Authorization to Conduct a Credit investigation.

Some dealers use their own, unique credit applications but we strongly recommend using the Mercedes-Benz Financial Services supplied commercial credit application. There are statements within our credit Applications that protect your customer, your dealership, and MBFS.

What to include with a deal submission

Preparing a deal for submission requires the collection of specific elements. The quality of the information on these elements can make a measurable difference in the approval of your deals, as well as the speed of the overall process. Spending a few extra minutes upfront to gather the details can make the most of your time and ensure your best sales success.

Here are the standard requirements for submitting a deal under \$750,000:

- ✓ A complete credit application (via F&I Pro)
- ✓ Purchase order information
 - MSRP
 - Sales price
 - Applicable taxes
 - Cost of add-ons
 - Down payment/trade equity
 - Amount to finance
- ✓ Copy of dealer's invoice (new MB van) with cost
- ✓ Specs (if not on invoice)
- ✓ Details on body upfits, customizations, or additions
 - While not needed to submit a deal for review, dealers MUST include copies of ALL upfitter/body builder invoices that detail the work done and the dealer's cost with funding packages.
- ✓ Requested deal structure
 - Lease or loan
 - Term
- Special structure requests (skips, seasonal, delayed first payment, etc.)

- Please contact your commercial DRM for details on submitting applications over \$750,000 to the Fleet Credit department.

Financing upfitter modifications and customizations

Given the wide array of applications a MB van can be used for, it's important to understand that you will likely interact with several body upfitting companies that will customize your customer's MB Van to meet their specific requirements and needs. These upfits or modifications can be as simple as a company logo decal and some interior shelving, or as complicated as a mobile restaurant, varying van and utility bodies, or a television broadcasting configuration. The possibilities are endless! MB dealers need to obtain and supply MBFS Credit Department with the details of all work being done so that we can account for the value added to the vehicle and determine if the modifications can be included in the finance/lease transaction. As mentioned above, copies of the upfitters' invoices to the dealership must be supplied to MBFS with the funding documentation in order to have the contracts processed.

So what about financing upfits and modifications? As a guideline, we will generally provide financing for upfits and modifications that meet the following two requirements:

- Are permanent or semi-permanent attachments. A rule of thumb to determine "permanent" is the ability to answer "no" to the following question: "Can the upfit or modification be removed in under an hour by the vehicle operator?"
- Adds value to the vehicle.

In the course of dealing with a wide variety of **commercial** customers, you are likely to encounter situations where you are not sure if a modification will qualify for financing. With this and all modifications, it will ultimately be at the discretion of the Credit Department analyst to determine if the upfit in question can be financed or not. Dealers are strongly urged to obtain financing approval prior to having any customization work done.

Here are some examples of modifications or upfits that can and can't be financed:

Financing Allowed	Financing Unavailable
Interior shelving	Loose tools and electronics
Heating and refrigeration modules	Custom paint jobs and accessories
Utility bodies	Decals and vehicle "wraps"
Safety/emergency lighting	Removable storage containers



Credit evaluation of commercial credit

In this section, we'll cover credit evaluations so that you can better work with your customer and increase your chances of completing a successful deal. Unlike reviewing credit for passenger cars that relies heavily on a credit bureau score, commercial credit evaluation considers the additional factors covered in this section, as each is an indicator of how the *business* applicant will be considered.

Personal consumer use vs. commercial use

As discussed earlier, most buyers of MB vans will be those customers looking for a vehicle to support or literally drive revenue creation within their business. Without it, the customers will unlikely be able to complete a significant portion of their business model. This being the case, it's important for dealers to understand that financing and paying for a commercial vehicle is NOT the same as financing or leasing a consumer passenger car. The main difference is that with a passenger car, the individual's vehicle does not influence their employment, and their ability to make payments is not tied to the vehicle. A customer's ability to pay for a commercial vehicle is largely dependent on running a successful business. Consider the customer who, in the past, has successfully financed a \$45,000 car with all the options. Although this customer has never before run his own company, he now wants to purchase a \$45,000 custom-configured MB van for a mobile photocopy repair service. While this customer has successfully paid off a \$45,000 loan in the past, he had a job that generated income that in part went toward paying off his car loan. With this new loan, the van is part of his income, and a successful business will be needed to pay off the loan. Equipment used for business purposes is a more complex transaction than personal use car loans. Furthermore, if a consumer loses his job, it's much easier for him to go out and find another one and still make his car payment. Compare that with the challenges a business faces when they go out of business and have no way to generate income and no way to pay for their van. The first step in evaluating a transaction is to determine what, if any, comparable business credit history the company or individual has. This will greatly influence the ultimate credit decision and structure of a deal. Salespeople should ask questions upfront to ensure that customers have a plan or track record that demonstrates an ability to meet their business obligations and make sure to provide this information to MBFS for review. When it comes down to commercial transactions, how a consumer has paid for their personal vehicle is not the same as how a business will pay for a commercial loan.

5 Cs of Credit

Credit analysis for commercial customers is a mixture of art and science. As with most consumer credit, income, and payment history are big factors. But there are many other variables that must be identified in order to assess credit risk and the value of a deal.

The “5 Cs of Credit” provide an easy way to organize and remember the basics:

- Cash Flow (Capacity to pay)
- Collateral (Assets to secure the loan)
- Capital (Net worth or tangible resources)
- Character (Integrity of the buyer)
- Conditions (The economy of the market they work in)

Cash Flow

This applies to earnings and a customer’s capacity to make payments. This metric helps us avoid situations where customers add equipment too quickly. If a customer is approved and funded for three MB vans in one year--and they want a fourth--we need to be absolutely sure they’re capable of handling the additional payments. It is important to understand a customer’s revenue streams (such as contracts, expansion plans, etc.) and expenditures (like monthly bills, debt load, etc.) so that MBFS has an accurate picture of the customer’s situation.

Collateral

Collateral refers to the asset being utilized to secure the loan. When MBFS reviews a deal, we could be in a position where the applicant has both an acceptable credit report and cash flow. However, the MB van being requested may fall outside of our lending parameters or terms. For instance, in a used van situation, a vehicle with high mileage is a risk because the vehicle is approaching the limit of its useful life or may need major repair. In a case like this, we may advise you to suggest a lower-mileage or new vehicle and pursue the financing accordingly.

Capital

In addition to the monthly cash flow, lenders also look at a customer to see if they have sufficient equity or capital to support running a business and paying off a deal.

When putting together a deal, you stand a better chance if you can answer these questions early on:

- Does this customer have enough start-up money to support him through the first six months while he begins to make money?
- Does this customer have enough equity to survive when markets are soft?

When examining capital, we typically analyze the company's total liabilities compared to equity, or debt-to-equity ratio.

Character

When we review a customer's credit, we consider their character in our decision. One of the best ways to predict if a customer is going to repay a loan is to determine how they have paid other debts in the past. Were they on time in paying off their previous loans? Did they make payments regularly? What about other factors, such as bad debt, back child-support, or unpaid state or federal taxes? If a customer has negative factors indicated on their credit bureau report, that information is factored in and can impact their ability to get a loan.

Conditions

This refers to current economic conditions surrounding the customer's geographical market and the type of hauling he is doing. For example, in the case of a construction company where the market is soft, we would need to be sure that the market conditions will support the financing. We examine the competitive landscape that the customer is operating in, his customer relationships, and other industry factors that may hamper his success. We try to identify any threats to the business as well as measures being taken to protect the customer from risks.

Personal and company information used to review a deal

Credit scores and bureau

For commercial transactions, the credit bureau score is only one of many factors that we consider in evaluating credit. A high credit score alone by no means equates to solid commercial credit experience. Often, what is *in* the credit report can be just as important as what a credit score is. While still an important factor in the decision process, a credit score by itself is not a predictor of a business's ability to repay a commercial loan or lease.

TransUnion, Equifax and Experian are the three major credit-reporting agencies. All gather the same basic information about payment practices and credit histories. But while all three agencies perform the same services, the information they gather may differ slightly, along with their method of presenting and analyzing the data. This means that a customer could receive a different credit "score," or rating, from each agency, depending on the information gathered.

Often, the number of reports or "trade-lines or trades" that are listed for a customer varies from agency to agency. These reports or trades show items such as customer's mortgage, credit cards, and other credit history. The number of trades analyzed impacts a customer's score and can create results that can be

confusing. For instance, your dealership might pull a credit bureau check on your customer before even sending a deal in for loan approval. While this customer may appear strong at the bureau where you checked, they may show some problems when cross-referenced at the other bureaus. This gives us a fair and complete picture of the customer and helps to ensure that we are funding good deals that benefit the customer, MBFS, and you.

All three agencies gather and report basic information such as:

- 30-, 60-, and 90-day past-due reports
- A summary showing outstanding loans
- Debt accumulation over a specific period of time
- A summary of individual loans
- A summary of co-signed notes
- Account numbers and loan terms
- Summaries regarding what equipment the customer is currently operating
- Loan cycles
- Bankruptcy scores (which indicate the customer's likelihood of filing for bankruptcy)

An important thing to remember is that while all lenders have the ability to provide their information to the credit reporting agencies, not all of them do so, especially when it's a smaller local bank or credit union. That is why a customer's previous loan history will show differently on one or all three of the credit bureau reports. This is also why it's so important that you ask customers about their previous commercial financing experience and pass it along to Mercedes-Benz Financial Services. Doing so ensures that we can call references and obtain important information to include in the credit approval process. Providing this information also helps to ensure a timely decision on the loan application.

Comparable commercial credit history

Perhaps one of the most important pieces of criteria in evaluating commercial transactions is the relevance of comparable *business* credit history. A commercial customer might be someone who owns a repair shop and is buying the MB van to make deliveries. First, we'll make sure that the individual has acceptable personal credit, meaning that there are no significant negative trades listed on the credit reports. Then, and equally as important, we'll look at evidence that the individual or business (depending on the type of company) has successfully carried other comparable credit for at least 24 months. That could include another commercial loan or various personal loans through another lender. *As many lenders do not always report their information to credit reporting agencies, it is critical that you ask your customers what their business financing experience has been in the past and provide that information to MBFS.*

For virtually all customers, the successful handling of comparable previous debt--keeping up the payments and paying on time--is a good indicator of a safe credit risk. And as always, keep in mind the economic condition of their market and that their business is what ultimately pays the bills.

Business contracts showing revenue streams

Sometimes it is difficult to capture all of the reasons why a transaction should be approved based on a credit report or comparable payment history. Suppose a customer has been operating two vans as mobile detailing centers and, because of their superior service and track record, has been able to secure business that requires an additional two vans. This would be increasing their debt load significantly, but the business plan is sound. So what to do?

If a customer is adding equipment due to a contract that will bring new additional business, ask to see the contract and work with your credit analyst to review the new revenue stream. Business customers will often be very proud to demonstrate this success and it can help to get deals approved.

You should consider letting the credit department review the contract if it contains any of this information:

- The amount of the revenue.
- If the revenue is guaranteed
- How long the revenue is guaranteed for
- Clauses that show performance bonuses

Financial statements

While financial statements are generally requested for companies looking at fleet levels of financing or lines of credit, they can add significant information for those deals where, for various reasons, business credit history is thin. Providing this information to your credit analyst can bolster the case for getting a deal put together and approved. Should you encounter a situation where a customer is interested in fleet financing or a line of credit, it's best to get your MBFS Commercial DRM representative involved immediately. However, you should know that there are different types of financial statements and not all are equal in sophistication and level of detail. Here's a quick summary of each type of financial reporting, in order of preference (best to worst) and their relevance to our credit evaluation process:

- Audited (Best): An audited statement is the best quality financial statement that a CPA can provide. Audited statements provide the highest level of assurance that the statements fairly represent the company's financial position and results of operation and that the statements are free from material misstatement.
- Reviewed (Preferred): The reviewed statement is a preferred financial statement where an accountant applies analytical procedures to statements provided by management. There is

limited assurance that no changes need to be made because the CPA does not perform many audit procedures.

- Compiled (Acceptable): A compiled statement is considered acceptable and is the most basic level of service provided by CPAs. Statements are compiled by the CPA with information provided by management. The CPA cannot express an opinion or provide any assurance in regards to the statements as they only comply with certain basic requirements of accounting standards.
- Internally prepared (Marginal): The internally prepared statement is considered marginal and is usually less formal and complete. These are where the company's own record-keeping staff prepares financial statements, often with the aid of an off-the-shelf accounting program such as QuickBooks®. *These statements are the most typical of the small, start-up business owner and will be common among your customers.*
- Tax returns (Poor): Tax returns are considered the poorest options to submit because they are not financial statements. They tend to be cash-based, and Mercedes-Benz Financial Services does not always receive all of the schedules that go along to support the tax returns. Credit decisions cannot be made exclusively based on tax returns.

Time in business

Any consideration of business credit must include the time the business has been in existence. Any start-up business will face the challenges and "growing pains" experienced by new companies and unfortunately, not all new companies will survive for the long-term. That is why start-ups usually require more money down, strong experience in the field they are entering, and comparable credit history wherever possible. As a general rule, our commercial credit departments look for at least 24 months of time in business to structure deals under standard terms. A new company will find it harder to obtain financing with little money down or terms that have extended first payments and custom structures. In speaking with customers, it's important to ask key qualifying questions to understand what their expectations are for financing and the financial resources and commitments they are prepared to commit to a transaction.

Paynet®

Similar to the three credit agencies for consumers, Paynet® offers similar services on companies large and small throughout the United States. The company's proprietary database, updated monthly, is the richest and largest collection of commercial loans and leases, encompassing more than 14 million current and historic contracts worth \$645 billion. The MBFS Commercial Credit Department utilizes Paynet's resources to examine the credit experience of companies looking for commercial loans. Just as with individual consumers, this information provides insight into how a company will meet future debt obligations based on previous experiences. Combined with personal credit information from a credit bureau, these resources offer excellent tools to review a company's ability to repay a commercial loan or lease.

Direct credit checks and reference

A large benefit to working with your commercial credit analyst is their ability and willingness to help you obtain information that will support putting a successful deal together. One particular area is the ability to obtain direct credit checks and references. As mentioned above, a customer's commercial credit or loan history will frequently not be listed on their personal credit bureau or even on Paynet. In these cases, it is incumbent on dealers to ask customers for their business credit references and the respective contact information so that the analyst can obtain the needed information and consider it as part of the review. It would be a terrible situation where a customer's credit reference would provide the needed information for an approval, but was not submitted to Mercedes-Benz Financial Services to follow up on.

Co-buyers

Many times with a small business loan, there will be a spouse or a co-buyer included in the purchase. While these co-buyers are entered on the deal, MBFS will generally base its lending decision on the quality of the primary applicant's credit. It is ultimately up to the credit analyst to determine if the addition of a co-buyer adds any strength to the transaction. Any credibility that a co-buyer adds to the transaction will be based on their credit and experience in business where the MB van will be used. If the co-buyer has little or no experience in the industry or does not have an ownership stake or management role in the company, they will add little, if anything, to the deal. Additionally, if a co-buyer does not have good credit, MBFS can request that this person is taken off of the application.

Because each transaction presents its own unique set of information and details, we carefully look at each application on a case-by-case basis.

Personal guarantee for a deal in a company name

While a customer may request that a financed or leased van is put in their company name, this does not automatically mean that MBFS will not request the owner to sign a personal guarantee for the deal. In fact, it is often just the opposite, especially if the company is relatively new or is looking for limited money down or extended terms. If the company has had issues in the past or has extenuating circumstances, we may ask that they provide additional reassurance to the deal. Unlike traditional passenger car deals, if a personal guarantee is requested, we will still evaluate the credit of both the company and the individual the personal guarantee is requested from. **A strong FICO from an individual will not necessarily outweigh the fact that a company had a vehicle repossessed a year earlier and vice versa.**

In general, guarantees will usually be involved for private companies where there are a limited number of owners or shareholders, versus a public company that could literally have thousands of shareholders. For example, we might ask for a personal guarantee on Tom's Midwest Expeditors but not on a publicly traded company.

Keep in mind that while customers are sometimes resistant to giving personal guarantees, more customers are understanding that in today's market it is sometimes required. **Additionally, customers asked to provide a personal guarantee should know that unlike a personal guarantee on a consumer car loan, the guarantee is not reported to the credit bureau (except in cases of default) although we will pull an inquiry which will show on the guarantor's credit bureau.** If you know your customer's deal is a tough one, don't wait to find out whether the loan will be approved. Ask about the customers' personal guarantee up front to help get the financing as quickly and efficiently as possible. If your customer is reluctant to provide a personal guarantee, make sure to talk with your credit analyst for ideas or workarounds to help you finance this customer. Your commercial credit analyst will do whatever they can to put the deal together and make the sale a reality.

Structuring a deal

Your commercial business customer will always have one thing at the forefront of their thoughts when it comes to running their operations: cash flow. The ability of a company to earn a profit is a factor of keeping revenue high and costs low. By working with your customer and the MBFS credit analyst, you should be able to provide a financial solution beneficial for the customer, with an acceptable credit risk for MBFS. In this section, you'll gain some insight on how best to accomplish this.

Contract terms and residuals

Selecting a term for a MB van begins with the ability to answer three main questions:

1. Will it provide for an affordable payment?
2. Does it match the intended use of the vehicle?
3. Does it present an acceptable credit risk?

It goes without saying that the longer the amortization of a loan or lease, the lower the monthly payment will be. Setting a loan with a long payment or a lease with a high residual will make payments more affordable for the customer, but this does not always translate into smart decisions related to the vehicle's use.

Take, for example, a van configured for livery use where the company anticipates over 40,000 miles annually. To meet the customer's request to have a TRAC lease and achieve the desired monthly payment, the dealership has structured a 60-month lease term with a 30% residual. This is the equivalent of approximately an 86-month amortization, or more than 7 years. Because the vehicle will have considerable wear-and-tear, including more than 200,000 miles, it is a legitimate concern to have a residual value set at this level. While it is true that a Mercedes-Benz van has been designed to provide industry-leading reliability, this situation could leave the company with a residual value responsibility that far exceeds the vehicle's value.

In order to prevent this, here are some **key factors in determining contract term and residual values** (on leases):

- Total amortization
- Vehicle application – wear and tear
- Annual mileage estimate
- Quality of credit
- Money down
- Potential tax benefit

How to calculate total amortization

Total Amortization in Months = Term / (1 – Residual or Balloon—expressed as a percent)

Example:

Term: 60 months

Residual: 20%

Calculation: $60 / (1 - 0.20) = 75$ months

In this example, the total amortization of a 60-month TRAC Lease with a 20% residual is 75 months.

As a guide, customers with above-average commercial credit can expect maximum amortizations of roughly 75 months. This is the equivalent of 6 years and 3 months of straight payment financing or 5 years with a 20% residual value or balloon final payment. Depending on the other key factors, the allowed amortization can vary significantly.

Down payment

Owning a commercial van is the equivalent to owning a business, or at least a part of one. The amount of money a customer can apply as a loan down payment will definitely impact his payments and based on his credit, can even impact his loan approval. Mercedes-Benz Financial Services reviews each loan submission as an individual situation. Qualified customers may benefit from low or no down payment options. Other loans require 5% down, and for customers with limited business experience—either vocational or vocation “for-hire” customers—we’ll generally require at least 10% as a down payment.

Customers have the option of making their down payments using one or a combination of the following three methods*:

- **Cash** – In the form of actual currency or a company or personal check acceptable to your dealership.
- **Trade Equity** – If a trade vehicle is involved in the transaction, the customer can apply any positive trade equity, if available, to the transaction.
- **Credit Card** – Assuming a customer has the credit availability on their credit card, it is permissible to put up some of the total requested down payment on a credit card. At the analyst’s discretion, the down payment from a credit card can be up to \$2,500. *This is a particularly useful option when you obtain a credit card deposit from a customer to place an order for a vehicle.* It is always up to your dealership’s discretion to determine what credit card and deposit policy to put in place for your customers.

**For funding, evidence of down payment is required (cash receipts, copies of checks, credit card receipts).*

How a deal is structured with down payment and equity is very important in the approval process. Customers with average credit could very well obtain better-than-average rate consideration if they are willing to make a larger down payment. This equity adds to the credibility of the deal and also mitigates the amount of potential loss exposure for Mercedes-Benz Financial Services. In return, the customer could obtain a more competitive rate. In any case, MBFS will work with dealers to put together a deal with the most appropriate terms that will allow a customer to succeed for the long term.

Credit Advance

It’s important, when submitting a loan for a customer, to consider the advance being requested. The **advance** calculation is the amount MBFS is loaning on a particular product versus how much it’s worth (new vehicles) or appraised for by the market (used vehicles). In other industries, such as home mortgages, the advance is often referred to as “Loan to Value.” For new MB vans, the advance is based off of the dealer’s cost (invoice) plus invoice cost of approved upfits. For used MB vans, the advance is based off of NADA values, plus upfit considerations.

