



**“For The New Car Dealer That
Wants To Dominate and Serve
Their SubPrime Market”**



Does This Describe Your Dealership?

- ✔ My new-vehicle inventory is limiting my availability to grow?
- ✔ Do you still want to increase your sales volume and gross profit?
- ✔ Where could you get the greatest volume and gross improvement the FASTEST? Used Car Subprime could be the answer!

DCL



- Provides the **dealer** the technology & infrastructure to build your own subprime leasing company, along with best practices, training & support. (Your business)
- Provides your **customers** a path to transition to near prime or prime credit and return to purchase within 12-24 months. (The average customer improves 160 points.)

Dealer Controlled Leasing

- Created the Perfect Subprime Business Model for the Franchise Dealer
- Tested For 24 Months
- 515 Leases Generated- Almost \$2,650,000 In Dealership Revenue
- \$260,000 in Monthly Collections Payments
(and growing)

We've Packaged This New Program For You!



Why the Subprime Market?

- It's big: Depending on your state, 20-25% of consumers have subprime credit (below 600)
- It's profitable for both the dealer and the subprime lenders
 - Santander and CAC made \$1 billion in profits in one quarter:
 - Source: <https://jalopnik.com/subprime-lenders-are-setting-up-car-buyers-to-fail-con-1848418238>

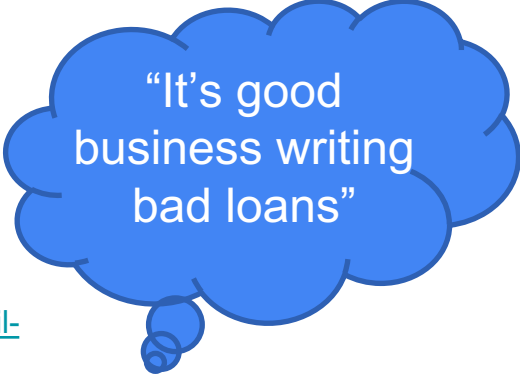
Subprime Lenders Are Setting Up Car Buyers To Fail: Consumer Reports

"It's good business writing bad loans." In the housing or automotive industries.

By Erin Marquis

1/25/22 2:00PM | Comments (48) | Alerts

- DCL increases subprime profits at the dealership, generates additional profits from subprime lending, and returns the customer back to you.



"It's good business writing bad loans"

Why Now?

Although times are good, it won't stay like this! Plan ahead.

Based On Past Experiences Most Dealers Land In One Of Three Buckets.



Until now, there hasn't been the technology or process to maximize this opportunity.

Your New Subprime Leasing Company Requirements

Requirements	Buy Here Pay Here	DCL/ Your New Subprime Leasing Company
Additional Location	YES	NO
Additional Inventory	YES	NO
Additional Staff	YES	NO
Additional Expense	YES	NO

Risk is Good



1. If priced properly
2. If there is a structure to manage & collect the money
3. If you reward (incentivize) your subprime borrower for good behavior (very powerful- DCL Exclusive)

How Do We Help You Protect Your Assets?

1. Lend to good people with low credit scores vs bad credit customers (selection)
2. Structure lease to build equity quickly
 - a) Short-term leases at appropriate interest rates
 - b) Conservative residuals
 - c) Refundable security deposits
3. Protect your collateral (car)
 - a) Gap insurance
 - b) Maintenance plan
 - c) Warranty- Balance of manufacturer, CPO, extended
 - d) GPS starter interrupt with mileage tracker
4. Automated payment & collection process which minimizes the expense of collection while increasing your collection percentage
5. Welcome call to customer prior to funding



Your New Subprime Leasing Company

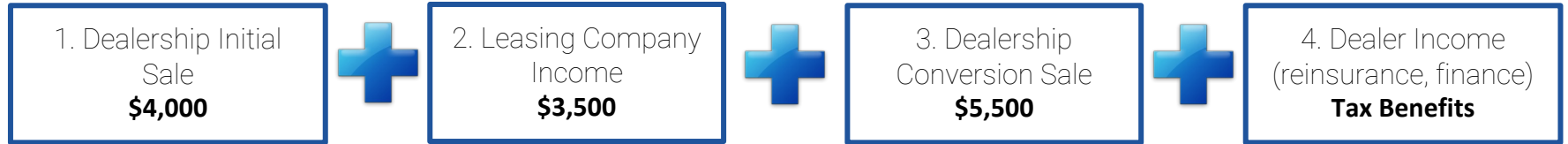
Producing Only 25 Deals Per Month Generates

Annual Revenue: Over \$2.5 Million @ Your Dealerships



Yearly Profits: \$1.25 Million From Your Leasing Company

Four Potential Revenue Sources:





Enters into a short-term lease



\$4,000 upfront dealer average gross

Makes monthly payments to Leasing company



\$3,500 Leasing company average gross

Customer

60% return to refinance or purchase a new car



\$5,500 dealer average gross

Improves their credit profile

We report to all three credit bureaus & provide a credit coach

Quickly builds equity

Short term leases with payments designed to quickly build equity

Total Gross Generated From One Customer
\$13,000

My Consumer Guarantee



- After 50% of your on-time payments are made, you can either refinance at lower rates and terms, trade out at lower rates and terms OR reduce your monthly payment by 30%.
- We will always provide transportation even if the vehicle is being repaired.

