



Kelly Crosby, Multi Seal Industrial Tire Sealants vice president of business development, kicked off the 2021 Brown & Brown F&I school with a presentation on the company's Tire Sealant and its coverage under service contracts.

School Starts on Dealer Compliance

Brown & Brown's annual F&I school will include a strong focus on regulatory compliance. Federal regulations will impose new requirements and standards on dealers beginning in December.

By RV News Staff

Brown & Brown's annual F&I school has grown to foster relationships between finance personnel and national lenders.

This year, though, the focus will be heavily slanted toward compliance, Brown & Brown Dealer Services Director of F&I RV Training Shawn Moran said.

New federal regulations set to take effect in December will change dealers' responsibilities concerning financial transactions. Moran said informing dealers about the amended regulations is vital.

"This is a major update," he said. "When I talked to dealers around the country and asked them... 'Have you lined up a company to stress test your website? Has it occurred to you how there is a change coming?' the answer is no... across the board. That is one of the biggest things we want to make sure we do is disseminate the information to the dealer level."

Brown & Brown's F&I school will be held Nov. 5-7 at Bally's Hotel & Casino in Las Vegas.

The revised Safeguards Rule impacts motor vehicle dealers and the new definition of "covered financial institutions." Previously, the definition included only lenders. The regulatory requirements were lenders' responsibility. Now, Moran said, RV dealers will bear those responsibilities as well.

“Advance is probably going to be the key word this year.”

- Shawn Moran

The Safeguards Rule regulates/mandates information security programs' development and implementation. Because dealers must now comply with expanded Safeguards Rule stipulations, compliance will include requirements to stress test websites to ensure their safety

and security. Moran said dealers will need to create technical and physical safeguards to protect data and consumers' information.

Another key requisite is appointing a "Qualified Individual" responsible for ensuring systems' safety and security and to conduct regular testing to check for deficiencies.

Typically, Moran said, finance managers and C-suite executives such as chief financial officers, presidents or CEOs oversaw such responsibilities.

Dealers are required to protect data transitioned from paper to electronic information. Moran said many businesses will likely need to appoint a different person as their Qualified Individual.

"Today, they are looking and saying that person has to be more of an IT person because so much of this information is now put through electronic avenues," Moran said. "In the past, we did not use the terminology 'database.' Today, databases are a big deal, and they have to be secure."

Gary Boyd, Brown & Brown's



A record 186 dealer attendees were on hand in Las Vegas to hear first-day presentations at the 2021 Brown & Brown F&I school.

training and development director, will lead the 2022 compliance education. John Tabor, who heads Brown & Brown's compliance department, hand-picked Boyd, who spoke at the 2021 F&I school.

"Gary is a wealth of knowledge," Moran said. "He is involved in the RV space with our training team, and he is also involved in auto, so he covers both sides of the fence."

The Program

Brown & Brown's F&I school is a three-day event at Bally's Hotel & Casino in Las Vegas. The schedule runs from 8 a.m. to 6 p.m. Nov. 5-6 and from 8 a.m. to 2 p.m. Nov. 7.

Attendance is free for Brown & Brown Dealer Services partner dealers.

The F&I school will feature 13 lenders and three vendors. Lenders participating are:

- Alliant Credit Union
- Aqua
- Bank of America
- Camper Capital/Boat Finance
- Fifth Third
- Huntington
- Line 5
- M&T Bank
- Medallion Bank
- Merrick Bank
- One Source Federal Credit Union
- Truist
- U.S. Bank

U.S. Bank has been a regular presenter at the F&I school and Eastern Sales Manager Jake Sterpka estimates he has presented at the F&I school a half-dozen times. He said the bank's lively presentation keeps attendees engaged. Many who have not been U.S. Bank customers before the event become customers after attending the session, he said.

“*We try to show how this applies to them, and I hope other banks do that, too. We want to show attendees, 'This is how you make money, and this is why you make money.'”*

- Jake Sterpka

"We do not just regurgitate what is on a product sheet," Sterpka said. "We try to show how this applies to them, and I hope other banks do that, too. We want to show attendees, 'This is how you make money, and this is why you make money.'"

Sterpka said the bank's presentation will focus on helping dealers maximize their back-end profits.

"Some banks might talk about 20% on the back end or 10%, but we want to show how you can move things around and what the back end includes," he said. "There are a lot of ways to structure a deal properly and in a way so you can maximize your profits."

Merrick Bank is another regular presenter at the school. Carolyn Blair, Merrick Bank's associate vice president and Recreation Lending marketing manager, said bank representatives feel privileged to meet so many new F&I managers from around the country in one place.

"We look forward to sharing a few enhancements we have made to our lending program that provide F&I managers opportunities to close more loans and make more money," she said.

Specifically, Merrick plans to discuss the bank's higher loan amounts and longer terms made available this year.

Vendors presenting are AppOne, MenuMetric and 700Credit.

MenuMetric's presentation offers RV dealers a menu presentation paired with metrics to create unlimited customized menus. The company also provides eRating and eContracting services with over 200 product vendors to RV dealers. MenuMetric's platform includes a reports suite to track performance and the ability to create print and digital F&I product menus.