For example, the sales price of a new MB van that a customer is trying to finance is \$44,000, which includes the van's invoice cost, dealer's gross profit, costs for upfits, and applicable taxes. The base cost, which is the dealer's invoice cost, plus the invoice cost of the approved upfits, is \$40,000. The advance being requested by the dealer on this deal is, therefore, 110%. Advance on a transaction will be based upon the respective applicant's creditworthiness.

As some general deal guidelines, deals with higher advances:

- Are more likely to be conditioned approvals
- Are more likely to have higher interest rates
- Have a greater chance that the customer will be requested to provide a higher down payment

ADVANCE CALCULATION

$$\text{Advance} = (\text{invoice cost} + \text{dealer's gross profit} + \text{cost for upfits} + \text{applicable taxes}) / (\text{invoice cost} + \text{invoice cost of approved upfits})$$

Earlier, we discussed the need for dealers to submit complete specs and upfitter invoices for any modifications done to a MB van. The advance calculation highlights how important that is to a transaction and your ability to get a customer the financing or lease they need. Having a complete dealer spec on the MB Van and a complete dealer invoice for MBFS to base an advance calculation on allows us to give the van in question all the value we can for that loan.

Service level commitments

"Turnaround time" refers to the length of time from when an application is submitted until the time a decision is made. Assuming the application is submitted electronically via F&I Pro and contains all of the required information, Small Business Credit has a service level commitment to provide turnaround times that average forty five minutes or better. However, the actual time from application submission to notification depends on many factors, such as having a completed and accurate application and how easy or difficult it is to check references. While MBFS understands how important quick turnaround is to your customer, we also consider credit worthiness for the well-being of everyone involved. So, please provide all the required documentation so that we are in a position to review your customer's loan immediately.

Credit decision letters

There are various types of letters that you will need to be aware of throughout your customer's financing process.

Approval or Commitment Letters

The Approval Letter or Commitment Letter is a dealer document that summarizes the deal terms. The letter contains standard information such as the dealer rate, term and sales price, as well as custom details, explanations, and requests for this particular loan. Because the Commitment Letter contains sensitive dealer information, it is not for the customer's review. As Commercial customers appreciate working with a single point of contact, it is critical that your Dealership determine who will communicate financing information to the customer. Your dealership's management will determine what, if any, rate mark up or "dealer reserve" (more on this in the next section) will be applied to the deal, and only then, should the terms of the transaction be communicated to the customer.

The letter will also indicate insurance requirements for the deal and how the name should read on the policy. Please be sure to review this area carefully as your dealership can be liable for unsecured titles and liens, and insurance requirements will change depending on whether the deal is a lease or a loan. At times, the letter will state if additional legal documentation is required. One standard and required item at this time is for the dealer to prepare the title application and send it out for titling.

Conditional Letters

A Conditional Letter is a dealer document that summarizes a deal that has conditions or terms outside of the original request. For example, if a request comes in for a \$2,000 down payment, and we're only willing to approve the deal with \$4,000 down, we're "conditioning" the deal.

The letter contains standard information such as dealer rate, term, and sales price, as well as custom details, explanations, and requests for this particular loan as well as the special conditions. Like the Commitment Letter, the Conditional Letter also contains sensitive dealer information that is not for the customer's review. It's essential to discuss the Conditional Letter with your dealership F&I or Sales Manager prior to communicating the approval to the customer.

With conditional approvals (similar to passenger-car conditioned approvals), a customer will receive a letter explaining that credit under the terms originally requested was declined. It is useful to keep this in mind because a customer may call your dealership with concerns after they have their vehicle and signed contracts under the conditioned terms. The customer still has financing under the terms they signed for, but MBFS is required by law to issue such letters when the original requested terms were not approved.

Decline Letters

When the Small Business Credit department declines a deal, both the dealer and the customer will be notified of the decline, along with a description of the reasons why. Decline Letters are generated to the dealer and customer automatically and include only general reasons as to why their application was not approved. Make sure to personally discuss the situation and possible options for future financing.

Dealer Reserve

Mercedes-Benz Financial Services Commercial Finance offerings also improve a dealership's income potential by maximizing F&I profit through what is referred to as Dealer Reserve or just "Reserve." This is different than MBFS standard "Dealer Participation" on passenger cars.

Here's a basic overview of how Dealer Reserve works:

- The MBFS Commercial Credit Department approves a loan/lease and gives an interest rate/payment factor to the dealer. This is called the "dealer rate."
- On retail loans, the dealership can then "mark-up" this interest rate before they present it to the customer.
- On leases, the dealership will be given multiple "mark up" payment factor options that they can present to the customer. Dealers are encouraged to review these options with their analyst before discussing them with a customer.
- Based on a present value calculation, dealers are paid a portion of the interest/revenue generated by the higher interest rate/payment factor, adding to the overall deal profitability for the dealership.

For more on dealer reserve calculations, please see the payment quoting section in the F&I Pro chapter of this guide.

Reviewing decisioned deals

Once your dealership has received a decision on a deal, there will be occasions where you wish to discuss the results of the decision. Keep in mind that Mercedes-Benz Financial Services does not simply decide to approve or decline a deal without significant consideration. Our purpose is to support your Mercedes-Benz van sales efforts while ensuring that our mutual customers have the financing they need to be successful. A number of elements are considered for each individual loan, and it is up to the discretion of the MBFS credit analyst to provide your customer competitive rates and terms.

Section 3: F&I Pro



Introduction and System Overview

<http://www.fandipro.com/fipro/mbfs> is a dealer point of sale website that offers added value in streamlining your deal process and providing up-to-date information.

Benefits include:

- Integration with Credit and Funding Systems to initiate quicker turn times on deal processing
- Customer reporting and prospecting information, such as customer payoffs and payoff notification
- Online application submission with copy, print, and messaging functionality
- Deal status updates including fleet and lines of credit
- Legal document library
- Dealer reserve and title deficiency reporting
- Flexible payment calculations including skip, irregular, accelerated, and non-monthly options
- Quick retail quotation with back solve capability
- Special announcements and program information
- Retail contract pre-selection based on state-specific criteria
- Electronic Funds Transfer (EFT) accessibility
- Dealer suggestion box to communicate improvement ideas
- Dedicated support team to handle all system and business related inquiries
- Internet based to allow 24/7 access

User Login



1. Go to F&I Pro by typing in the web address: <http://www.fandipro.com/fipro/mbfs>
2. Click the login button on the front page:



3. Enter your personal User ID and password. Only your password is case sensitive.

Note: User IDs and passwords are unique to each individual and should not be shared among dealer personnel. System access will be granted and communicated based on the information provided in the EFT/F&I Pro Log-On Request Form completed at the time of dealership setup. If you require additional personnel to have access to F&I Pro, please contact the F&I Pro Help Desk at (866) 485-8567. If you have not accessed F&I Pro in the past 60 days, your User ID will become inactive. If this occurs, please contact the F&I Pro Help Desk at (866) 485-8567.

Home Page

[Logout](#)

[Home](#)
[Customer](#)
[Payment Quoting](#)
[Dealer Reports](#)
[My F&I Pro](#)
[Credit Application](#)
[Notices](#)
[Administration](#)
[Mercedes-Benz Financial Services](#)

Alerts
Credit Application 1003036455 has been Approved for SMITHFIELD FOODS, IN...

81100-Car-MERCEDES-BENZ FINANCIAL SEF ▼

Welcome, Cristina Morelos

Recent Notices

- [Update Your Commercial Financing Know-How](#)
- [Sprinter Finance Programs & Rates - April 2015](#)
- [MBF Contact List](#)
- [UNDERSTANDING TAX & ACCOUNTING TREATMENTS OF SPRINTER LEASES](#)
- [Sprinter Rewards Loyalty Pilot Program PPT](#)

Recent Credit Applications

App ID	Customer Name	Decision Status	Submitted Date
1003036455	SMITHFIELD F...	Withdrawn	2015-04-14
1003034975	AMERICAN LIM...	Partially Funded	2015-04-01

Contact List

Activity Monitor

- Unread Marketing Notices **(18)**
- Recent Payoff Inquiries **(8)**

Message of the Day

No Message of the Day

Recent Quotes

Customer Name	Created Date	Amt Financed	Finance Type
DAIMLER T...	2015-04-27	42,108.50	LSE
DETROIT D...	2015-04-22	66,019.56	LSE
PRESTIGE ...	2015-04-13	107,327.56	RTL
SMART cus...	2015-03-03	5,010.00	LSE
STIHL INC...	2015-02-23	77,176.50	LSE

Other Resources

- [DMV](#)
- [USEDTRUCKINVENTORY.COM](#)
- [F&I Source](#)

Landing Page Sections

- **Alerts** - Displays alerts on application decisions or if your credit buyer has a specific question about an application. Click the alert to view detailed application status.
- **Change Dealership/Franchise** - Click on the drop-down menu under the Mercedes-Benz Financial Services logo.
- **Recent Notices** - Click to read notices from the preceding 10 days. Red=unread notice, black=read notice.
- **Recent Credit Applications** - View the five most recent credit applications submitted by the dealership. Click on the magnifier for application status details.
- **Contact List** - Click for a list of key Mercedes-Benz Financial Services commercial personnel.
- **Activity Monitor** - View current marketing notices from the preceding 10 days. View Recent Payoff Inquiries count which will display all payoffs pulled since the last day a user is logged in. Click on the number to view notices. Click the number to go to the Competitive Payoff List.
- **Message of the Day** - View important notices or advisories from MBFS.
- **Recent Quotes** - View the five most recent payment quotes. Click on the folder to view the customer folder with all quotes for that customer. Click the magnifier to open the most recent quote and view payment details.
- **Other Resources** - Other important links to help you with your business.

Customer Menu

In the Create New Customer screen, you can create a new customer record and store it in the system for future reference. The customer data that you enter on this screen will be used as the basis for any documents that you prepare for a customer. The Create New Customer screen fields will change accordingly if you select an Individual or Business customer as shown below. Simply enter your customer data and click the save button to create an entry. All fields marked with an asterisk are required.

Individual Customer Screen

Customer Information			
Customer Type <input checked="" type="radio"/> Individual <input type="radio"/> Business	Last Name * <input type="text"/> First Name * <input type="text"/> SSN * <input type="text"/>	Middle Initial <input type="text"/> Phone <input type="text"/> Fax <input type="text"/>	
Address Type <input checked="" type="radio"/> Street <input type="radio"/> Rural Route <input type="radio"/> P.O. Box	Street No./Address * <input type="text"/> * <input type="text"/> City * <input type="text"/> State * <input type="text"/>	Apt # <input type="text"/> County <input type="text"/> Zip Code * <input type="text"/>	
Comments (Optional) <input type="text"/>			
<input type="button" value="Save"/> <input type="button" value="Clear"/>			

Business Customer Screen

Customer Information			
Customer Type <input type="radio"/> Individual <input checked="" type="radio"/> Business	Legal Name * <input type="text"/> Federal ID * <input type="text"/>	Phone <input type="text"/> Fax <input type="text"/>	
Address Type <input checked="" type="radio"/> Street <input type="radio"/> Rural Route <input type="radio"/> P.O. Box	Street No./Address * <input type="text"/> * <input type="text"/> City * <input type="text"/> State * <input type="text"/>	Apt # <input type="text"/> County <input type="text"/> Zip Code * <input type="text"/>	
Comments (Optional) <input type="text"/>			
<input type="button" value="Save"/> <input type="button" value="Clear"/>			

Customer Search

The Customer Search feature allows you to search for a customer record based on specific criteria, such as Social Security Number, First Name, Last Name or Federal Tax ID. A default list of your 20 most recently quoted customers will also display for easier navigation.

Once you select a customer from the list, you can navigate directly to the Customer Folder where all quotes related to the selected customer are displayed.

Customer Search

The last 20 customers from the quoted customer list are displayed.

TAXID	Type	LEGAL NAME/ CUSTOMER NAME
254526321	Business	DELAWARE TEST
	Individual	JERSEY, NEW
930790603	Business	KYLE WOOD INC.
951847305	Business	LN389595 ILLINOIS
989898541	Business	LN389771 OR
	Individual	LOUISIANA, TEST

Click on Customer Name, then click "View Customer Folder" to go to the Customer's Folder
Enter any piece of customer information and click on "Search"

Business Customers

Legal Name Federal ID

Individual Customers

Last Name First Name

SSN

Customer Type F&I Pro User

*****KEY FEATURE:** Leave all search fields empty and click on the Search button to bring a list of all customers.

Generate Customer List

The Generate Customer List option allows you to generate a customized report of your customers based on your specified search criteria. Specific search options include Finance Type, Customer Type, Vehicle Type and Remaining Days in Contract.

Finance Type	Customer Type	Vehicle Type
<input checked="" type="radio"/> All <input type="radio"/> Lease <input type="radio"/> Retail	<input checked="" type="radio"/> All <input type="radio"/> Current <input type="radio"/> Previous	<input checked="" type="radio"/> All <input type="radio"/> New <input type="radio"/> Used
Search Criteria		
Model Year: <input type="text" value="--All Year--"/>		Remaining Days: <input type="text"/> Contract Start Date: <input type="text"/> Contract End Date: <input type="text"/> Area Code: <input type="text"/>
<input type="button" value="OK"/> <input type="button" value="Reset"/>		

*****KEY FEATURE:** Utilizing the Remaining Days in contract selection will allow you to prepare a report of all your customers coming close to contract maturity. This is a very valuable tool for your prospecting efforts if pulled on a regular basis.

Once you select the criteria for your report, select OK, and your customized report will generate as shown below. Extract button can be selected to view report in Excel format.

[Home](#)
[Customer](#)
[Payment Quoting](#)
[Dealer Reports](#)
[My F&I Pro](#)
[Credit Application](#)
[Notices](#)
[Administration](#)
[Mercedes-Benz Financial Services](#)

Alerts
Credit Application 1002153086 has been Approved for TESTING GET

81100-Car-MERCEDES-BENZ FINANCIAL SERV

Generated Customer List

Click the account number to view details.

Back
Extract

Customer Name	Account Number	Year	Make	Model	Maturity Date	Contact Phone
FN103727 LN103727	010-0000346-000	2010	MERCEDES-BENZ (TRUCK)	GL350 BLUETEC-4M	04-19-2013	(336)878-1709
FN103727 LN103727	010-0000303-000	2010	MERCEDES-BENZ	GL Class	11-02-2012	(336)878-1709
FN130105 LN130105	010-0000545-000	2010	MERCEDES-BENZ (TRUCK)	ML350 BLUETEC-4M	06-03-2012	(313)592-1809
FN130105 LN130105	010-0000436-000	2010	MERCEDES-BENZ (TRUCK)	ML350	05-07-2012	(313)592-1809

If you click on any account number, you may view additional customer information as follows:

Customer Account Details

Customer Name
FN103727 LN103727
Back

Customer Information

Address
103727 Main Street
Account Number
010-0000346-000
Home Phone
(555) 123-4567
GREENSBORO NC 27407
Federal ID
00-0000000
Business Phone
(555) 123-1234

Garage Information

Address
103727 Main Street
GREENSBORO NC 27407

Guarantor Information

Name
Address

Vehicle

VIN
4JGBF2FE4AA582262
Model Year
2010
Model
GL350 BLUETEC-4M
Manufacturer
MERCEDES-BENZ (TRUCK)

Financial

Contract Type
Lease
Contract Term
38
Contract Date
02-19-2010
End Date
04-19-2013
Monthly Base Payment
934.53
Remaining Days
277
Balloon Payment
0.0

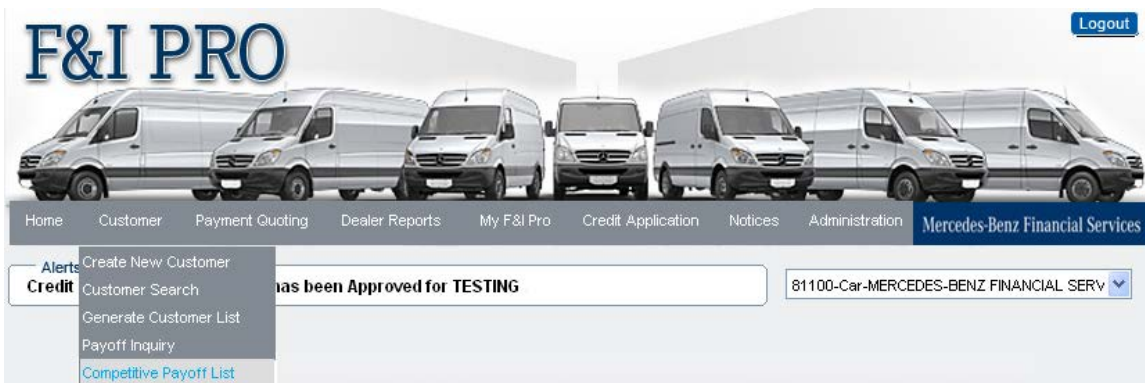
Payoff Inquiry

The Payoff Inquiry screen allows you to generate a payoff inquiry on any customer. Simply enter either the account number or VIN of the vehicle and select a payoff expiration date to obtain a quote.

NOTE: In some instances accounts may be restricted for system payoffs, and you will not be allowed to pull a payoff using the system. If a payoff is needed on a restricted account ,you will receive a message to contact Customer Service at (800) 222-4221 where you can obtain a quote.

When an inquiry is pulled, in addition to the payoff you will receive vehicle and financial data as shown below.

Competitive Payoff List



The Competitive Payoff List feature is particularly useful because it provides you a report of all customer accounts that have had a payoff inquiry in the past 60 days.

This report will provide you customer contact information as well as the payoff dollar amount and quote date.

Competitive Payoff List						
Quote Date	Quote Number	Customer Name	Phone	Model	Year	Quote Amount
25-06-2012	010-0002371-000*10	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
27-06-2012	010-0002371-000*11	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
16-07-2012	010-0002371-000*12	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
20-06-2012	010-0002371-000*6	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
20-06-2012	010-0002371-000*7	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
25-06-2012	010-0002371-000*8	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
25-06-2012	010-0002371-000*9	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$82,550.40
02-07-2012	010-0002396-000*12	FN296931 LN296931	(201) -307-8809	E350W	2011	\$515,984.00
02-07-2012	010-0002396-000*13	FN296931 LN296931	(201) -307-8809	E350W	2011	\$515,984.00
02-07-2012	010-0002396-000*14	FN296931 LN296931	(201) -307-8809	E350W	2011	\$515,984.00
03-07-2012	010-0002396-000*15	FN296931 LN296931	(201) -307-8809	E350W	2011	\$73,712.00
03-07-2012	010-0002396-000*16	FN296931 LN296931	(201) -307-8809	E350W	2011	\$73,712.00
02-07-2012	010-0002398-000*10	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$55,033.60
02-07-2012	010-0002398-000*8	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$55,033.60
02-07-2012	010-0002398-000*9	FN296931 LN296931	(201) -307-8809	GLK350W4	2011	\$55,033.60

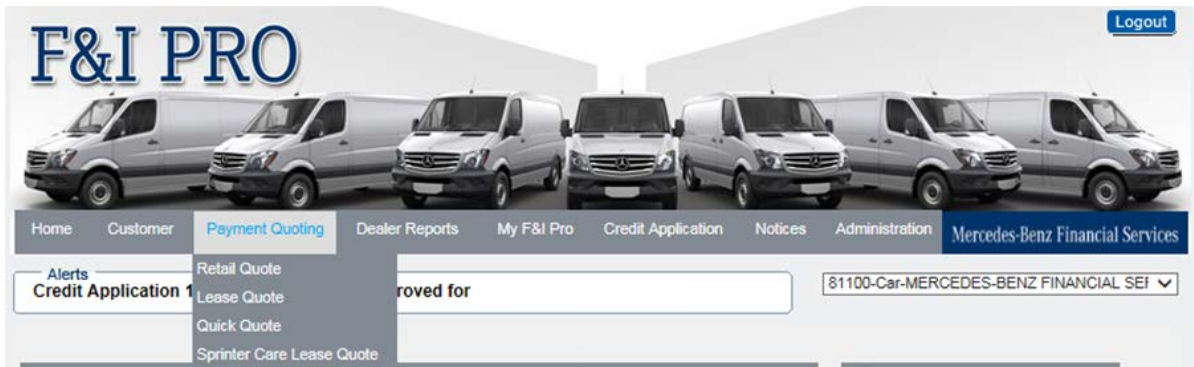
*****KEY FEATURE:** The Competitive Payoff List can be utilized as a valuable prospecting tool. Since this report lists customer accounts that have had a payoff inquiry, the customer may be close to paying off their vehicle or even looking for a replacement vehicle.

Payment Quoting Menu

The Payment Quoting menu allows you to prepare an initial retail or lease quote for your customer as well as begin the process of generating the contract documentation. There are four quote options under this menu: Lease Quote, Retail Finance Quote, Quick Quote, and Complete Advantage Lease Quote.

Lease Quote

To begin the process of creating a **Lease Quote**, select the Lease Quote option in the drop-down menu.



Once you have clicked on lease quote in the drop down, you will be directed to the lease quoting screen. The fields on this screen with a “*” are required fields. Due to the detailed nature of the quote process, we will cover each field individually.

The first section of the quote details the vehicle and program information. First select if the vehicle(s) are new or used. Note that **New** will be the default value. Then select a Year, Vehicle Type, Vehicle Class (will default to Other) and Program Code. The specific program code that should be used for your quote will be detailed on your commitment letter.

Once this data is selected, select **Continue** to activate the financial section of the quote screen as shown below.

Lease Quote *Required Field (To get full screen press function F11)

New ☒ Used ☐

Year * 2016
 Vehicle Type * Van
 Vehicle Class * Class 2
 Program * M32-MB Sprinter Lease (M3) Change Program

Sales Price * 0.00 = 0.00 **Total Price**
 Gross Trade 0.00
 - Payoff 0.00 = 0.00 **Net Trade In**
 Cash Cap Cost Reduction 0.00 = 0.00 **Cash Down**

Fees/Taxes Total Fees/Taxes 0.00
Insurance Total Insurance 0.00
 Adjusted Cap Cost 0.00
 Customer State --Select from List--

Quote

Payment Method *
☒ Advance ☐ Arrears Skip
 Contract Date * 04/27/2015
 First Payment Date * 04/27/2015
 Term * 60 Months
 Payment Factor * 0.0
Residual Value *
☒ Percent 0
☐ Amount 0.00
Reserve Payment Stream
 --Reports--

Base Payment Amount	Monthly Taxes	Total Pmt Amount	Residual Amount	Other Due at Signing	Total Due at Signing
\$0.00	+ \$0.00	= \$0.00	\$0.00	\$0.00	\$0.00

****KEY FEATURE:** You may always create a quote by selecting the appropriate quote type under the **Payment Quoting** menu and manually entering the fields. However, once a credit approval is in place, all associated vehicle, customer, and financial data can be pre-filled on your quote simply by viewing the application in the Search Application menu, selecting the approved application in the list and clicking on **Generate Quote**. This will save you considerable time in creating documents and is the most streamlined way to quote and prepare contract documentation. Please refer to the **Creating Documents** section of the manual for detailed instructions.

The left side of the quote (shown below) is where you will enter information on the Sales Price of the vehicle, Down Payment and Trade-In information, Fees/Taxes and Insurance.

Sales Price * 0.00 = 0.00 **Total Price**
 Gross Trade 0.00
 - Payoff 0.00 = 0.00 **Net Trade In**
 Cash Cap Cost Reduction 0.00 = 0.00 **Cash Down**

Fees/Taxes Total Fees/Taxes 0.00
Insurance Total Insurance 0.00
 Adjusted Cap Cost 0.00
 Customer State --Select from List--

Quote

The **Sales Price** should only be for equipment and contain no taxes, fees, or any other costs, only the equipment (the vehicle itself plus any upfits and add-ons). If rebate exists, deduct from sale price.

NOTE: *If you are quoting multiple vehicles, make sure to enter the **TOTAL** sales price for all vehicles combined.*

Once you enter the **Gross Trade** and **Payoff** values (if applicable), your **Net Trade** value will calculate. (If there is negative equity, that will need to be entered in the Fees/Taxes section.)

Cash Cap Cost Reduction should include not only down payment (decrease the sales price for rebates and list it on their buyer's order...don't list this as a cap cost reduction.)

Fees/Taxes

Under the Fees/Taxes tab, you will enter any fees and taxes associated with your quote and as allowable by state law.

Please do not add F.E.T. in this screen. If there is F.E.T. on this transaction, please enter it in the F.E.T. field next to the Sales Price.

Tax Selection <input type="checkbox"/> Tax Exempt	Dealer Address 13650 HERITAGE PKWY, FORT WORTH, TX, 76177-5323 ▼	
	Tax/Garage Location	
	Street No./Address * <input type="text"/>	
	City * <input type="text"/>	County * <input type="text"/>
	State * <input type="text" value="Select"/>	Zip Code * <input type="text"/>
<input type="button" value="Validate Address"/> <input type="button" value="Edit"/>		

The top of the Fees/Taxes screen displays a section where you can specify if the customer is tax exempt or where you can calculate the taxes associated with the quote.

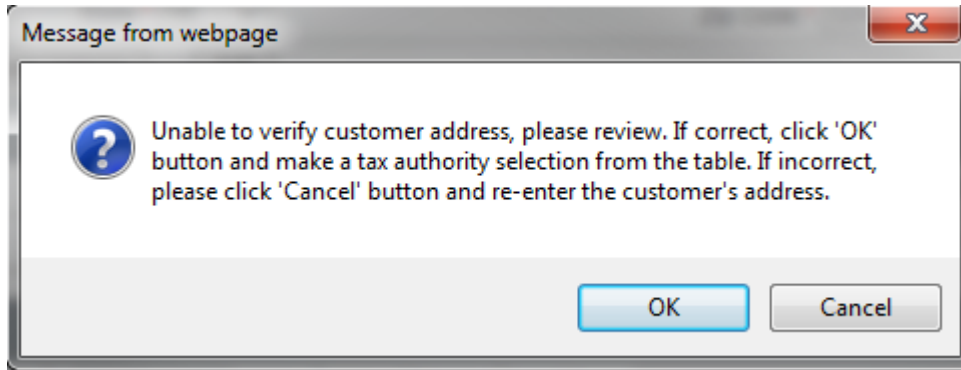
If the customer is tax exempt, select the Tax Exempt checkbox.

If the customer is not exempt from taxes, enter the customer's complete garaging location and select Validate Address button. This will verify the customer's street address, city, state, county, and zip code.

Please do not add F.E.T. in this screen. If there is F.E.T. on this transaction, please enter it in the F.E.T. field next to the Sales Price.

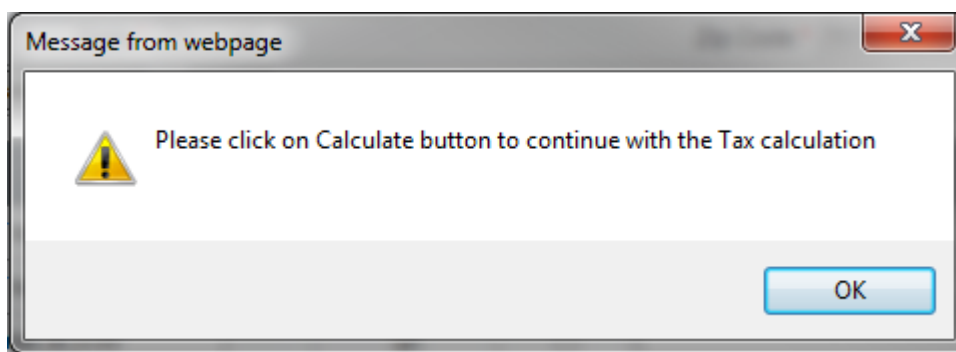
Tax Selection <input type="checkbox"/> Tax Exempt	Dealer Address 13650 HERITAGE PKWY, FORT WORTH, TX, 76177-5323 ▼	
	Tax/Garage Location	
	Street No./Address * 13650 Heritage Parkway	
	City * Fort Worth	County * Tarrant x
	State * TX	Zip Code * 76177
<input type="button" value="Validate Address"/> <input type="button" value="Edit"/>		

If the system is unable to verify the customer address, a popup box will appear. Click OK and a selection of options may display.



Select option from list and a popup box appears, click ok.

Fee LEASE						
Please do not add F.E.T. in this screen. If there is F.E.T. on this transaction, please enter it in the F.E.T. field next to the Sales Price.						
Tax Selection <input type="checkbox"/> Tax Exempt	Dealer Address 13650 HERITAGE PKWY, FORT WORTH, TX, 76177-5323 ▼					
	Tax/Garage Location					
	Street No./Address * 123 Main St					
	City * N County * N State * NE Zip Code * 12345					
<input type="button" value="Validate Address"/> <input type="button" value="Edit"/>						
City	County	State	Zip Code	Country	City Limits	
SCHENECTADY	SCHENECTADY	NY	12345	USA	Inside City Limits	<input type="radio"/>
SCHENECTADY	SCHENECTADY	NY	12345	USA	Outside City Limits	<input type="radio"/>



Select Calculate at the bottom of screen and the address will update.

Fees

Fee LEASE				
Please do not add F.E.T. in this screen. If there is F.E.T. on this transaction, please enter it in the F.E.T. field next to the Sales Price.				
Tax Selection <input type="checkbox"/> Tax Exempt	Dealer Address <input type="text" value="13650 HERITAGE PKWY, FORT WORTH, TX, 76177-5323"/>			
	Tax/Garage Location			
	Street No./Address * <input type="text" value="123 Main St"/>			
	City * <input type="text" value="SCHENECTADY"/>		County * <input type="text" value="SCHENECTADY"/>	
	State * <input type="text" value="NY"/>		Zip Code * <input type="text" value="12345"/>	
<input type="button" value="Validate Address"/> <input type="button" value="Edit"/>				
Fee Type	Amount	Capitalized	Taxable	Description (Optional)
Business Service Fee	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Documentary Fee	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
License	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Other 1	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-- Select a Description -- <input type="text"/>
Other 2	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-- Select a Description -- <input type="text"/>
Other 3	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-- Select a Description -- <input type="text"/>
Registration	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Title	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Trailer Acquisition Fee	\$ <input type="text" value="0.00"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
State Upfront Tax	\$ 1,872.00	<input type="checkbox"/>		4.0%
County Upfront Tax	\$ 1,872.00	<input type="checkbox"/>		4.0%
Capitalized Fees <input type="text" value="\$0.00"/> Fees Due at Signing <input type="text" value="\$3,744.00"/> Total Fees <input type="text" value="\$3,744.00"/>				
<input type="button" value="Calculate"/> <input type="button" value="OK"/>				

For each fee entry, make sure to specify if the fee is capitalized (included in the lease).

Checkboxes are available for you to make your selection. All capitalized and non-capitalized fees (Fees Due at Signing) will total at the bottom of the screen. Check boxes under "Taxable" will indicate whether the fee is a taxable fee. Once fees are confirmed, click ok.

Insurance

The Insurance screen allows you to add all insurance products that are included in your deal. F&I Pro will display a running total of the entries made on this screen. Once you are finished adding your insurance information, select OK to go back to the main quote screen. **NOTE:** Dealers cannot add passenger car insurance products on commercial transactions.

Insurance Premiums LEASE	
Please enter any third-party insurance premiums that you would like to finance in the contract.	
Physical Damage	\$ 0.00
Non Trucking Liability	\$ 0.00
Credit Life	\$ 0.00
Credit Disability	\$ 0.00
Total Insurance	\$ 0.00
<input type="button" value="OK"/> <input type="button" value="Reset"/>	

Once you have entered all of the values on the left side of the quote screen, the running totals of your quote will be displayed on the bottom of the screen.

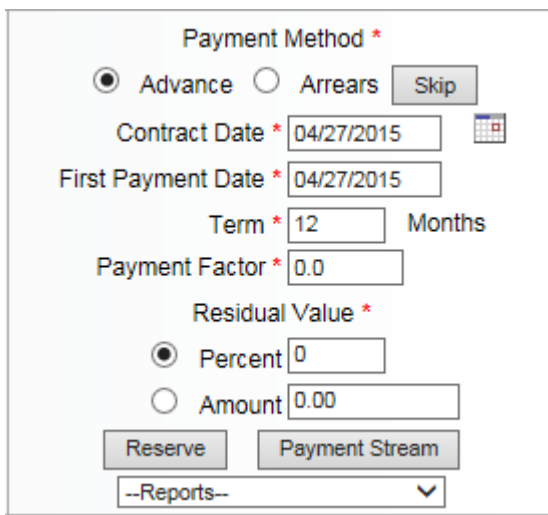
Sales Price *	50,000.00	=	50,000.00	Total Price
Gross Trade	0.00			
- Payoff	0.00	=	0.00	Net Trade In
Cash Cap Cost Reduction	0.00	=	0.00	Cash Down
Fees/Taxes	Total Fees/Taxes	0.00		
Insurance	Total Insurance	5,000.00		
	Adjusted Cap Cost	55,000.00		
	Customer State	TEXAS		
<input type="button" value="Quote"/> <input type="button" value="Save Quote"/>				
Base Payment Amount	Monthly Taxes	Total Pmt Amount	Residual Amount Of	
\$858.00	+ \$0.00	= \$858.00	\$0.00	

Once you have completed the left side of the payment quote, you will enter additional quote parameters such as contract date, factors ,and residuals on the right side to complete your quote.

First, select if the first payment will be in **Advance** (due at contract signing) or **Arrears** (due 30 days from contract signing). (Note if customer is paying in arrears on a lease, they will owe their final lease payment on the maturity date).

Next, select the **Contract Date**. The **First Payment Date** will default depending on your selection of Advance or Arrears.

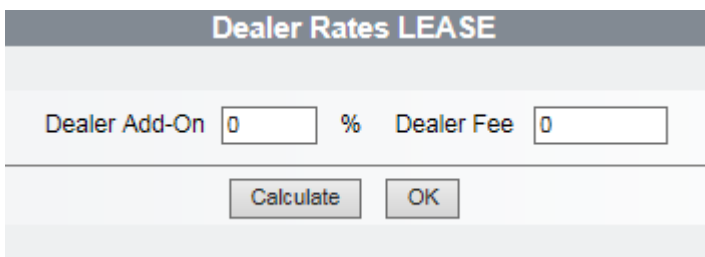
Enter the **Term**, **Payment Factor**, and **Residual Value**. The residual value can be entered as a percentage or as a set dollar amount.



The screenshot shows a form titled "Payment Method *". It contains the following fields and controls:

- Payment Method:** Radio buttons for "Advance" (selected) and "Arrears", with a "Skip" button.
- Contract Date:** A date input field showing "04/27/2015" with a calendar icon.
- First Payment Date:** A date input field showing "04/27/2015".
- Term:** A numeric input field showing "12" followed by the text "Months".
- Payment Factor:** A numeric input field showing "0.0".
- Residual Value:** Radio buttons for "Percent" (selected) and "Amount". The "Percent" option has a numeric input field showing "0". The "Amount" option has a numeric input field showing "0.00".
- Buttons:** "Reserve" and "Payment Stream".
- Dropdown:** A dropdown menu labeled "--Reports--" with a downward arrow.

The **Reserve** button allows you to include your dealer reserve either as a percentage or a flat fee. If you enter the reserve as a percentage on LEASE deals, your reserve will equate to that specific percentage of the Adjusted Capitalized Cost.



The screenshot shows a form titled "Dealer Rates LEASE". It contains the following fields and controls:

- Dealer Add-On:** A numeric input field showing "0" followed by a "%" symbol.
- Dealer Fee:** A numeric input field showing "0".
- Buttons:** "Calculate" and "OK".

IMPORTANT NOTE: *You must specify your reserve in the Reserve tab or it will not be included in your deal.*

The **Payment Stream** button will provide you a summary of your customer’s monthly payments as shown below.

Payment Stream		
Return to Quote		
Term	Date	PAYMENT
1	04/27/2015	\$858.00
2	05/27/2015	\$858.00
3	06/27/2015	\$858.00
4	07/27/2015	\$858.00
5	08/27/2015	\$858.00
6	09/27/2015	\$858.00
7	10/27/2015	\$858.00
8	11/27/2015	\$858.00
9	12/27/2015	\$858.00
10	01/27/2016	\$858.00
11	02/27/2016	\$858.00
12	03/27/2016	\$858.00
Total Payments		\$10,296.00
Return to Quote		

Reports

You may pull reports summarizing your customer’s payments and transaction details by selecting the **Reports** menu.

--Reports--

--Reports--Payment Summary ReportTransaction Summary Report

Once you have entered all of your quote details, click on the Quote button at the bottom of the screen.

Quote	Save Quote
-------	------------

The screen will refresh and payment information will be filled in at the bottom part of the screen showing you Base Payment Amount, Monthly Taxes (if applicable), Residual Amount, and Total Due at Signing.

Base Payment Amount	Monthly Taxes	Total Pmt Amount	Residual Amount	Other Due at Signing	Total Due at Signing
\$654.02	+ \$52.32	= \$706.34	\$21,200.00	\$10,925.00	\$10,925.00

Saving the Quote

Click on the Save Quote button to select a customer to be assigned this quote.

Quote	Save Quote
-------	------------

Once you save the quote, you will have the option to either select a customer from the list of available customers, search for a customer, or create a new customer as shown below.

New Customer

Customer Search

TAXID	Type	LEGAL NAME/ CUSTOMER NAME
TAXID-----	Type -----	LEGAL NAME/ CUSTOMER NAME
930790608 .	Business .	[
382772023 .	Business .	[
364679595 .	Business .	F

Click on Customer Name, then click "View Customer Folder" to go to the Customer's Folder
Enter any piece of customer information and click on "Search"

Business Customers

Legal Name

Federal ID

Individual Customers

Last Name

SSN

Customer Type

First Name

F&I Pro User

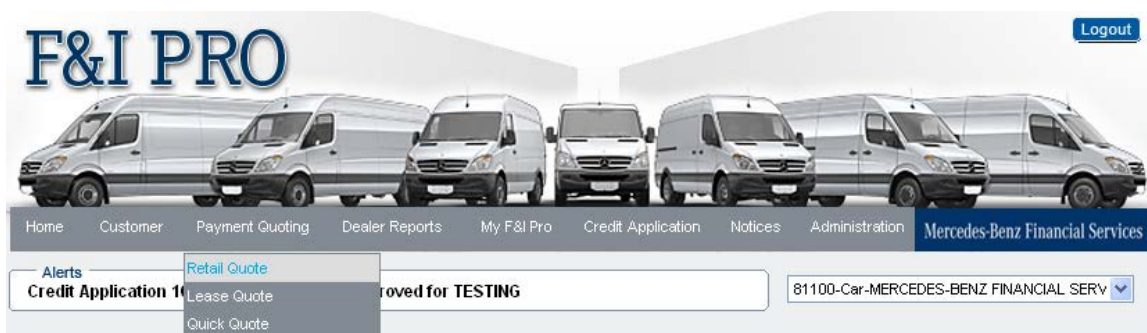
©2015 by Mercedes-Benz Financial Services USA LLC. All rights reserved.

If you are selecting the customer from the available list, highlight the customer name and click on Add Quote to Customer Folder. If you'd like to complete a search for a customer or to create a new customer, please refer to the **Customer Menu** section for detailed instructions.

Once you make your selection and associate your quote with a customer, you will be taken to the Customer Folder screen where the quote will display on the list of quotes. Once your quote is assigned to a customer and is displayed on the quote list, there are just a few more steps that are necessary to prepare contract documentation. Please refer to the **Creating Documents** section for detailed instructions on how to create documents based on your quote.

Retail Finance (Loan) Quote

Retail quotes are very similar to lease quotes, with only minor differences. Here we will discuss the differences between the two. Please refer to lease quote instructions for more detailed information on the overall quoting process.



There are a few differences between the quote screen of a retail quote and a lease quote.

The first difference is that Cash Cap Cost Reduction is now labeled **Cash Down**. Both refer to the down payment.

Price & Quote (Retail) *Required Field (To get full screen press function F11)

New ☒ Used ☐

Year *

Vehicle Type *

Vehicle Class *

Program *

Customer State * ☐ Direct Deal

Sales Price * = **Total Price**

Gross Trade = **Net Trade In**

- Payoff = **Cash Down**

Cash Down

Total Fees/Taxes

Total Insurance

Amount Financed

Term * Months

Payment Frequency *

Contract Date *

Days to First Payment *

First Payment Date *

*

Payment Type *

Equip Payment ☐ GAP ☐ Warranty ☐ Other

Payment Amount **Balloon Amount**

Other Due at Signing **Total Due at Signing**

The selection of **Customer State** is required on a retail quote in order to pull the correct documentation and is the first selection box on the quote screen. In certain states, an entity type selection is also required to pull the correct retail contract. This selection box will default based on the selection of the customer state.