Gary Boyd, Brown & Brown's training and development director, led a compliance session on the first day of the 2021 F&I school.



Shawn Moran, Brown & Brown Dealer Services director of F&I RV training, welcomed 2021 attendees.



(L to R) Boyd; Chad Cantrell, Moix RV Supercenter finance manager; and Moran discussed compliance.

Operations Manager Phil Imbery will be demonstrating MenuMetric's RV menu platform, focusing on process flow, available connections and the platform's interaction with AppOne.

"I am excited to show off MenuMetric's next-gen digital menus," Imbery said, "along with our remote menu option that has revolutionized how RV dealers are conducting business in an online world."

700Credit provides credit reports, compliance solutions and soft pull products to RV dealers. Among the vendor's offerings are credit reports, prescreen and prequalification platforms, adverse action and risk-based pricing notices, Red Flag solutions, Office of Foreign Assets Control compliance searches, Military Lending Act compliance solutions, synthetic fraud detection and identity verification.

Bob Lettis, 700Credit's vice president of strategic alliances and business development, said the company's presentation will focus on implementing the Federal Trade Commission's update to the Safeguards Rule.

With compliance to the new standards starting Dec. 9, Lettis said dealers must understand the specific

criteria to implement as part of their information security program.

"During this session, we will review compliance requirements every dealership must have in place when pulling credit reports," he said, "including Red Flag alerts, adverse action notices, risk-based pricing and Office of Foreign Assets Control searches, to name a few. We will also cover your requirements to be in compliance with the 2022 Safeguards Rule updates."

AppOne provides an online RV dealer portal for submitting credit applications. The technology provider enables dealers to print compliant loan documents for cash and financing deals and includes titling documents for all 51 U.S. jurisdictions. The platform enables dealers to track contracts in transit and displays funding status for integrated lenders.

Imbery said combining Brown & Brown's offerings and MenuMetric's platform gives dealers the technology needed to drive profits. Displaying the combination at the F&I school is key, he said.

"The technology and process combine to give dealerships something that simply cannot be found anywhere else," Imbery said. "Each part alone is good, but together it is like nothing you have ever seen before."

Lettis said attendees need to hear the compliance presentations from his company and Brown & Brown representatives to prepare themselves.

"Laws and regulations change rapidly, making it difficult to stay on top of compliance obligations," he said, "and yet the cost of shirking this responsibility is high. You really have no choice."

Lender Conversations

Central to the F&I school are conversations lenders have with finance professionals about the lenders' underwriting guidelines and finance processes.

This year, Moran said, a keyword in lender conversations will be "advance."

As inflation pushed retail prices higher, he said, dealership finance professionals have been keen to learn

each lender's advance—the amount a lender is willing to fund above the RV's collateral value. In housing terms, advance is the loan-to-value ratio; loans with no down payments fund a home's entire value, a 100% loan-to-value ratio.

Dealership finance professionals seek lenders who can fund 20% or 30% above the RV's value, Moran said.

"Advance is probably going to be the key word this year," he said. "How much the lender is willing to buy on a deal is going to be a very big thing."

Consumer credit scores have not been a concern since the retail boom began in 2020, Moran said. Today, however, a glut of RVs on dealers' lots is pushing finance managers to seek consumers with lower credit scores that banks will finance, he said.

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— Carolyn Blair

Certain lenders' new credit scoring models might be a solution, Moran said. Some RV lenders are offering alternative credit score models, which gained traction in the housing industry in the past decade. The models consider consumer payments to nontraditional accounts, including utilities such as phone and cable, plus bank account deposit information.

By using alternative payment methods to demonstrate a consumer's ability to make regular payments, the alternative credit scoring models can lift credit scores from subprime or near prime to prime status.

Moran said discussions with lenders

who fund subprime/near-prime credit scores, as well as those who use alternative models, will be a big area of interest for attendees at the F&I school.

"People who signed up already have said they are really into learning about the subprime space," he said.

Many new F&I managers who joined the RV industry during the past two years have not regularly dealt with subprime RV lending, he said. Moran said this was particularly true for employees who came from the automotive industry.

"We are very excited to share comprehensive knowledge on this subject with the group as a whole," Moran said.

Lifestyle Matters

Moran said the F&I school will reemphasize last year's selling strategy of promoting the RV lifestyle.

The idea encourages finance professionals to match F&I item sales with how consumers plan to use their RVs. Certain F&I services fit those consumers planning to travel two weeks a year far better than services best suited for snowbirds who annually spend three months RVing in summer climates.

The influx of new F&I managers joining the industry since 2020, he said, requires trainers to continue to sharpen an RV lifestyle selling acumen.

Moran said during a training session he conducted this year, Moran encountered a relatively new F&I manager and asked him the difference between Type A, B and C motorhomes. The manager told Moran he was embarrassed to say he did not know.

The pair then walked the dealers' lots to learn about different RV categories and why consumers would choose one RV over another.

"It was a realization to our training team," Moran said. "We have to slow down for a minute. We just assumed this group, especially newer F&I managers, knew what they were selling. I think we, ourselves, forgot that.

So, we are going back to basics—who buys what, why and how do you relate the products you sell to that?" **RVN**