Customer State *

Entity Type *

Sales Price *

Gross Trade

- Payoff

Cash Down

Total Fees/Taxes

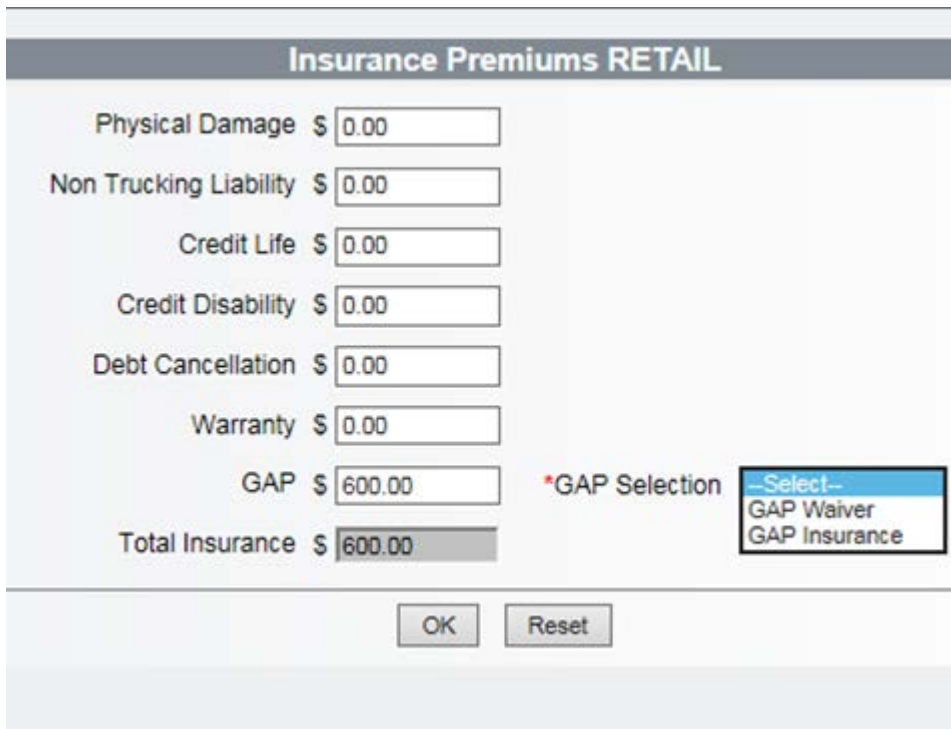
Total Insurance

Amount Financed

GAP, Warranty and Other Insurance components are displayed in monthly payment amounts. Checking the box will include the component in the total monthly payment. Removing the check will exclude the component from the total monthly payment.

Equip Payment ☒ GAP ☒ Warranty ☒ Other

If GAP will be financed, the GAP type must be selected before saving the quote.



The form is titled "Insurance Premiums RETAIL". It contains several input fields for different insurance types, each with a dollar sign and a value of 0.00, except for the GAP field which is 600.00. The fields are: Physical Damage, Non Trucking Liability, Credit Life, Credit Disability, Debt Cancellation, Warranty, and GAP. To the right of the GAP field is a dropdown menu labeled "*GAP Selection" with options: --Select--, GAP Waiver, and GAP Insurance. At the bottom, there is a "Total Insurance" field showing 600.00, and two buttons: "OK" and "Reset".

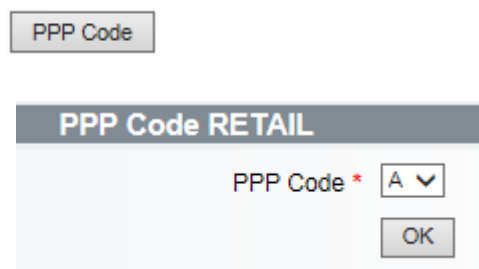
Insurance Type	Amount
Physical Damage	\$ 0.00
Non Trucking Liability	\$ 0.00
Credit Life	\$ 0.00
Credit Disability	\$ 0.00
Debt Cancellation	\$ 0.00
Warranty	\$ 0.00
GAP	\$ 600.00
Total Insurance	\$ 600.00

*GAP Selection: --Select--, GAP Waiver, GAP Insurance

Buttons: OK, Reset

Effective November 1, 2011, there is not a prepayment fee on Note and Security Agreements or Retail Installment Contracts for vans.

Quotes should default to no prepayment fee and approvals should be coded so that no prepayment fee will be charged; however, please verify that the “**PPP Code**” is set to “A” prior to contracting and that the Section 3 of the Terms & Conditions of the Contract does not mention a prepayment fee. If the “PPP Code” is set to any letter other than “A,” manually change it to “A.”



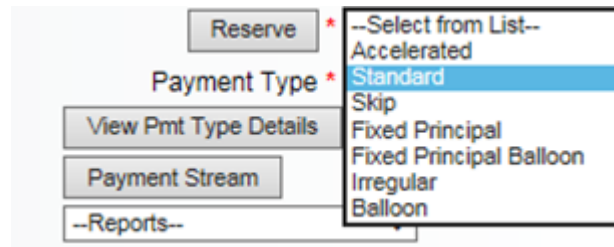
The form is titled "PPP Code RETAIL". It contains a dropdown menu labeled "PPP Code *" with the value "A" selected. Below the dropdown is an "OK" button.

PPP Code * A ▼

OK

Additional options for **Payment Frequency** are available in retail quotes such as Annual, Quarterly and Semi-Annual.

Payment Type options such as Accelerated, Standard, Skip, Fixed Principal, Fixed Principal Balloon, Irregular, and Balloon are also available on retail quotes.

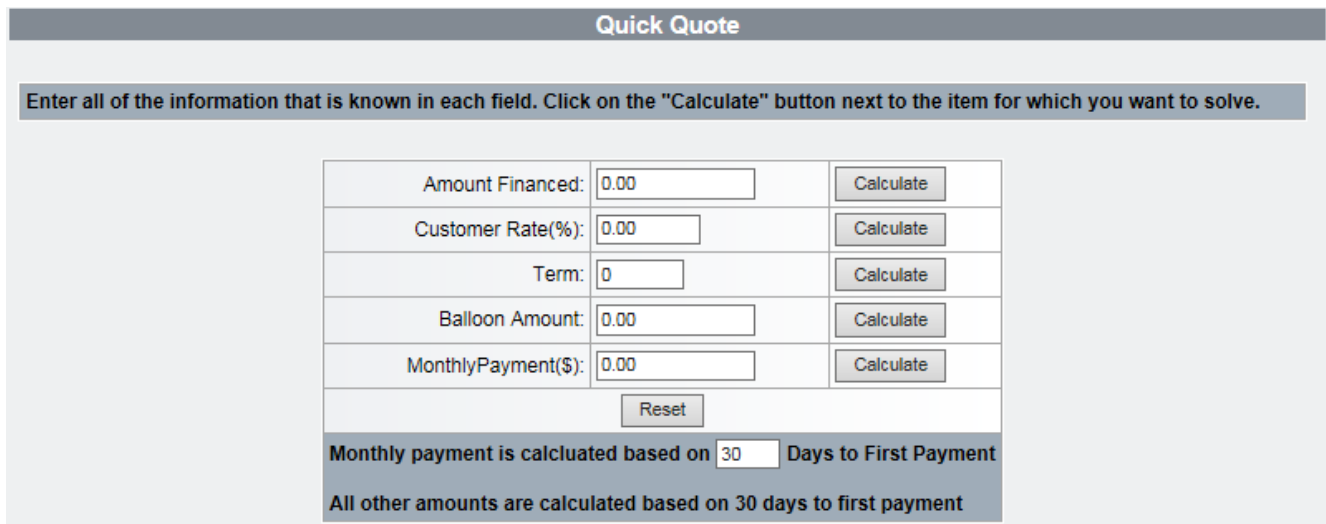


The screenshot shows a web interface with several buttons: 'Reserve', 'View Pmt Type Details', 'Payment Stream', and '--Reports--'. The 'Payment Type' label is followed by a red asterisk and a dropdown menu. The dropdown menu is open, showing a list of options: '--Select from List--', 'Accelerated', 'Standard' (highlighted in blue), 'Skip', 'Fixed Principal', 'Fixed Principal Balloon', 'Irregular', and 'Balloon'.

Quick Finance (Loan) Quote

The Quick Quote can be used to get a quick retail payment estimate or solve for any other variable such as term, rate, amount financed, or balloon payment. To obtain the information, click the Calculate tab next to the field that you want the system to calculate. Please note that you may also take the days to first payment into account by entering the values at the bottom of the quote screen.

NOTE: The Quick Quote feature is only available for RETAIL deals.



The screenshot shows the 'Quick Quote' form. At the top, there is a header 'Quick Quote'. Below it, a instruction bar says: 'Enter all of the information that is known in each field. Click on the "Calculate" button next to the item for which you want to solve.' The form contains five rows, each with a label, a text input field, and a 'Calculate' button:

Field	Value	Action
Amount Financed:	0.00	Calculate
Customer Rate(%)	0.00	Calculate
Term:	0	Calculate
Balloon Amount:	0.00	Calculate
MonthlyPayment(\$)	0.00	Calculate

Below these rows is a 'Reset' button. At the bottom, there are two lines of text: 'Monthly payment is calculated based on 30 Days to First Payment' and 'All other amounts are calculated based on 30 days to first payment'.

Complete Advantage Lease Quote

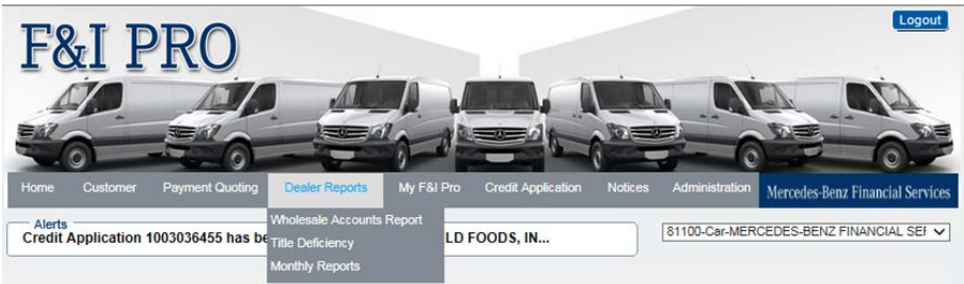
Complete Advantage Lease quotes are very similar to lease quotes, with only minor differences. Program details can be found in the Playbook (located in the Notices section of F&I Pro). Commitment Letter will provide payment code and approved terms.

Please refer to lease quote instructions for more detailed information on the overall quoting process.

Sprinter Care Lease Quote * = Required Field (To get full screen press function F11)					
Year * --Select from List-- Vehicle Type * --Select from List-- Vehicle Class * --Select from List-- Program * --Select from List--			New <input checked="" type="radio"/> Used <input type="radio"/> Continue		
# Of Vehicles *	0				
Sales Price *	0.00	=	0.00	Total Price	
Gross Trade	0.00				
- Payoff	0.00	=	0.00	Net Trade In	
Cash Cap Cost Reduction	0.00	=	0.00	Cash Down	
Fees/Taxes	Total Fees/Taxes	0.00			
Insurance	Total Insurance	0.00			
	Adjusted Cap Cost	0.00			
	Customer State	--Select from List--			
Quote					
Payment Method *					
Contract Date *		05/08/2015			
Term (months) *		--Select from List--			
Total Contract Miles *		--Select from List--			
Engine Type *		--Select from List--			
Yearly Mileage		0			
Payment Code *		--Select from List--			
Residual Value *					
<input checked="" type="radio"/> Percent		0			
<input type="radio"/> Amount		0.00			
Reserve		Payment Stream			
--Reports--					
Base Payment Amount	Monthly Taxes	Total Pmt Amount	Residual Amount	Other Due at Signing	Total Due at Signing
\$0.00	+ \$0.00	= \$0.00	\$0.00	\$0.00	\$0.00

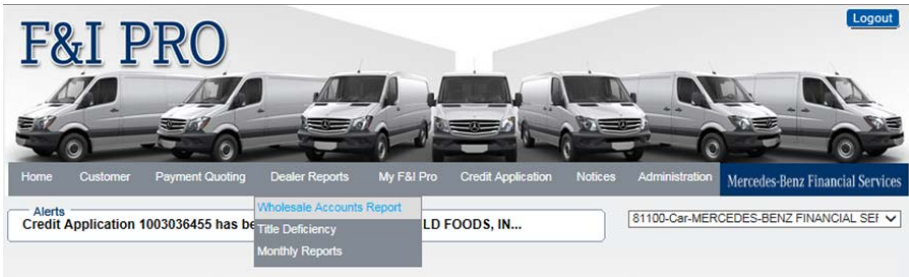
Dealer Reports Menu

The Dealer Report menu provides reporting on your dealership’s wholesale and dealer reserve activity and daily updates on title deficiencies. Based on your dealership’s wholesale status, some wholesale reports may not be available due to lack of activity.



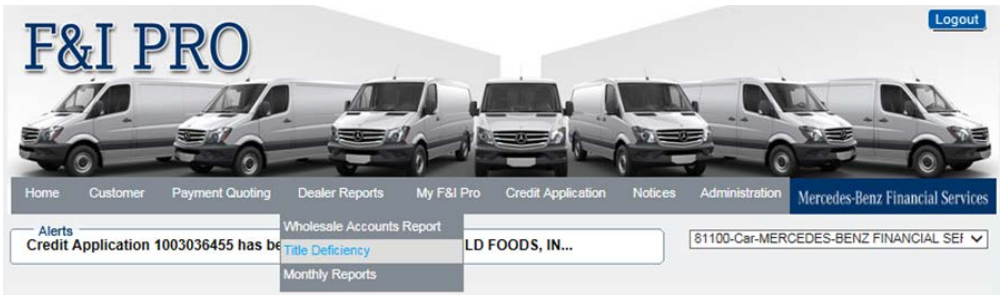
Most reports will update the first week of every month except for the Title Deficiency report, which is updated weekly, and the Wholesale Accounts report, which is generated daily.

Wholesale Accounts Report



This report provides a list of all vehicles currently on Wholesale floor plan for Daimler Truck dealerships. Mercedes-Benz dealerships with flooring/wholesale accounts with Mercedes-Benz Financial Services should check their respective systems for similar reporting.

Title Deficiency Report



The **Title Deficiency Report** provides a daily update on the status of all commercial titles that are currently deficient for your dealership. A legend at the bottom of the report explains each deficiency code in detail.

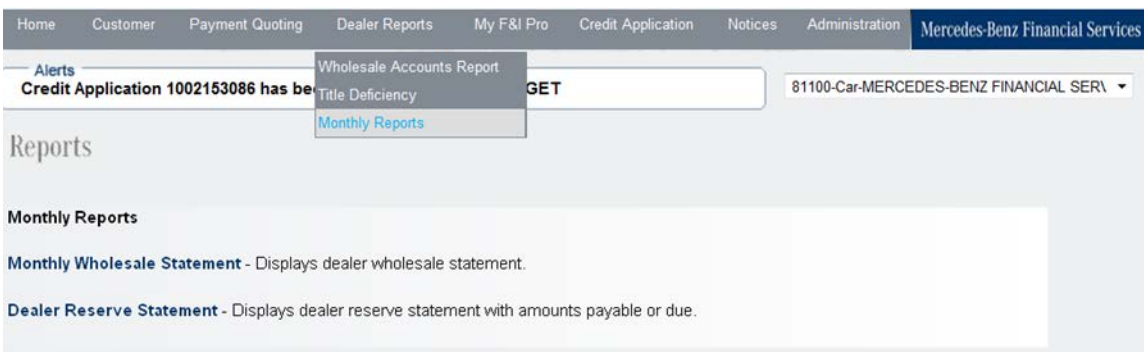
Daimler Truck Financial		TITLE DEFICIENCY REPORT						Date: 04-27-2012
81100 MERCEDES-BENZ FINANCIAL SERV								Page: 1
DAYS DEF	COMMENCE DATE	CUSTOMER	VEHICLE SERIAL NUMBER	CONTRACT NUMBER	TITLE STATUS	FILING STATE	ACCOUNT CATEGORY	
99	2011-12-29	DAIMLER TRUCKS NORTH AMERICA L	WDDGF88B7CA600206	0100004928000	PM	TX	LEASE	
99	2011-12-29	DAIMLER TRUCKS NORTH AMERICA L	WDDGF88B0CA602492	0100004929000	PM	TX	LEASE	
99	2011-12-30	DAIMLER TRUCKS NORTH AMERICA L	WDDGF4HB6CA652202	0100004927000	PM	TX	LEASE	

Monthly Reports



The screenshot shows the F&I PRO web application interface. At the top, there's a header with the 'F&I PRO' logo and a 'Logout' button. Below the header is a navigation bar with links: Home, Customer, Payment Quoting, Dealer Reports, My F&I Pro, Credit Application, Notices, Administration, and Mercedes-Benz Financial Services. A dropdown menu is open under 'Alerts', showing 'Credit Application 1002153086 has been' and options for 'Wholesale Accounts Report', 'Title Deficiency', and 'Monthly Reports'. A search bar contains the text 'GET' and a dropdown menu shows '81100-Car-MERCEDES-BENZ FINANCIAL SERV'.

The **Monthly Report(s)** selection allows you to view your monthly Dealer Reserve Statements and Wholesale Activity Reports (if applicable). Both reports have drop down menus for you to select the month of your choice.



This screenshot shows the 'Reports' section of the F&I PRO interface. The navigation bar is the same as in the previous screenshot. The 'Alerts' dropdown is still open. Below the navigation bar, the 'Reports' section is titled. Under 'Monthly Reports', there are two options: 'Monthly Wholesale Statement - Displays dealer wholesale statement.' and 'Dealer Reserve Statement - Displays dealer reserve statement with amounts payable or due.'

Dealer Reserve Statement



The screenshot shows the 'Dealer Reserve Statement' interface. It features a title 'Dealer Reserve Statement' and a section for 'Reports For:' with a dropdown menu set to 'Apr 2015'. To the right of the dropdown are two buttons: 'Preview Selected >' and 'Export >'.

This report provides an outline of transactions in which a dealer reserve or flat fee has been paid within a given month. This report will list all credits and debits for the month. The report also provides a legend at the bottom that explains the codes that are displayed on the report.

Wholesale Statement Report

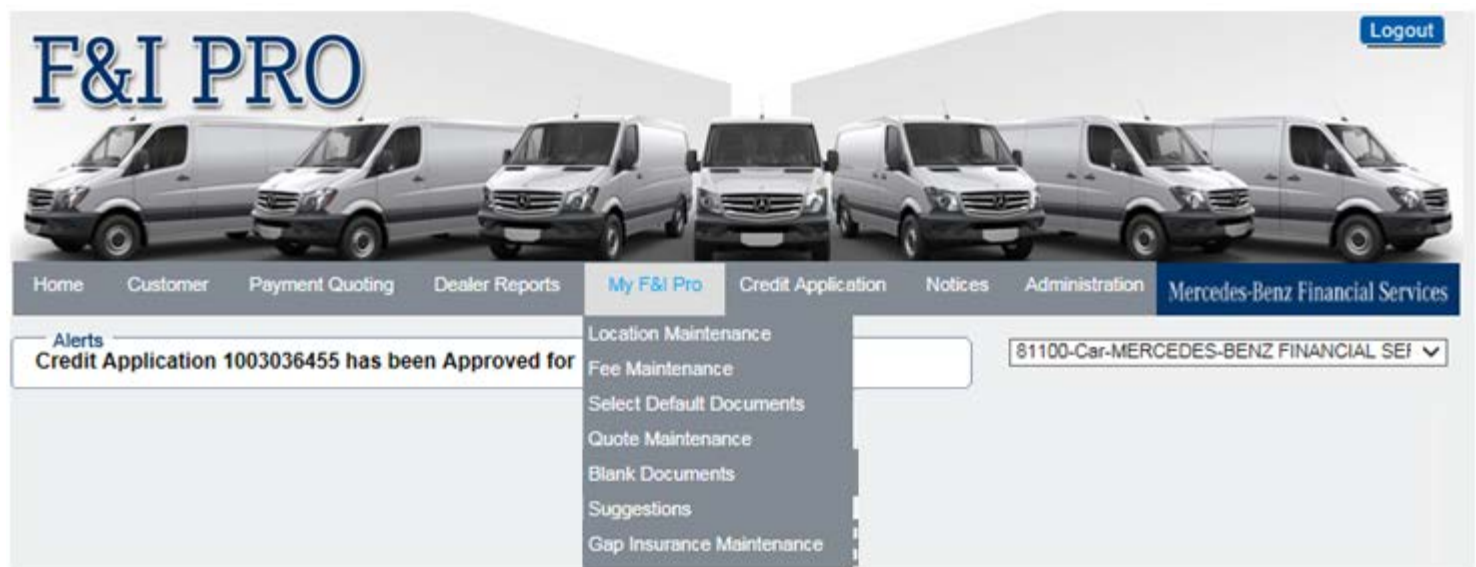


The screenshot shows the 'Monthly Wholesale Statement' header. Below it, there is a 'Reports For:' label followed by a dropdown menu set to 'Oct 2011'. To the right of the dropdown are two buttons: 'Preview Selected >' and 'Export >'.

The Wholesale Statement Report is a record of all floorplan activity for Daimler Truck dealerships. Mercedes-Benz dealerships with flooring/wholesale accounts with Mercedes-Benz Financial Services should check their respective systems for similar reporting.

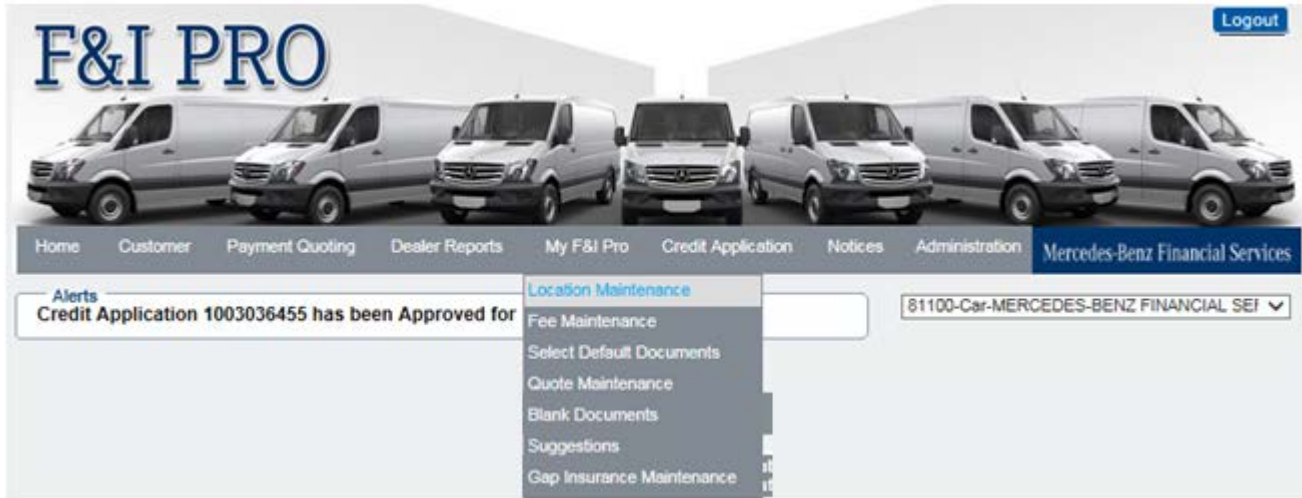
My F&I Pro Menu

My F&I Pro menu is the administration tool that allows the F&I Pro Dealer Administrator to manage dealer locations, fees and quotes, and establish a set of default parameters for finance programs and documents for both retail and lease transactions.



The screenshot displays the 'My F&I Pro' menu. At the top, there is a banner with the 'F&I PRO' logo and a row of seven silver Mercedes-Benz vans. In the top right corner, there is a 'Logout' button. Below the banner is a navigation bar with the following links: Home, Customer, Payment Quoting, Dealer Reports, My F&I Pro (highlighted), Credit Application, Notices, Administration, and Mercedes-Benz Financial Services. On the left side, under the 'Alerts' section, a message states: 'Credit Application 1003036455 has been Approved for'. The 'My F&I Pro' menu is open, showing a list of options: Location Maintenance, Fee Maintenance, Select Default Documents, Quote Maintenance, Blank Documents, Suggestions, and Gap Insurance Maintenance. On the right side, there is a dropdown menu showing '81100-Car-MERCEDES-BENZ FINANCIAL SEI' with a downward arrow.

Location Maintenance



The screenshot shows the F&I PRO web application interface. At the top, there is a navigation bar with links: Home, Customer, Payment Quoting, Dealer Reports, My F&I Pro, Credit Application, Notices, Administration, and Mercedes-Benz Financial Services. A 'Logout' button is in the top right corner. Below the navigation bar, there is a banner image of several white Mercedes-Benz vans. On the left, an 'Alerts' section displays a message: 'Credit Application 1003036455 has been Approved for'. In the center, a dropdown menu is open for 'Location Maintenance', showing options: Fee Maintenance, Select Default Documents, Quote Maintenance, Blank Documents, Suggestions, and Gap Insurance Maintenance. On the right, there is a search bar and a dropdown menu showing '81100-Car-MERCEDES-BENZ FINANCIAL SEI'.

Location Maintenance displays all available addresses for the dealership that will display on all contract paperwork prepared via the F&I Pro system.

Any address changes must be completed by the Dealer Credit department. Once Dealer Credit updates or adds the new address, the dealer can select the address from the dealer address drop down. If the new address needs to be the default address, click on the Default Contract Location, check box, and click save.

You may also enter a default value for the title of authorized person to sign contract on behalf of your dealership.



The screenshot shows the 'Dealer Location' form in the F&I PRO system. The form has a title bar 'Dealer Location'. Below the title bar, there is a 'Dealer Address' dropdown menu showing 'MERCEDES-BENZ FINANCIAL SERVICES USA LLC'. Below this, there is a section for 'Dealer Location Name' and 'Address'. The 'Dealer Location Name' is 'MERCEDES-BENZ FINANCIAL SERVICES USA LLC' and the 'Address' is '13650 HERITAGE PKWY'. Below this, there is a section for 'City', 'State', 'Zip', and 'Business Phone'. The 'City' is 'FORT WORTH', the 'State' is 'TX', the 'Zip' is '76177-5323', and the 'Business Phone' is '800-659-4444'. Below this, there is a section for 'Title of person to sign the contract' with an empty text box. Below this, there is a section for 'Default Contract Location' with a checkbox. At the bottom, there is a 'Save' button. At the very bottom, there is a copyright notice: '©2015 by Mercedes-Benz Financial Services USA LLC. All rights reserved.'

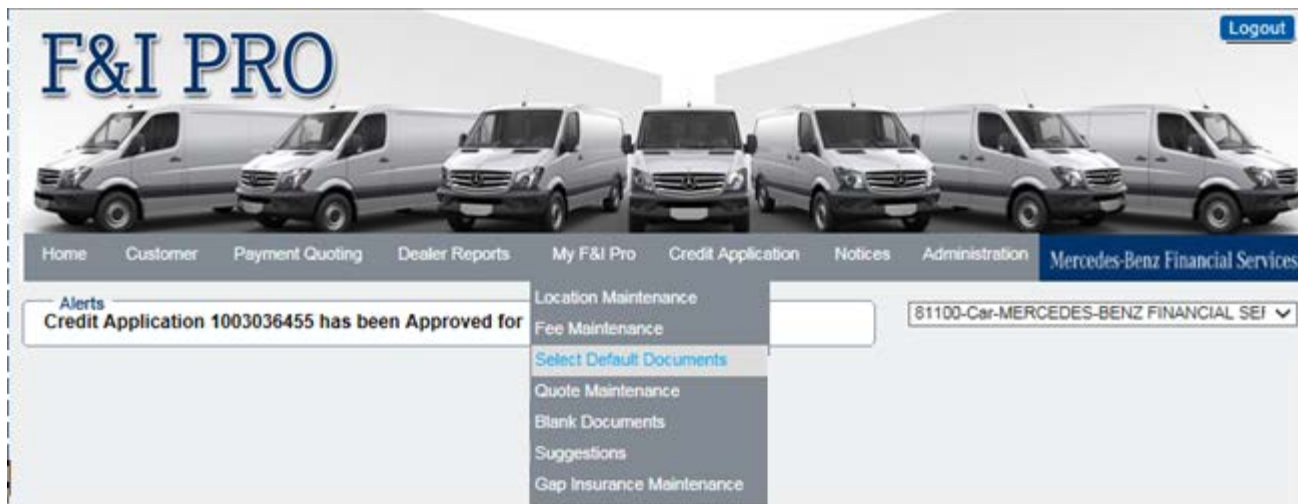
Fee Maintenance

The **Fee Maintenance** screen provides you the capability to default standard fees for Retail (Loan) and Lease quotes. Once set, these fees will default on the specific quote types that are selected but are still editable.

To add a fee, select Create New Fee and enter the fee description, type, amount and if the fee needs to be capitalized or not. For leases, select if the fee is taxable or not taxable. Finally, select the finance program for which you want to associate the fee. Once your selections are completed click on Save Fee Details.

Once created, if the fee needs to be deleted or edited, click on the appropriate button to complete the process.

Select Default Documents



The **Select Default Documents** feature allows you to default specific documents for every Retail and/or Lease document package created. Some documents, such as the retail contract, will be auto selected by the system. However, any additional documents that you want to set as a default can be set up with this function.

Select Default Documents

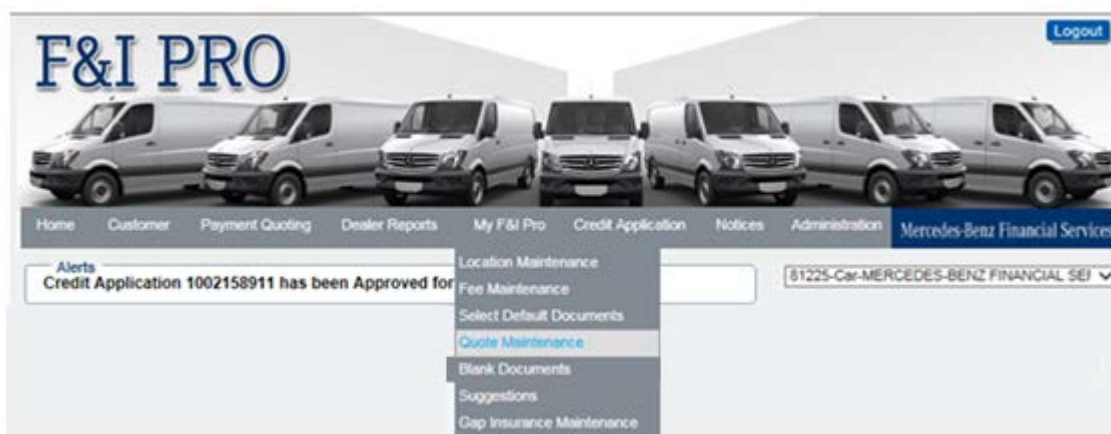
This is a function that allows you to specify a set of document(s) that will be automatically selected to print for every transaction. First select Retail or Lease, then choose which documents you would like to print for each transaction. You will always have the ability to remove a selected document(s). If you have questions on using this feature, please contact the F&I Pro Help Desk at (866) 485-8567.

Default Document(s) for ☒ Lease ☐ Retail

Category:

Available Documents		Selected Documents
	>>	
	All >>	
	<<	
	All <<	
	Save	

Quote Maintenance



The **Quote Maintenance** feature allows you the option to set up default terms, days to first payment, dealer rate add-ons, payment frequencies, and types based on vehicle class for both Lease and Retail quotes. Select the finance type and use type, click “Get Deal Type Details” and enter your selections. When finished, click Save to save your settings.

NOTE: Once fee settings are selected it will override any default settings in F&I Pro.

Quote Maintenance

Finance Type : Retail ▼
Use Type : New ▼

Get Deal Type Details

Vehicle Class	Term	Day to First Pay	Dealer Add-On %	Payment Frequency	Payment Type
Class 0	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 1	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 2	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 3	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 4	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 5	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 6	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 7	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 8	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼
Class 9	12 ▼	0 ▼	0.00 ▼	Monthly ▼	Standard ▼

Save
Reset

Blank Documents

The screenshot shows the F&I PRO system interface. At the top, there's a header with the F&I PRO logo and a Logout button. Below the header is a navigation bar with links: Home, Customer, Payment Quoting, Dealer Reports, My F&I Pro, Credit Application, Notices, Administration, and Mercedes-Benz Financial Services. A dropdown menu is open under 'My F&I Pro', showing options: Location Maintenance, Fee Maintenance, Select Default Documents, Quote Maintenance, Blank Documents (highlighted), Suggestions, and Gap Insurance Maintenance. On the left, there's an 'Alerts' section stating 'Credit Application 1003036455 has been Approved for'. On the right, there's a search bar with the text '81100-Car-MERCEDES-BENZ FINANCIAL SEI' and a dropdown arrow.

The **Blank Documents** feature provides blank copies of the documents stored in the F&I Pro system. Most of the documents you may need to review are located in this section. This screen will mirror the Document Selection screen that you will use when selecting documents for an actual document package.

Select Documents

Category: MB Sprinter Application Items

Available Documents

Additional Collateral Pledge- MBFF0004
Agreement of No Subletting MBFF2531
Amortization Schedule-MBFF1014
Authorization to Conduct a Credit Investigation MBFF3039
Auto Pay Authorization-MBFF0005
Blanket Daily Rental Affidavit MBFF1320
Certificate of Authority - Global Form MBFF0030
Continuing Cross Guaranty-Corp Ind as Guarantor- MBFF0009
Continuing Cross Guaranty-Corp as Guarantor- MBFF0008
Continuing Guaranty (Business As Guarantor) MBFF0010
Continuing Personal Guaranty (Ind. As Guarantor) MBFF2540
Cover Letter - Direct Refinance- MBFF0011

>>

All >>

<<

All <<

Preview

Selected Documents


Default Documents


Sprinter Credit Application- MBFF2390
Continuing Personal Guaranty (Ind. As Guarantor) MBFF2540

Up

Down

Suggestions





[Home](#)
[Customer](#)
[Payment Quoting](#)
[Dealer Reports](#)
[My F&I Pro](#)
[Credit Application](#)
[Notices](#)
[Administration](#)
[Mercedes-Benz Financial Services](#)

Alerts

Credit Application 1003036455 has been Approved for

Location Maintenance

Fee Maintenance

Select Default Documents

Quote Maintenance

Blank Documents

Suggestions

Gap Insurance Maintenance

81100-Car-MERCEDES-BENZ FINANCIAL SEI

The **Suggestion Box** allows you to communicate directly to the F&I Pro Help Desk about anything pertaining to our service or system. Simply click on Suggestions and fill in the fields provided. When you are finished, click on Submit button and the system will send an email to the entire support team within seconds. All suggestions will be responded to within one business day.

SUGGESTIONS * = Required Field

First Name :

Last Name :

Phone No :

Ext

Date :

05/08/2015

* Comments :

Submit

Credit Applications Menu

The **Credit Application** menu gives you the ability to submit online credit applications for individual and business customers and obtain detailed credit and funding status for all submitted credit applications. Submitting applications via F&I Pro is the only method for submitting your small business deals for credit review. As F&I Pro is integrated with the Credit Department's systems, it allows applications to be reviewed faster and more efficiently, providing quicker turn times on deals for your dealership and better service to your customers.



Creating an Individual or Business Application

Individual Application

Select the New Individual App option to submit a credit application for an individual applicant. All fields marked with an asterisk are mandatory for submitting the application. However, providing more information that will assist the credit analyst in making an informed credit decision.



Individual Application Screen

The individual application is utilized when there is no legal business name, but the asset will still be used for commercial purposes.

* = Required Field

Application Type: ☒ Individual ☐ Business * Submitter Name:

* Deal Type: * Route To:

► PRIMARY APPLICANT

* SSN:

* Last Name:

* First Name:

Middle Initial:

Suffix:

* Primary Phone:

Email Address:

* Industry Experience Since (Year):

DBA:

Date Of Birth: [mm/dd/yyyy]

* Address Type: ☒ Standard ☐ Rural Route ☐ PO Box

* Address 1:

Address 2:

* City:

* State:

* Zip Code:

Lived there: Yrs Months

Mortgage Information

* Residence:

CURRENT EMPLOYMENT

* Employer Name:

Contact Name:

City:

State:

* Contact Phone:

Contact Fax:

Applicant Position:

How Long: Yrs Months

* Years in Industry:

Business Application

Select the **New Business App** option for a business applicant. All fields marked with an asterisk are mandatory for submitting the application. However, providing more information will assist the credit analyst in making an informed credit decision.





Home
Customer
Payment Quoting
Dealer Reports
My F&I Pro
Credit Application
Notices
Administration
Mercedes-Benz Financial Services

Alerts

Credit Application 1002153510 has been Approved for TEST COMPANY

[New Individual App](#)

[New Business App](#)

[Search Application](#)

81100-Car-MERCEDES-BENZ FINANCIAL SERV ▼

Business Application Screen

*** = Required Field**

Application Type: ☐ Individual ☒ Business *** Submitter Name:**

*** Deal Type:**

*** Route To:**

► BUSINESS INFORMATION

* FED ID: <input type="text"/> <input type="button" value="Prefill"/>	* Business Phone: <input type="text"/>
* CO. Legal Name: <input type="text"/>	Fax: <input type="text"/>
DBA Name: <input type="text"/>	Email Address: <input type="text"/>
* Legal Status: <input type="text" value="--Select--"/> <input type="button" value="v"/>	In Business Since (Year): <input type="text"/>
	Yrs under present Ownership: <input type="text"/>
	* State of Incorporation: <input type="text" value="Select"/> <input type="button" value="v"/>

BUSINESS ADDRESS

* Address Type: <input checked="" type="radio"/> Standard <input type="radio"/> Rural Route <input type="radio"/> PO Box	* City: <input type="text"/>
* Address 1: <input type="text"/>	* State: <input type="text" value="Select"/> <input type="button" value="v"/>
Address 2: <input type="text"/>	* Zip Code: <input type="text"/>
<input type="button" value="Validate Address"/>	

▼ COMMERCIAL CREDIT HISTORY

*** Previous Finance Experience**

Creditor/Bank Name:

Contact Name:

Contact Phone:

Deal Information

The Deal Information section of the online application is where you will enter the specifics on the type of deal, equipment, and trade-in on the application.

Transaction Type

*** ☒ Retail ☐ Trac Lease ☐ FMV Lease**

Vehicle Specifications

The Vehicle Specifications section is where you will enter the details on the type of equipment. Be sure to click on the Save Vehicle button once all fields with the red asterisk are complete.

*Quantity: 1

*New/Used: N

*Type: -Select-

*Year: -Select-

*Class: -Select-

*Make: -Select-

*Model: -Select-

Term: 0

*Sales Price: 0.00

MSRP: 0.00

Sales Tax: 0.00

Please provide any additional dealer fees (i.e. doc fees, titling, etc) in Additional Comments section below

FET: 0.00

*Dealer Cost: 0.00

Cash Down: 0.00

Residual/Balloon (%): 0.00

Delete Vehicle

Save Vehicle

Clear

Trade Information

The Trade Information section is where you will enter the details on the trade if needed.

TRADE INFORMATION

	Year	Make	Model	Allowance	Payoff
<input type="checkbox"/>				0.00	0.00
<input type="checkbox"/>				0.00	0.00
<input type="checkbox"/>				0.00	0.00

Delete Row

Add Row

Summary

The Summary section allows you to view total sales price, net trade-in allowance, total down, and the total amount to finance.

SUMMARY

Update Summary

Total Sales Price(Incl FET) \$ 0.00

Total Sales Tax \$ 0.00

Net Trade-In Allowance \$ 0.00

Total Down \$ 0.00

Total Amount to finance \$ 0.00

Line of Business and Additional comments

This section allows you to add the line of business and/or use of vehicle. You may also add any additional information that your buyer may need.

LINE OF BUSINESS

ADDITIONAL COMMENTS

Adding a Business or Individual Guarantor

At the bottom of the screen, you will have the option to enter an Individual Guarantor or Business Guarantor. Once you click on either of these selections, a new tab will populate where you can enter the guarantor's information.

▼ **GUARANTOR / CO-BUYER**

[Add Individual Guarantor](#) [Add Business Guarantor](#)

Save or Submit the Application

The Save & Exit allows you the ability to save the data that you have entered and come back at a later time to complete the application. Once you have entered all required fields, you can now submit the application.

Authorization to Release Credit Information ☒ Accept ☐ Decline

[Save & Exit](#) [SUBMIT](#)

Once the application has been submitted you will receive an application number and have the opportunity to upload any attachments to the credit buyer.

MESSAGE

[Message\(s\)](#)

Application is submitted with app id 1002153391

[Upload Attachments](#)

[Back to Search Credit application](#)

Upload Attachments

Upload an attachment with a file size of less than 2 MB for this application 1002153391

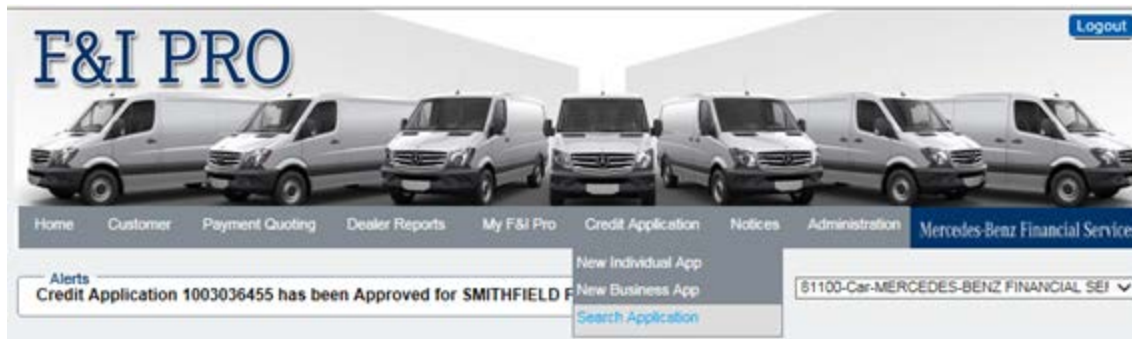
C:\Users\PATRR0D\Desktop\Testing.docx [Browse...](#)

[Upload Attachments](#)

Existing Attachments List

No attachments available for this application 1002153391

Search Application



The Search Application feature allows you to search for all current and previous approvals and saved Applications. You can print, copy, and edits applications, print commitment letters, send messages and check the funding status of an application. The system will automatically display applications that have been

submitted within 30 days of the current date. However, you have the ability to search for applications up to 24 months in the past. In order to do so, simply change the start date and select Search.

Search Application

Business Name <input type="text"/>	Tax ID <input type="text"/>	
Last Name <input type="text"/>	First Name <input type="text"/>	
SSN <input type="text"/>	Start Date <input type="text" value="06/20/2012"/>	<input checked="" type="checkbox"/> Draft
App Id <input type="text"/>	End Date <input type="text" value="07/20/2012"/>	<input checked="" type="checkbox"/> Submitted
<input type="button" value="Search"/>		

View/Edit
 Copy
 Messaging
 Print/Download
 Funding Status
 Attachment

Application	Group	Customer Name	Submitted	Type	Deal Type	Status	Buyer Name	Action
1002153391	1	BEST TRUCKING CO.	07/20/2012	RTL	SmallBusiness	Pending	Jeremy Jones	
1002153382	1	WEST COAST TRUCKS	07/19/2012	RTL	LOC	Approved	Steve Smith	
1002153345	0	BIG STOP TRUCKS	07/17/2012		SmallBusiness	Pending	Bill Thompson	

The series of tabs located on the far right column perform different functions within the search application feature. The associated descriptions of the icons are identified in a legend at the top of the page and described in detail below.

Application	Group	Customer Name	Submitted	Type	Deal Type	Status	Buyer Name	Action
1002153391	1	BEST TRUCKING CO.	07/20/2012	RTL	SmallBusiness	Pending	Jeremy Jones	
1002153382	1	WEST COAST TRUCKS	07/19/2012	RTL	LOC	Approved	Steve Smith	
1002153345	0	BIG STOP TRUCKS	07/17/2012		SmallBusiness	Pending	Bill Thompson	



View/Edit – View application and make changes only if the application has not yet been submitted. Once the application has been submitted, you can send a message to your credit buyer by clicking on the **Messaging** icon.



Copy – Make a duplicate of the original application and submit.

******KEY FUNCTION:** The Copy Application function is a time saving feature for cases when you have to enter an application for a returning customer. Once you submit an electronic application, the application data is stored in the credit decision system. If you have a returning customer, simply select the last application you submitted for that customer, select Copy and your previous application data will pre-fill. If all of the personal data is correct, just enter the equipment information and submit.



Messaging – Allows you to communicate real-time with the buyer assigned to the credit app.



Print – Allows you to print the credit application.



Funding Status – Allows you to check the funding status of an application that has been received in funding and view/print any associated Discrepancy or Settlement sheets. The buttons at the bottom of the Application Status screen will provide you the tools that you need to complete your documentation package.



Send Attachments – Allows you to send attachments to Mercedes-Benz Financial Services.

In the **Search Application** screen you can select the radio button next to the application number to View Customer Folder, View Commitment Letter, and Generate Quote (this option will only be available for a small business approval)

<input checked="" type="radio"/>	1002141858	1	GCH, INC.	10/20/2011	RTL	SmallBusiness	Approved	Elizabeth Mateo-Taylor	
View Customer Folder		View Commitment Letter		Generate Quote		Delete			

View Customer Folder

View Customer Folder will take you to the customer folder associated with your selected customer.

View Commitment Letter

View Commitment Letter displays the commitment (approval) letter detailing requirements for funding.

Generate Quote

Generate Quote will take you to the quote screen and auto-populate all applicable financial information based on the application and credit approval.

Creating Documents

All commercial contract documentation is generated directly by F&I Pro as opposed to your dealer's DMS (dealership management system). The following section details the steps required to complete a documentation package in the system.

The documentation process begins with the creation of a retail or lease payment quote. Once a quote is saved under the Customer Folder there are just a few short steps required to complete contract documentation. Please review the Payment Quoting section for detailed instructions on the retail and lease payment quotation process.

Once the quote has been saved, you will be directed to the Customer Folder. This is where all the quotes that have been created for a particular customer have been saved. The most recent quote will be highlighted and are in chronological order with the most recent quote at the top.

NOTE: The Customer Folder is the main page from where you can create and edit customer information, create, save, and view quotes; and prepare documentation. You also have the ability to View Account Details (if applicable) and View Credit Applications right from this page.

Customer Folder

Legal Name

Federal ID

Phone

Fax

Address

Test Customer

25-4526321

12345 , Main Street
SCHENECTADY , NY 12345

Comments (Optional)

Edit Customer

Save Comment

Create a New RETAIL Quote

Create a New LEASE Quote

View Quote

Prepare New/Edit Docs

Delete Quote

List of Quotes

QuoteID (712822). 2015-05-08. Sprinter Special (M6) New, RTL, 2015, Van, Term - 60 months, \$ 50000.00, \$833.33

Create Sprinter Care Lease Quote

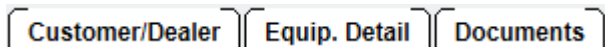
View Account Details

Create Credit Application

View Credit Applications

To begin the document generation process, highlight the quote in which you'd like to prepare documents and click on the Prepare New/Edit Docs button.

You will be directed to a different screen with a series of tabs across the top where you will enter dealership, equipment, and customer garaging (lease)/trade-in (retail) information, and select your documents.



The first tab is the **Customer/Dealer** tab. This tab will be pre-filled with customer and dealer information. If any editing is required, click the necessary field(s) and make the desired changes. (You may also wish to fill out the title of the person signing the contract if this information is known.) If the information does not need editing, move to the next tab.

There are also fields for Invoice type and Auto Pay. Make a selection for each.

Special Instructions for Commercial Funding Department section will print out on the transaction summary document.

Customer (Purchaser) (as it will appear on the contract):	
Legal Name :	Test Customer
Mailing Address :	12345 Main Street
* City :	SCENECTADY
* State :	NY
County :	SCENECTADY
* Zip Code :	12345
Federal ID :	254526321
Title of person to sign the contract :	
	<input type="button" value="Edit"/>
<input type="checkbox"/> Same As Customer Address	
Customer Billing Address:	
Billing Address :	
City :	
State :	Select
County :	
Zip Code :	
	<input type="button" value="Validate Address"/>
Invoice Type:	
	<input checked="" type="radio"/> Detailed Invoice
	<input type="radio"/> Standard Invoice
	<input type="radio"/> Consolidated Invoice
Auto Pay:	
	<input type="radio"/> I am already in Auto Pay.
	Voided check previously delivered to MBFS.
	<input type="radio"/> Please set me up on Auto Pay.
	Provide customer's voided check and authorization.
Dealer Information (as it will appear on the contract):	
Dealer Name :	MERCEDES-BENZ FINANCIAL SERVICES USA LLC
Address :	13650 HERITAGE PKWY, FORT WORTH, TX, 76177-5323
Business Phone :	
Title of person to sign the contract :	
Tax Area ID :	444391090
Special Instructions for Commercial Funding Department:	
<div></div>	
<input type="button" value="Save"/> <input type="button" value="View Customer Folder"/>	

The next tab is the **Equipment Detail** tab and it is where you will enter the equipment information for your deal. Some of this data may also be pre-filled for you, but you will need to input all applicable VINs for your deal. If there are multiple units, the Unit Cash Price (Sale Price) will need to be indicated for each unit individually.

Customer/Dealer

Equip. Detail

Equip. Location

Documents

Equipment Detail

Total Capitalized Cost : \$55,000.00

Cumulative Capitalized Cost : \$55,000.00

Total Residual Value : \$11,727.50

Cumulative Residual Value : \$11,727.50

	New/Used	Make	Model	Year	Body Type	VIN/Serial Number	Capitalized Cost	Residual Value	Delivery Date
<input type="checkbox"/>	N	Mercedes-Benz	M2PV170	2012	Van	VWDZPE8CC4C5641234	55,000.00	11,727.50	07/23/2012
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	
<input type="checkbox"/>	N						0.00	0.00	

Total Records:1

Displaying 1 to 1 Records

Delete

Replicate

times

Add

Save Data

View Customer Folder

Extract

Browse...

Store

Data Saved

There are features incorporated in the system here to assist you in the event you have multiple pieces of equipment to enter. These features are designed to reduce the amount of data entry that is required. To the far left is a series of check boxes, and on the bottom of the screen is a Replicate tab. Simply enter the number of times you want the vehicle data to duplicate and then click Replicate. Note that any data that you have entered will duplicate. Before you replicate any fields, you may want to delete any data that you do not want duplicated.

The **Equipment Location** tab displays information on the customer's garaging location and is required for all LEASES prior to preparing documents. Most of the information will pre-fill, but you can make edits as necessary.

Customer/Dealer

Equip. Detail

Equip. Location

Documents

Tax/Garage Location

Tax Exempt? NO

Address :

12345

Main Street

State : TX

County : TARRANT

City : FORT WORTH

Zip : 76177

Save

View Customer Folder

Data Saved

The **Trade In** tab is used only when an amount is entered in the gross trade field of the quote and is only required on **RETAIL** deals. Enter in the trade vehicle data and allowance amount. If there is a payoff amount that is due, enter the name of the company to which the payoff should be made. When you have entered your data, click the Save Data button and move to the next tab.

Customer/Dealer

Equip. Detail

Insurance

Trade In

Documents

Trade In

Total Trade :\$75,000.00
Cumulative Trade :\$0.00

	Make	Model	Year	Body Type	VIN/Serial Number	Allowance
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00
<input type="checkbox"/>						0.00

Total Allowance
Less PayOff To:
Net Trade-in Allowance
Cash Down Payment
Total Down Payment

Delete Replicate times Add Save Data View Customer Folder

The final tab in the documentation process is the **Documents** tab. This is where all the deal data is compiled and the documents are generated.

Customer/Dealer

Equip. Detail

Equip. Location

Documents

Select Documents

[Having problems viewing documents? Click Here](#)

Category: MB Sprinter Trac Lease

----- Available Documents -----

Lease Agreement TracLease Sprinter MBFF0104-DE
Lease Dealer Transaction Summary- MBFF0014
Lease Schedule A - Modified TRAC-MBFF0033
Lease Schedule A- Trac MBFF0002-DE

View Customer Folder

Selected Documents

----- Default Documents -----

>>

All >>

<<

All <<

Preview

Up

Down

Any documentation that is required will be located under the Category drop down list. The categories, as well as the documents in each subcategory, are listed in alphabetical order. All documents required for funding will be detailed on your commitment letter, so make sure to review this document as a basis for the documents that you select. Please note that Retail and Lease contracts are not available in the “blank documents” section. These documents are state specific, so to provide this information, the dealer will need to “create a quote” first, selecting the appropriate customer state.

Category: ▼

- MB Dealer Documents
- MB Fleet Application Items
- MB Fleet Retail Documents
- MB Fleet Trac Lease
- MB Sprinter Application Items
- MB Sprinter Passenger Van FMV
- MB Sprinter Retail
- MB Sprinter Trac Lease
- MB Sprinter Van Cargo FMV
- MB Sprinter Zero Trac Lease
- Sprinter Fleet Tool Box
- Tax Exemption Forms

View Customer Folder

Preview

Up Down

Selected Documents

----- Default Documents -----

>> All >> << All <<

To select documents for your contract, first you must choose the correct subcategory. Document categories are labeled specifically to a type of quote, so this makes your selection process easier.

Highlight the documents you'd like to view and use the buttons between the two boxes (as shown below) to move your selections from the left to the right.

Once you have selected your documents to the right side (as shown below), click the Preview button to view your documents.

Category: MB Sprinter Application Items ▼

- Daily Rental Affidavit- MBFF0012
- Insurance Request Form-Fax Cover Sheet- MBFF0013
- Intercompany Lease Agreement MBFF1996
- Lease Self Insurance Letter-MBFF1082
- Lessee Acknowledgement Blanket- MBFF0017
- Major Customers Page MBFF2529
- Notice of Requirement to Provide Insurance- MBFF0020
- Pay Proceeds Letter- MBFF0022
- Personal Reference Sheet MBFF2537
- Quick Funding Reference- MBFF0023
- Retail Self Insurance Letter MBFF1084
- Sprinter Credit Application- MBFF2390**
- Used Vehicle Condition Report MBFF2191

View Customer Folder

Preview

Up Down

Selected Documents

----- Default Documents -----

- Sprinter Credit Application- MBFF2390**
- Lease Agreement TracLease Sprinter MBFF0104-DE
- Lease Schedule A- Trac MBFF0002-DE
- Lease Dealer Transaction Summary- MBFF0014

>> All >> << All <<

A window will be launched and your documents will open in Adobe Reader.

The screenshot shows the Adobe Reader interface with a document titled "SaveSelectDocs[1].pdf (SECURED) - Adobe Reader". The document is a "LEASE AGREEMENT (Open-End)" from Mercedes-Benz Financial Services. It contains fields for LESSEE (TEST CUSTOMER, 12345 MAIN STREET, TESTING DE 66666) and LESSOR (Daimler Trust, 13650 Heritage Parkway, Line 2, Fort Worth TX 76177). The agreement is dated July 2012. It includes sections for TAX STATEMENT, NOTICE TO LESSEE, LESSEE ACKNOWLEDGMENT, and LESSOR ACKNOWLEDGMENT. The document is signed by TEST CUSTOMER and Daimler Trust. The bottom of the page shows "TERMS & CONDITIONS".

Your documents are completed. Simply print the document package and follow directions for customer signatures and other required funding documentation (insurance, bill of sale, etc.). Note: Cosigner and Guarantor information does not prefill and can be manually added.

Notices

The Notices feature houses all Finance, Information, and Marketing messages.

The screenshot shows the F&I PRO web application interface. At the top, there is a navigation bar with links: Home, Customer, Payment Quoting, Dealer Reports, My F&I Pro, Credit Application, Notices, Administration, and Mercedes-Benz Financial Services. Below the navigation bar, there is a section for Alerts, showing a credit application approval for SMITHFIELD FOODS, INC. The main section is titled "Notices". It includes a search bar with fields for Type (All), From, To, and Title. Below the search bar, there is a table with columns for DATE and TITLE. The table lists three types of notices: Finance Notice, Information Notice, and Marketing Notice. At the bottom, there are buttons for "Read >" and "Unread >".

Section 4: Funding and EFT (Electronic Funds Transfer)



Overview of preparing a finance or lease package for funding

Once you've closed your deal and created finance or lease contracts for your customer to sign, it's time to gather all of the required paperwork to send to MBFS for processing so your dealership can be paid for the transaction.

In the previous chapter, we focused on the quoting and document creation resources you have available in F&I Pro. Now, we will cover the "funding" process so you'll know precisely how to send in an error-free package and get your contract funded.

At the end of this manual, you'll also find a glossary of terms that will provide you additional details on the various documents, forms, and terms you may encounter while preparing your document package for funding.

"Step by Step" to submitting a complete funding package

Perhaps the easiest way to correctly complete and not miss any of the documents required for funding is to follow the "step by step" guide below. Let's get started.

Review your Approval / Commitment Letter

Your commitment letter will outline many of the steps covered here, but will be most useful to confirm any specific finance or lease contract documents needed in addition to special conditions or "stipulations" requested by your credit analyst.

Special conditions might include rate caps, required guarantees, dealer reserve items, etc. It's a best practice to have the commitment letter on hand as you create documents in F&I Pro, as well as while you compile the funding package. By doing so, it serves as a double-check to ensure you've included any of the special requirements. Here is an example of a Commitment Letter for a MB van deal with both loan and lease options available to the dealer and customer. You can see in the call-out areas examples of some special requirements you may encounter. You will want to ensure adherence to these special requirements when compiling your docs for funding.

Mercedes-Benz Financial Services

App ID#:

Borrower:

Please accept this approval from Mercedes-Benz Financial Services, business unit of Mercedes-Benz Financial Services USA LLC, to provide the below described financing for the above customer. The listed approval option(s) are good for 60 days from the above date and voids and replaces all prior approvals for this customer. Any deviations to these terms must be made and approved through Credit prior to sending the deal in for funding.

Group #1

Vehicle Description:

0

*Sales Price/Cap Cost:

*Down Payment:

*Amount to Finance/Adj Cap Cost:

*Dealer Liability:

NON-RECOURSE

*Information is based on the selected Option below

Retail Approval Options Per Unit (Selected option in www.fandipro.com/fipro/mbfs)

Option	Term	Rate	Balloon \$	%	Flat Fee	Cash Down	Rebates	Trade Equity	Payment Frequency	Program Code
<input type="checkbox"/>		0.00		0.00					Annual	
<input type="checkbox"/>		0.00		0.00					Annual	
<input type="checkbox"/>		0.00		0.00					Annual	

The maximum customer rate for this deal is 24.00%. If the amount financed changes from this approval you will need to request a new approval.

Trac Lease Approval Options Per Unit

Option	Term	Residual \$	%	Payment Factor	Dealer Points	Cash Down	Rebates	Trade Equity	Program Code
<input type="checkbox"/>			0.00	0.00					
<input type="checkbox"/>			0.00	0.00					
<input type="checkbox"/>			0.00	0.00					

Payment Frequency is Monthly In Arrears unless otherwise noted in the comments section.

FMV Lease Approval Options Per Unit

Option	Term	Residual \$	%	Payment Factor	Annual Mileage	Ex. Mile Fee	Cash Down	Rebates	Trade Equity	Program Code
<input type="checkbox"/>			0.00	0.00						
<input type="checkbox"/>			0.00	0.00						
<input type="checkbox"/>			0.00	0.00						

Payment Frequency is Monthly In Advance unless otherwise noted in the comments section.

If the vehicle is a Sprinter or Fuso and is an eligible vehicle under a special rate program, then refer to the applicable Marketing Notice for the "Rate" as of the contract date, since the "Rate" listed above may no longer apply.

This approval is further subject to receipt of the following:

Funding Requirements for All Groups: (F&I Pro Documents are available under the Application Commitment Items Category.)

One of the following document combinations will be required based upon which Approval option is selected from above. These documents can be found on www.fandipro.com/fipro/mbfs.
MB Retail/Lease Commitment Items

Insurance and Titling Information:

- * **Insurance Requirements** are as follows:
 - * Notice of Requirement to provide insurance and/ or Insurance Certificate listing Mercedes-Benz Financial Services USA LLC as loss payee (for retail contracts) and Daimler Trust as loss payee and additional insured (for leases).
 - * 13650 Heritage Pkwy, 1st Floor, Fort Worth, TX 76177 must appear on insurance documentation.
 - * Maximum insurance deductible is \$1500.
 - * Minimum coverage: Collision (Actual Cash Value or Stated Value), Fire, Theft and Combined Additional Coverage OR Comprehensive.
 - * For Leases:
 - * Liability coverage: minimum of \$500,000 combined single limit OR \$500,000 per occurrence.
 - * Property damage: minimum of \$100,000 per occurrence.
- * **Titling Requirements** are as follows:
 - * For Retail:
 - * Copy of completed Title Application showing Mercedes-Benz Financial Services USA LLC as Lienholder using the following address (*except in NJ*): PO Box 279319, Sacramento, CA 95827.
 - * For state specific lienholder codes and addresses refer to the Marketing Notices under "Title P.O. Boxes and Addresses Updated" which can be located in the Notices Section on F&I Pro.
 - * For Leases:
 - * Copy of completed Title Application showing Daimler Trust as Owner and Daimler Title Co. as Lienholder.
 - * Use the following address for Daimler Trust as Owner: 13650 Heritage Pkwy, 1st Floor, Fort Worth, TX 76177.
 - * Use the following address for Daimler Title Co. : PO Box 279274, Sacramento, CA 95827.
 - * For state specific lienholder codes and addresses refer to the Information Notices under "Title P.O. Boxes and Addresses Updated" which can be located in the Notices Section on F&I Pro.

Comments:

Please ship all contract packages to the following addresses:

FedEx users: 4054 Willow Lake Blvd, Suite 2079, Memphis, TN 38153

UPS or USPS users: 3268 Progress Way, Suite 2079, Wilmington, OH 45177

As part of a like-kind exchange program, Daimler Truck Financial has engaged MBF Account Services LLC as a qualified intermediary. Mercedes-Benz Financial Services has or will assign to MBF Account Services LLC its rights (but not its obligations) for the purchase of equipment in the lease(s) approved in this letter.

Notwithstanding the foregoing, Mercedes-Benz Financial Services may cancel this Approval at any time for any reason upon notice to Applicant. Further, Mercedes-Benz Financial Services has no obligation to fund if the Applicant is in default of any obligations owed to Mercedes-Benz Financial Services USA LLC.

If you have any questions, please call me at _____ extension _____.

Sincerely,

Credit Analyst

Hours of Service: Monday thru Friday: 7:30 AM to 6:00 PM CST

Evidence of lien and title requirements

You may have noticed your Commitment Letter also has titling information. PLEASE NOTE: The instructions for a loan and a lease are not the same.

Titling Requirements are as follows:

Loans or “retail” deals

Please provide a copy of the completed title application showing Mercedes-Benz Financial Services USA LLC as lienholder. For those states requiring lienholder codes, please review the following chart (State/Code).

Lienholder name (27 Characters):

- "Mercedes-Benz FinServUSALLC".....All states

* Arizona	E00330234		* Nebraska	40411458
* California	ANF		New Hampshire	30599
* Florida	222392035		New Jersey	559087347483310
* Georgia	001106485461		New York	68136
* Louisiana	ERDA		Oregon	1696410
Maryland	6642		* Pennsylvania	20865303402
Massachusetts	C36615		* South Dakota	20865303401
Minnesota	L991		Virginia	DUL02
Mississippi	90016443300		Wisconsin	111256

Mandatory Electronic Lien and Title Filing

Addresses for the above codes are as follows:

New Jersey Titles Only

Mercedes-Benz FinServUSA LLC
Corp Code 559087347483310
36455 Corporate Dr.
Farmington Hills, MI 48331

ALL other states

Mercedes-Benz FinServUSA LLC
P O Box 279319
Sacramento, CA 95827

Lease deals

Daimler Trust will be listed as owner with Daimler Title Co. listed as lienholder.

Provide a copy of completed of Title Application or MSO/CO showing:

Daimler Trust as **Owner**

13650 Heritage Pkwy

1st Floor

Fort Worth, TX 76177

Daimler Title Co. as **Lienholder**

PO Box 279274

Sacramento, CA 95827

The following Daimler Trust information will be required for contracts with a garaging address in the following states:

Maryland Only	Daimler Trust 6018 Harford Rd Baltimore, MD 21214
Rhode Island Titles	Daimler Trust 36455 Corporate Drive Farmington Hills, MI 48331
Ohio Titles	Daimler Trust 13650 Heritage Pkwy Fort Worth TX 76177 Ohio License Number LD006528
New Jersey Titles	Corp Code 251909000761770 Daimler Trust 13650 Heritage Parkway 1 st Floor Fort. Worth, TX 76177
ALL other states	Daimler Trust 13650 Heritage Parkway 1 st Floor Fort. Worth, TX 76177

Daimler Title Co lienholder information is as follows: This lienholder requirement excludes contracts with a garaging address in Kansas and Missouri. For those states requiring a shortened name of 14 characters, please use DaimlerTitleCo.

New Jersey Only:	Daimler Title Co. 13650 Heritage Parkway, 2 nd Floor Fort Worth, TX 76177
All other states, Lienholder address:	Daimler Title Co. P O Box 279274 Sacramento CA 95827

For those states requiring Lienholder codes, the following chart contains the codes for Daimler Title Co.:

*Arizona	E00330235		*Nebraska	40422659
*California	ANE		New Hampshire	30598
*Florida	229345283		New Jersey	251886197761770
*Georgia	001102076755		New York	68087
*Louisiana	ERDB		Oregon	1696439
Maryland	6644		*Pennsylvania	20074549902
Massachusetts	C36617		*South Dakota	20074549901
Minnesota	L820		Virginia	DTC08
Mississippi	90016443500		Wisconsin	111255

*Mandatory Electronic Lien and Title filing

Insurance Requirements

MBFS requires the dealer to :

- Ensure the customer(s) have adequate insurance coverage prior to delivering the vehicle
- Confirm Mercedes-Benz Financial Services USA LLC is listed as Loss Payee on the customer's insurance policy for retail contracts
- Confirm Daimler Trust is listed as Loss Payee and Additional Insured for lease agreements

For transactions requiring proof of insurance outlined on the commitment letter, like those for passenger vans, dealers must provide a copy of an Insurance Certificate or Insurance Binder as follows:

- ✓ Insurance must be in the name of the person or business listed on the loan/lease contract
- ✓ Listed actual cash value (ACV), financed amount, or stated value
- ✓ Year, make, model, VIN of all vehicles on loan contract/lease schedule A
- ✓ Mercedes-Benz Financial Services USA LLC as loss payee - for retail contracts
- ✓ Daimler Trust as loss payee and additional insured - for leases
- ✓ 13650 Heritage Pkwy, 1st Floor, Fort Worth, TX 76177 must appear on insurance documentation
- ✓ Maximum insurance deductible is \$1,500
- ✓ Minimum coverage: Collision (Actual Cash Value or Stated Value), Fire, Theft, and Combined Additional Coverage OR Comprehensive
- ✓ For Leases:
 - ✓ Liability coverage: minimum of \$500,000 combined single limit OR \$500,000 per occurrence.
 - ✓ Property damage: minimum of \$100,000 per occurrence.

*Dealer is still liable for the representations, warranties and requirements contained in the agreements between each Dealer, Mercedes-Benz Financial Services USA LLC and Daimler Trust.

Funding documents checklist

The following checklists are your last step before submitting your funding package and will prevent you from missing any of the required documents. Please be sure your funding packages include all required original finance/lease documents (e.g. contracts, related schedules, guarantees, etc.) with original customer signatures.

Document checklist for Loan Contracts:

- ✓ Approval / Commitment letter
- ✓ Current copy of a customer signed MBFS Credit Application
- ✓ Copy of customer's Drivers License
- ✓ Signed loan contract (Retail Installment Contract or Note and Security Agreement) and guarantees by the required parties
- ✓ Dealer signed Retail Transaction Summary indicating the customer's preferred billing method
- ✓ Auto Pay authorization form
- ✓ Additional documents/stipulations required per the Commitment Letter
- ✓ Required insurance documents (if applicable)
- ✓ Required evidence of lien (as outlined above)
- ✓ Copy of dealer vehicle invoice, showing dealer cost, MSRP and specs
- ✓ Copies of all of body-builder/upfitter invoices showing dealer cost and specs
- ✓ Evidence of down payment (cash receipts, copies of checks, credit card receipts)

Document checklist for Lease Contracts:

- ✓ Approval / Commitment letter
- ✓ Current copy of a customer signed MBFS Credit Application
- ✓ Copy of customer's Drivers License
- ✓ Signed Lease Agreement and Schedule A and guarantees by the required parties
- ✓ Dealer signed Lease Transaction Summary indicating the customer's preferred billing method
- ✓ Auto Pay authorization form
- ✓ Additional documents/stipulations required per the Commitment Letter
- ✓ Required insurance documents (if applicable)
- ✓ Required evidence of title and lien (as outlined above)
- ✓ Copy of dealer vehicle invoice, showing dealer cost and specs
- ✓ Copies of all of body-builder/upfitter invoices showing dealer cost, MSRP and specs
- ✓ Copy of the signed buyers order
- ✓ Evidence of down payment (cash receipts, copies of checks, credit card receipts)

Frequent “discrepancies to avoid”:

- Missing Auto Pay authorization form (if desired by customer)
- Missing signed Credit Application
- Missing factory and/or body-builder invoices (if applicable)
- Missing either ‘President/Vice President’ title missing from the signature section of the contract when the business is Incorporated or ‘Manager/Member’ title missing from the signature section of the contract when the business is a LLC or ‘Owner’ as a title on any signature
- Customer name listed on contract is NOT the same as the customer name listed on the insurance
- Customer name listed on contract does not match name on approval

Mailing information

Once completed, send funding packages to the following address. To expedite funding and tracking of your packages, express courier services (FedEx, UPS, etc.) are recommended:

Commercial Funding: (FedEx)

Mercedes-Benz Financial Services USA LLC
MB Commercial Funding
4054 Willow Lake Blvd, Suite 2079
Memphis, TN, 38153

Commercial Funding: (UPS & USPS)

Mercedes-Benz Financial Services USA LLC
MB Commercial Funding
3268 Progress Way, Suite 2079
Wilmington, OH 45177

Resolving funding discrepancies

You will be notified by the Commercial Funding Department of any missing, incomplete, or incorrect items in the contract package. There is a five-day window in which to resolve funding discrepancies.

Please see the “Key Contact Information” at the front of this manual for a list of departments and numbers should you wish to speak with any of the Credit or Funding staff.

EFT – Electronic Funds Transfer

Electronic Funds Transfer (EFT) is a MBFS to Dealership Cash Flow Management System, which allows the Dealer to accumulate transactions for a daily electronic transfer of funds overnight from/to MBFS bank account to/from the dealer's bank account.

Topics covered within this section include:

- Obtaining Access to Login to EFT through F&I Pro
- Accessing the EFT System
- Navigating the System
- Adjustments
- Summary Screen and Transmittal
- EFT System Support
- EFT System Step-By-Step Guide

Obtaining EFT Access in F&I Pro

The following information is needed to establish EFT access:

- Completed EFT Agreement
- Copy of voided check or bank letter that confirms information on EFT Agreement
- Information needed from all users for obtaining login:
 - Full Name
 - Phone Number
 - Email Address

Accessing the EFT System

1. Connect to the Internet
2. Go to www.fandipro.com/fipro/mbfs
3. Enter your F&I Pro UserID and Password
4. Click on the Login button
5. Select your dealer's name and location
6. Select EFT from the top navigation menu
7. Then the Main Menu will appear for the EFT System

Special Notes on the EFT System:

If your EFT transaction requires approval, please obtain approvals prior to 5:00 PM CT. Approval cannot be granted after this time. The EFT system shuts down at 8:00 PM CT. If your transmission does not occur before 8:00 PM CT, you will have to wait until the next business day to transmit. MBFS employees, cannot access the system after 8:00 PM CT. No exceptions can be made.

The EFT system may be used Saturdays and Sundays for inputting data only. Transmissions are not allowed during the weekend and during U.S. banking holidays.

Message Line

Messages may appear on the screen from time to time. These messages point out error conditions that must be corrected before continuing, or that certain information is updated.

Adjustments

This functionality can be accessed using the icons on the left hand side of the EFT Main Menu. This screen displays the following types of items:

- Items for which you have received funding as the result of a prior transmission, but funding has not received final approval by DTF.
- Items with a credit balance due to the dealership. These are items the dealer has created by under-funding the amount financed. The letters “UFR” will be assigned under REASON.
- Items with a debit balance owed by the dealership. These are items that have been created by over-funding the amount financed. The letters “OFR” will be assigned under REASON.
- EFT Transmissions that have been returned from the dealer’s bank for any reason

NOTE: Items that are approved for adjustment by DTF today will not affect your transmission until the following business day. These items will also appear in the ADJUSTMENTS line on the Summary Screen.

Summary Screen and Transmittal

This screen can be accessed by clicking on **Summary** on the main menu.

This screen is used to review the total amount for each item to be included in the current day’s EFT transmission and to make the actual transmission.

The cutoff time for the EFT system is 8 pm Central Standard Time. If the dealer does not make the cutoff, they will not be able to transmit until the next business day. The EFT System shuts down and cannot be accessed by anyone after 8 pm Central. No exceptions can be made.

Only **ONE** transmission can be made per day, so it is important to wait until all entries are ready for the day. Once transmission has occurred, it cannot be undone.

When this screen is first accessed, the message “Untransmitted” will appear in the top left corner. Click the Transmit button to transmit. A message box will appear asking you to click OK to confirm transmission or click Cancel. If you receive a message on the screen saying “APPROVAL LIMIT EXCEEDED FOR HIGHLIGHTED FIELD; REVIEW OR CONTACT BRANCH”, or your Transmit button is inactive, please contact Funding at 877-294-9670 for the system to be “unlocked” so you can transmit.

You will know you have successfully transmitted the day's business after the "Untransmitted" status changes to "Transmitted" and the message "Transmission has occurred today" appears on the screen.

EFT System Support

If you encounter any technical difficulties, please contact EFT System Support, which has been designed to match your needs as closely as possible.

The F&I Pro Help Desk Hotline is the best resource for EFT connectivity issues and password resets. If you experience technical difficulties of any kind, a trained specialist is ready to help diagnose the problem and find the fastest solution.

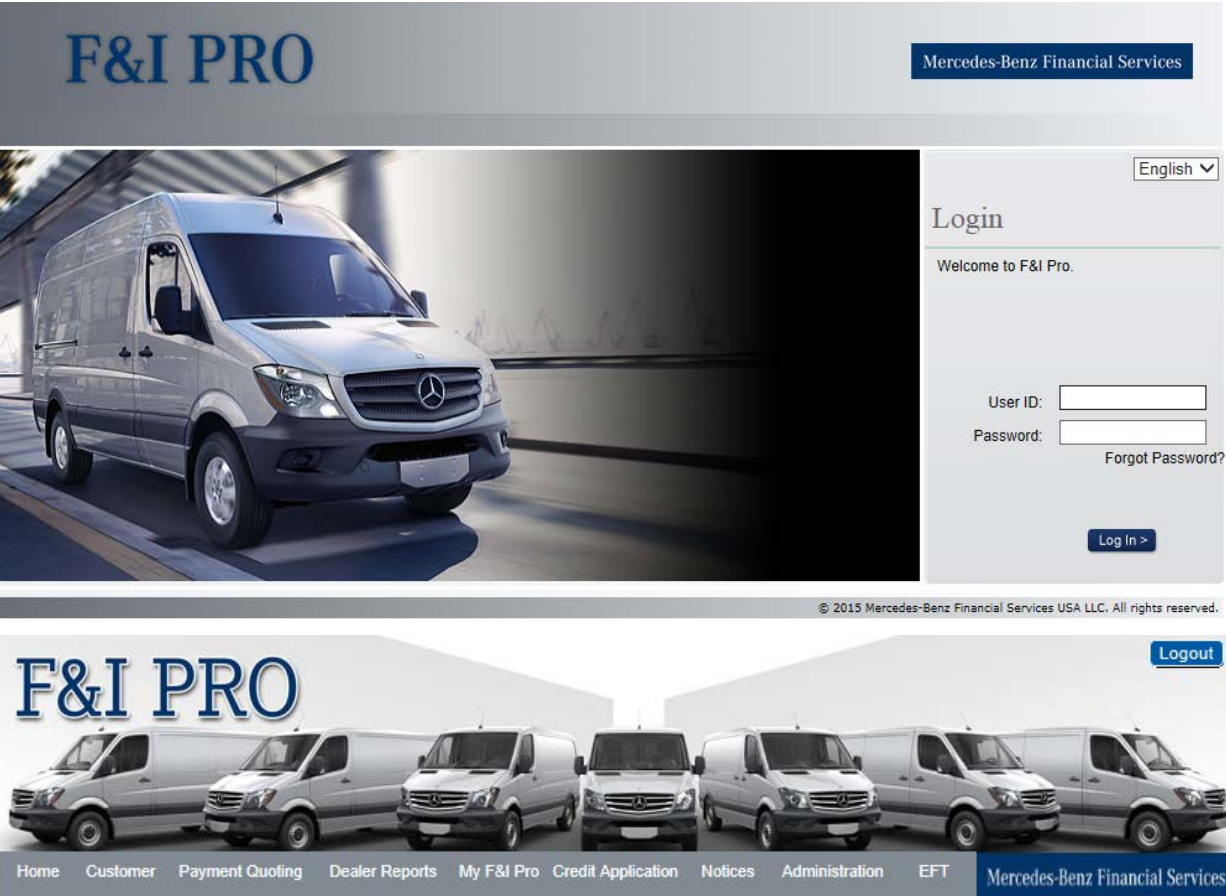
CALL the F&I PRO Help Desk for Technical Problems: 1-866-485-8567

The Commercial Funding office is the best source for answers to application questions and business procedural questions that the dealer may have in regard to specific EFT transactions.

CALL Commercial Funding for Contract and Funding Questions: 1-877-294-9670, select option #3

EFT System Step-By-Step Guide

Access the EFT system via www.FandIPro.com/fipro/mbfs. Once you have logged in to F&I Pro, click on the “EFT” link on the top navigation menu.



Once you click on EFT, the main menu will appear.



All EFT functions can be displayed by clicking on a link

Advances: Retail and Lease

Once you click on **Retail and Lease Advances**, locate your contracts. Enter the customer Last/Business Name, First Name, or Credit App From and Through dates, then click **Search**. Once you have located your contract, fill in the advance amount and click **Submit**. To delete your last entry, click **Clear**.

Advances Retail and Lease

Transaction Date: Jul 20, 2012

*Please enter full/partial name or date range and click Search button

* Customer Last/Business Name: or * Credit Applications From: Through:

<input type="checkbox"/> Advance Amount (USD)*	Last/Business Name	First Name	Approved Amount (USD)	Credit Application	Type	Payoff W/S (Y/N)	FT	VIN	W/S Payoff Amount (USD)
<input type="checkbox"/> 0.00	US TEST COMPANY 385		55,000.00	1002153122	LEAS	N			

* = Required Field

Dates are entered by clicking on the calendar icon and selecting the appropriate date

A scroll bar is used to view the right or left side of the screen

Take note:

An asterisk (*) indicates a required field.

Unavailable Menu functions or options are grayed out.

If the advance amount is different than the settlement amount, then an adjustment will be made. If the system will not allow the amount, then an adjustment will be made.

TIP: Input % in the Customer Last/Business Name field and click Search.

Advances: Retail and Lease Recap

All Credit Apps are selected by clicking the check box at the top of the column

Paging available to quickly go forward or backward through more than one screen of transactions

Retail and Lease Advances Recap

Transaction Date: Jul 27, 2012

Total Advances: (USD)

Page 1 Of 1

<input type="checkbox"/>	Advance Amount (USD)*	Last / Business Name	First Name	Approved Amount (USD)	Credit Application	Type	Payoff W/S (Y/N)	FT	VIN*	Wholesale Payoff Am (USD)
<input type="checkbox"/>	55,000.00	US TEST COMPANY 385		55,000.00	1002153122	LEAS	N ▼			

* = Required Field

Navigation: << Next > < Previous >>

Left Sidebar:

- Welcome
- Advances
 - Retail and Lease
 - Recap
- Wholesale
 - New
 - Used
 - Recap
- Reserves and Rewards
- Capital Loans
- Payments
- Adjustments
- CMA Activity
- Summary
- History
- Reports

Credit Apps are selected by clicking the check box or boxes to the left of the transaction(s)

Print Preview to view, print, or save report in PDF format

Clear button deletes last entry

Delete button deletes selected Credit App

Submit button to save

Advances: Retail and Lease Rewards

Dealer Reserves, if applicable, become available one business day following both the Retail/Lease EFT transmission and the contract being discounted by Commercial Funding. Once you click on Advances, Reserves and Rewards from the main menu at left, pull your available reserves by selecting them using the checkbox(es) and clicking Submit.

Drop down list box for **Type**

Reserves and Rewards Advances

Transaction Date: Jul 20, 2012

» Welcome

» Advances

» Retail and Lease

» Advances

» Recap

» Wholesale

» New

» Used

» Recap

» Reserves and Rewards

» Capital Loans

» Payments

» Adjustments

» CMA Activity

» Summary

» History

» Reports

Please check or uncheck all reserves and click on Submit to process.

Total Available: 2,537.78 (USD)

Type: All

Total Selected: 0.00 (USD)

<input type="checkbox"/> Last Name / Description	Type	Comment/ Stk # / Date	Contract	Type	Amount (USD)
<input checked="" type="checkbox"/> BALANCE FORWARD		Retail		RSET	2,537.78

Submit

Reserve(s) are selected by clicking the check box or boxes to the left of the Reserve(s)

Submit button to process request

Summary

Note: After clicking the Transmit button, a pop-up window will appear asking for confirmation. Select **OK** to confirm transmission.

Each line item on the Summary Screen links to the Recap for that category. Recaps can be displayed by clicking on the line item link.

The screenshot shows the 'Summary' screen with a sidebar on the left containing links: Welcome, Advances, Payments, Adjustments, CMA Activity, Summary (highlighted), History, and Reports. The main content area has a header 'Summary' and 'Transaction Date: Jul 20, 2012'. Below this, it says 'UnTransmitted As Of: Jul 20, 2012', 'Bank Account: 11111111111111111111', and 'ABA Number: 111111111'. A table follows with three columns: Advances (USD), Payments (USD), and Other (USD). The table lists various categories with their respective values, all showing 0.00. At the bottom, it says 'Net Transmit 0.00 (USD)'. Red arrows point from the text above to the 'Retail and Lease' link in the Advances column, the 'Wholesale Principal' link in the Payments column, and the 'CMA Activity' link in the Other column. Another red arrow points from the text below to the 'Transmit' button in the bottom right corner.

Summary					
Transaction Date: Jul 20, 2012					
UnTransmitted As Of: Jul 20, 2012 Bank Account: 11111111111111111111 ABA Number: 111111111					
Advances (USD)		Payments (USD)		Other (USD)	
Retail and Lease	0.00	Wholesale Principal	0.00	CMA Activity	0.00
Wholesale	0.00	Wholesale Charges	0.00	Adjustments	0.00
Reserves and Rewards	0.00	Capital Loans	0.00		
Capital Loans	0.00				
	0.00		0.00		0.00
Net Transmit				0.00 (USD)	

Print Preview Transmit

Print Preview allows you to view, print, or save report in PDF format

Transmit button once complete

History

You can view the history following the instructions below.

Date is chosen by clicking on the calendar icon, selecting the date, and clicking Submit

Print Preview available to view, print, or save report in PDF format

History

Date: Jul 27, 2012

Transmission Date: 07/26/2012

Submit

Print Preview

Net Transmit : 1,857,000.00 (USD)

Net CMA Transmit : 0.00 (USD)

Retail and Lease Advances

Last Business Name	First Name	Approved Amount (USD)	Credit Application	Type	Payoff Wholesale (Y/N)	VBI	Wholesale Payoff Amount (USD)	Customer Number	Comment	FT	Advance Amount (USD)
WILEY	KIRK	27,000.00	1002093069	RETL	N		0.00				27,000.00
WILEY	KIRK	30,000.00	1002093071	RETL	N		0.00				30,000.00
											TOTAL: 57,000.00

Capital Loan Advances

Loan Number	Advance Amount (USD)
21758	1,800,000.00
TOTAL: 1,800,000.00	

» Welcome

» Advances

» Payments

» Adjustments

» CMA Activity

» Summary

» History

» All History

» Retail and Lease Advances

» Wholesale Advances

» Reserves and Rewards

» Capital Loan Advances

» Wholesale Payments

» Capital Loans Payments

» Adjustments

» CMA Activity

» Reports

Overall History can be seen (All History) or divided into individual sections

Reports

You will have options to pull reports. Your options will be in blue and the ones that are unavailable will be in grey. You can pull the desired Reports after selecting the Month and Year for the Statement required and clicking the Submit button.

Retail Reserve Statement

Transaction Date: Jul 20, 2012

Please select month and year: 07 2012 Submit

» Welcome

» Advances

» Payments

» Adjustments

» CMA Activity

» Summary

» History

» Reports

Reserve Statements

W/S Stmt Detail

W/S Stmt - Unmatched Cash

W/S Stmt Summary

Click on reports to view options

Section 5: Glossary Of Financial Terms



Accelerated Depreciation

A method of allocating the cost of a fixed asset over its useful life in a manner that allows more cost to be depreciated in the earlier years than later years. The rationale supporting this method is that a fixed asset is more productive in its earlier years than in its later years.

Accelerated Payments

Higher initial payments reduce the principal by a greater percentage, resulting in lower payments and improved equity during the latter portion of the contract.

Add-ons

Features and enhancements which may be installed on equipment. Also referred to as “upfits.”

Advance Payments

Refers to payments collected at the beginning of each period instead of the end. Opposite of arrears.

Advance or Credit Advance

A percentage that reflects the amount actually loaned compared to the dealer's cost/invoice amount or the accepted used value (on used vans).

Affiliate

A company having common corporate ownership or control with another company. For example, Daimler Trust and Mercedes-Benz Financial Services USA LLC would be considered affiliates due to common ownership.

Agreement to provide insurance

A document where the borrower/lessee agrees to the lender/lessor's specific terms and conditions pertaining to obtaining and maintaining insurance on a given piece of equipment or asset(s).

Alterations

A condition whereby a customer modifies the equipment in some fashion.

Amortize

To spread a payment over a period of time.

AMT – Alternative Minimum Tax

A tax reporting rule that requires companies and sole proprietorships to calculate their federal tax owed in two different ways; once under the standard corporate income tax (taking all the preference items or deductions they are allowed to take) and again under the AMT provisions (not including the preference items). The AMT liability is computed at a 20% rate applied to minimum taxable income. Companies and individuals pay whichever method results in the higher amount of tax.

Application

A document completed by a prospective customer containing information about the customer, their business, and the equipment he is buying.

Arrears

On a lease account, arrears payments set the first payment to 30 days from the lease date. This is the opposite of payments in advance.

Articles of Incorporation

A document that must be filed with a state in order to incorporate.

Articles of Organization

A document similar to the articles of incorporation, but for a limited liability company (LLC).

Assets

Used on the balance sheet to classify items which the entity already has or is entitled to, such as cash, receivables, and owned equipment.

Availability

1. Relates to the time that it takes for a check to be deposited and debited against the maker/drawer's account. It is a bank's measure of float, or the time that it takes for a check to clear through the check collection processing system, or
2. The amount of funds remaining on an active line of credit.

Bad Debt

Write-off relating to unpaid payments and discounted future payments.

Balloon Payment

1. The final lump-sum payment under a retail contract.
2. A large payment at the end of the loan allowing smaller payments to be made during the term.

Bankruptcy

A legal action and/or status of a person or other entity that has insufficient money or assets to repay the debts owed to creditors when due. In most jurisdictions, bankruptcy is imposed by a court order, and is often initiated by the debtor but can also be initiated by the creditors

Beneficiary

One who benefits from the act of another; for example, the person designated to receive property under an insurance policy or a trust.

Bill of Sale

A document issued by a dealer showing that the equipment has been sold to the buyer. Items listed can include the sales price, additional equipment and accessories, tax, down payment or trade equity/balances, and total amount due.

Binder (Insurance Binder)

An insurance contract which provides temporary protection until a permanent contract can be arranged.

Body Builder (Body Upfitter)

A secondary manufacturing company that specializes in creating equipment to attach to or on a vehicle chassis or body. Common examples include refuse, dump, utility, and construction bodies.

Buyout

The amount a lessee must pay the lessor to terminate a lease early. Usually calculated to include tax recaptures and lost revenues.

Cap

A ceiling on the maximum interest rate on a loan or borrowing which may vary from state to state.

Capital Lease / Finance Lease / Non-tax lease

For accounting purposes, a lease in which the lessee is required to show leased assets on its balance sheet. Amount recorded is the lesser of the cost of leased assets or the present value of minimum lease payments, unless otherwise required by applicable laws or accounting principles.

Capitalized Cost

The cost of equipment to be leased plus any other initial direct costs that may be capitalized.

Captive Finance Company

A separate company which is an affiliate of a manufacturer that finances products produced by the manufacturer. Mercedes-Benz Financial Services is the captive finance company for Mercedes-Benz USA.

Cash Flow

1. A measure of an organization's liquidity that compares cash inflows and outflows, often shown by adding noncash expenses to net income.
2. After-tax profit plus non-cash charges (depreciation).

Closed-End Lease

1. A lease agreement under which the lessee (customer) bears no responsibility for the equipment's residual value at lease maturity, assuming normal wear and tear, and no excess mileage.
2. A vehicle lease in which the lessor absorbs the entire risk of the residual.
3. A lease where the lessee is responsible for turn-in conditions, but not residual value.

Collateral

Equipment or other tangible assets like a house, car, or stocks pledged as security for a loan or other obligation.

Commitment Letter

A letter to a vehicle dealer that indicates a lender's agreement to provide financing/leasing to an end user on a sales transaction. Also referred to as an Approval Letter.

Continuing Guarantee

A guarantee where the guarantor assumes liability for any past, present, and future obligations owed by a debtor to a lender or creditor. Even where the amount owing has been completely paid, the guarantor can still be liable under that line of credit if there is a subsequent indebtedness. A common example is a continuing guarantee for a revolving line of credit.

Corporate Resolution

A document signed by a registered corporate officer (usually a corporate secretary), designating company representatives who may sign legal commitments.

Corporate Secretary

An officer charged with keeping the corporation's records and official correspondence, and with giving and receiving notices, countersigning documents, etc.

Corporation

An entity made up of one or more shareholders who are not personally liable for the obligations of the corporation. Because a corporation is considered distinct from its shareholders, a corporation can sue in its own name and be sued, and is also a taxable entity.

Coupon Book

A book containing coupons for all the payments of a loan or lease. Some companies use them instead of invoices.

Credit References

Banks and suppliers listed on the credit application. Lenders may contact them to check an applicant's payment habits.

Cross-Corporate Guarantee

Guarantee by an affiliated corporation (usually the parent) of the borrower to minimize lender's risk in the event of default.

Db

Abbreviation for "doing business as." Trade name used by an individual or business (e.g., Joe Smith dba Smith Packaging), which is not recognized as a separate legal business entity.

Dealer Transaction Summary

A document generated in F&I Pro indicating the key information in funding a contract including: dealer reserve, customer's name, finance/lease amount, term, etc. A required document for contract possessing.

Dealer Reserve

The profit sharing mechanism for dealers who are successful in selling MB van financing and leasing solutions through Daimler Truck Financial.

Debt

An obligation resulting from the borrowing of money or from the purchase over a period of time of goods or services and may include payments under a lease.

Default

A condition whereby the customer does not make the payments or fulfill obligations as required by the contract.

Deficiency Balance

The difference between the amount owed under the contract or lease and the net proceeds received from the sale of the equipment.

Delivery Receipt

A document verifying a customer's signature and acknowledgement of taking physical delivery of an asset as described in the purchase order/bill of sale/finance or lease contract.

Down Payment

Money paid by the borrower towards the equipment purchase to reduce the amount to be financed.

Early Termination

When a customer elects to terminate the commercial lease or finance contract early, they will be subject to additional amounts. On a lease, an extra monthly payment will be due in addition to any other amounts due under the lease contract. On a retail finance contract, a payment equal to 3% of the unpaid principal balance (unless lower in accordance with state law) will be assessed. However, the 3% will not be assessed if the remaining term of the contract, including any extension or revision, is less than 24 months on the date of the prepayment. The contract generated out of F&I Pro will reflect the appropriate amount based on applicable state laws.

Electronic Funds Transfer (EFT)

The electronic movement of funds.

Equipment

Tangible assets such as vans, tractors, trucks, or trailers.

Extensions

The process of deferring a specific monthly payment in return for an extension fee and the borrower's promise to pay at a later date.

Fair Market Value

1. The current market price for a piece or type of equipment.
2. Actual dollar market value of a leased vehicle at lease maturity (may also be stated as the realized value).
3. The theoretical amount of periodic rental that should be paid for an asset. Used by the IRS as a guideline in Revenue Ruling 55-540.

FMV (Fair Market Value) Lease

A closed-end lease where the customer has three options: either return the van (meeting all contractual terms, obligations, and wear-and-tear commitments), extend the lease, or purchase the lease for the residual value.

Financial Statements

Reports presenting a company's financial condition: balance sheet, income statement, cash flow statement, and footnotes.

Fixed-Rate Interest

Interest on a note or contract or other debt instrument which is calculated as a constant specified percentage of the principal amount, and paid at the end of specified interest periods, usually monthly until maturity. Frequently called the coupon rate of interest.

Fixed Rate

Rate fixed for the loan term on the date the loan agreement is signed.

Floating Rate

1. A customer interest rate that is tied to a nationally recognized market or banking interest rate. There are many variations of a floating rate, but the most commonly used within Daimler Truck Financial is a fully floating rate, which means the customer's rate moves anytime the designated national rate moves or at specified intervals.
2. The interest rate which fluctuates with an economic indicator, like the prime rate. Used to determine adjustment in floating rate contracts.

F and I Pro – F&I Pro

The on-line documentation and payment quoting tool for MB van dealers available through Daimler Truck Financial.

Future Value

The expected value at a specified future date of a payment or a series of payments which are invested at a specified rate until such future date.

GAP

Guaranteed Asset Protection or Deficiency Balance Protection. A contract which eliminates or reduces the monetary liability between actual cash value of the vehicle and the payoff amount on a retail contract or lease when the vehicle is deemed a total loss or stolen.

General Partnership

An unincorporated business owned by two or more persons or entities. Any partner can sign contracts on behalf of the partnership, and each partner is personally liable for the obligations of the partnership. Partnerships are non-taxable entities; all gains and losses flow through to the partners.

Grace Period

The period of time after the due date that a lender allows for receiving the monthly payment without interest or penalty.

Guarantor

The party that promises to make payments to the lender in the event the borrower does not.

Implicit Rate

1. The discount rate derived from equating the present value of rentals and unguaranteed residual to current value, per FASB 13.
2. Unique discount rate that equates the present value of a series of cash inflows (lease payments, residual) to the present value of the cash outflows (equipment costs).
3. Internal Rate of Return (IRR) of the fair market value, the minimum lease payments and the unguaranteed residual. This rate is used as the lessor's discount rate for purposes of the 90 percent test.

Inception Date

The date the contract is signed by the customer. Used to legally bind the customer to the contract.

Insurance Certificate

A document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals. More specifically, the document lists the effective date of the policy, the type of insurance coverage purchased, and the types and dollar amount of applicable liability.

Intercompany Lease Agreement

An agreement between a customer/lessee and usually its related entities and finance company/lessor that specifies the obligations, responsibilities and requirements of a customer/lessee and its related entities to return equipment to the finance company/bank.

Interest

The difference between the total loan payments and original loan amount (principal) excluding any related third-party expenses such as insurance premiums, taxes, and filing expenses.

Late Fee

A charge that is assessed if payment has not arrived on the due date or within a specified grace period. See your specific contract for details.

Lease

A form of financing in which a lessee can use equipment over a period of time in return for making periodic payments to a lessor.

Lease Agreement

A contract through which an owner of a vehicle (lessor) conveys the right to rent and possess the vehicle to another party (lessee).

Lease Maturity

End of lease term.

Lease Payments

Also called rentals. The amount the lessee pays the lessor in return for using the leased equipment.

Lease Schedule

An addendum to a master lease, stating specific equipment and lease terms.

Legal Title

A document which certifies the legal owner of a piece of equipment.

Lender

The party who lends money to the borrower.

Lessee

1. The party who uses the equipment in a leasing transaction and makes periodic payments to the owner or lessor.
2. Renter of leased vehicle.

Lessor

The party in leasing transaction that owns the equipment and conveys use to another party in return for payments.

Liability

A broad legal term which encompasses all types of debts and other obligations.

Lien

A security interest on property to protect the lender in the event of default.

Lienholder

Person or company having a security interest in a financed vehicle or other asset until the contract is paid off or other specified conditions are fulfilled.

Limited Liability Company (LLC)

A hybrid business organization in which the owners (known as Members or Managers) are not personally liable for the LLC's obligations. An additional benefit is that an LLC is not considered a taxable entity.

LLC Certificate

A document signed by the members and managers of a LLC that certifies that an action is authorized or a signature is valid. A LLC Certificate is typically requested to certify that certain persons are authorized to sign documents on behalf of the LLC.

Limited Partnership

A Limited Partnership is a partnership comprised of one or more General Partners who manage the business and who are personally liable for partnership debts, and one or more Limited Partners who contribute capital and share in profits but may not take any part in running the business and incur no personal liability for partnership obligations.

Lockbox

A collection system in which a bank processes and deposits payments to Mercedes-Benz Financial Services' account while providing payment information for Direct Cash Application of proceeds.

Loss

Deficiency resulting from the sale of equipment. Tax treatment may be capital or ordinary, depending on type of property and period held.

Master Lease Agreement (MLA)

A governing lease contract which facilitates multiple leases to the same lessee by the use of lease schedule.

Maturity

The date on which a debt obligation becomes due and payable.

Money Factor

A money factor is the implicit rate that you pay on a FMV van lease. Unlike interest rates on a loan, which are expressed as a percentage of the amount borrowed, the money factor is usually stated as a decimal.

Monthly Payment

Amount due monthly on a contract.

Manufacturer Statement of Origin (MSO)

A document issued by a manufacturing company certifying a vehicle's production and identification number. Required to be submitted with a title application to states for vehicle registration.

Obligation

A duty imposed by law or contract; any written promise or contract to pay money or to do a certain thing.

Obsolescence

A condition whereby equipment no longer has value to potential buyers. Commonly applies to computers and other high-tech equipment.

Open-End Lease

Any lease agreement under which the lessee (our customer) is responsible for the residual value of the equipment upon lease maturity; if the equipment sells for less than the residual, the lessee must account for the difference, but if the equipment sells for more than the residual, the lessee is entitled to the overage. A TRAC Lease is an example of an Open-End Lease. A vehicle lease in which the lessee is responsible for a specific residual amount at the end of the lease term.

Operating Lease / True Lease / Tax Lease

For accounting purposes, a lease in which the lessee is not required to show leased assets on its balance sheet.

Parent Corporation

A corporation that has at least one subsidiary corporation.

Partner

A member of a partnership. Ordinarily refers to a General Partner, but could also be used to refer to a Limited Partner.

Partnership Agreement

An agreement among partners that spells out how they shall treat themselves from an organizational, tax, and legal point of view.

Payoff

1. The amount owed to date to terminate the loan account and release the title.
2. To release title within five business days, Daimler Truck Financial needs the payoff in the form of certified funds (i.e. money order, cashier's check, wire).
3. If the check is a personal/business check, Daimler Truck Financial holds the title for 30 days.
4. To release title to a third party, we need written authorization from our customer (see title release authorization form).
5. If the payoff is for a lease account, Daimler Truck Financial will only assign the title to our customer or authorized dealer.

Payment in Advance

First payment due on delivery.

Payment in Arrears

First payment due 30 days after delivery.

Payment Stream

The aggregate amount of rents under a lease.

Personal Guarantee

A document held by the finance company in a finance transaction allowing it to pursue an individual for payment should the customer default.

Power of Attorney (POA)

A written instrument whereby one person appoints another as their agent and confers authority to perform certain specified acts on their behalf.

Principal

The amount of the original loan paid to the borrower by the lender. Also called loan proceeds, and it also represents the amount due by the borrower to the lender.

Rate Factor

A percentage amount that, when multiplied by the original equipment cost, produces the monthly rental.

Repossession

The situation whereby a lender reclaims and physically removes the equipment from the control of the borrower; usually due to default.

Residual Value

1. Estimated dollar value of leased vehicle at lease maturity, fixed at lease inception.
2. The future estimated value of equipment on lease.

Retail Installment Contract

A contract through which a customer purchases the vehicle as owner, financing a portion of the purchase price and granting a security interest in the vehicle to the finance source.

S Corporation

A small business corporation with a limited number of shareholders. S corporation status usually avoids the corporate income tax, and corporate losses can be claimed by the shareholders. This election is for federal tax purposes only. In terms of legal characteristics under state law, the S corporation is no different than any other regular corporation.

Sales Tax

A state or local tax on equipment sales as well as other commercial goods. Also called use tax in certain cases.

Sales Tax Exemption

A document issued by taxing authorities to certain entities not required to pay tax, like municipalities and religious organizations.

Secretary's Certificate (Corporate Resolution) aka Certificate of Authority

Also known as a Corporate Resolution. A document signed by the secretary of a corporation that certifies that an action is authorized or a signature is valid. A Secretary's Certificate is typically requested to certify that certain persons are authorized to sign documents on behalf of the corporation. It is formal proof that the board of directors of a corporation has passed a Resolution.

Self Insurance Letter

An agreement, that in lieu of obtaining required insurance coverage from an accredited provider, a company affirms it will be liable for any damage or loss to the equipment leased or financed. This must be approved by credit.

Simple Interest

Interest on the original principal which is calculated only on the unpaid balance and paid periodically over the contract term.

Skip Payment Contract

A contract which provides for the skipping of payments during a slow or inactive business period for the customer.

Sole Proprietorship

A form of business in which one person owns all the assets of the business. The sole proprietor is personally liable for all debts of the business. No legal entity is created, just a DBA (the name the individual does business under).

Complete Advantage Lease

Offers customers one consistent payment for a leased vehicle and includes coverage for preventative maintenance and specified wear items plus an extended limited warranty.

Tax Exempt Organization

An organization that may issue or incur tax-exempt obligations. State and local governments are tax-exempt organizations.

Term

The number of months from contract inception to termination.

Title Application

The legal document that registers a vehicle with a state's licensing agency. It includes the customer's name and address, the VIN, a description of the vehicle, and often a breakdown of the vehicle's purchase price.

TRAC (Terminal Rental Adjustment Clause) Lease - Open End Lease

A lease in which the residual amount is fixed and guaranteed to Daimler Truck Financial. The lessor may still treat this as a true tax lease. Any shortfall between booked and realized residual is the responsibility of the lessee.

UCC (Uniform Commercial Code)

Typically a creditor may file a UCC financing statement to perfect a security interest in the financed/leased property if it is not totally protected by being listed as an owner or lienholder on the title.

Usury Laws

State laws regulating the maximum rate of interest that may be charged to customers in a specific state on specific types of loans.