Results After 24 Months

OF DEALS

- ❑ 540 Lease Generated
- ❑ 366 Leases Active

End to End Total Profit

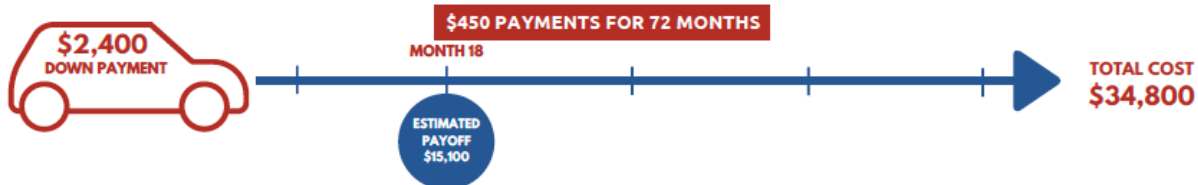
- ❑ Conversions = \$12,835
- ❑ Total Insurance Loss/ Life Events = \$5,144
- ❑ Repossessions = \$215

RESULTS of 174 DEALS

- ❑ 83 Leases Converted from Lease to Retail
- ❑ 19 Total Insurance Losses (no losses to leasing; all have Gap Insurance)
- ❑ 16 Life Events (death/medical/early lease term/dealer payoff)
- ❑ 56 Repossessions (avg loss \$6,569/car; This is equal to the initial dealer profit so really no loss)

Traditional Loan vs. NJ Auto Lending

TRADITIONAL SUBPRIME LOAN



$\$450 \times 72 \text{ Months} + \$2,400 \text{ Down Payment} = \$34,800 \text{ Total Cost}^*$

*Sale Price \$16,500 + Tax + MV + Doc with \$2400 Down Payment at 22.95% Interest

NJ AUTO LENDING 18 MONTH PLAN



$(\$650 \times 17 \text{ Months}) + (\$295 \times 54 \text{ Months}) + \$2,400 \text{ Due at Inception} = \$29,380 \text{ Total}$

NJ AUTO LENDING 36 MONTH PLAN



$(\$650 \times 35 \text{ Months}) = \$22,750$

Leasing Guideline Example

SANSONE JR'S NJAL OCTOBER 2022					
	1 YEAR	2 YEAR	3 YEAR	42 MOS	48 MOS
MAINTENANCE (2 OIL CHANGES AND TIRE ROTATIONS PER YEAR)	\$142.00	\$197.00	\$244.00	\$244.00	\$244.00
GAP	\$427.00	\$427.00	\$427.00	\$427.00	\$427.00
CREDIT EDUCATION FEE	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
TRACKER	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
866 R2O BANK FEE	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
TOTAL BANK FEE	\$1,719.00	\$1,774.00	\$1,821.00	\$1,821.00	\$1,821.00
MEMO LIMITED WARRANTY (FOR ALL CARS OVER 2 YEARS OLD OR 24,000 MILES)	\$870.00	\$870.00	\$870.00	\$870.00	\$870.00
USED CAR RESIDUAL GUIDELINES BASED ON MMR AT 15,000 MILES PER YEAR					
	1 YEAR	2 YEAR	3 YEAR	42 MOS	48 MOS
MILEAGE PENALTY	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
STANDARD RATE-WITH BLITZ PAY AT DELIVERY	22.00%	22.00%	22.00%	22.00%	22.00%
MONEY FACTOR-WITH BLITZ PAY AT DELIVERY	0.00917	0.00917	0.00917	0.00917	0.00917
DISPOSITION FEE	\$595.00	\$595.00	\$595.00	\$595.00	\$595.00
EARLY PAYOFF OR TERMINATION FEE	\$1,995.00	\$1,995.00	\$1,995.00	\$1,995.00	\$1,995.00
PURCHASE OPTION AT LEASE END	\$1,495.00	\$1,495.00	\$1,495.00	\$1,495.00	\$1,495.00
NEW CAR RESIDUAL GUIDELINES BASED ON MSPR AT 12,000 MILES PER YEAR OCTOBER 2022					
	1 YEAR	2 YEAR	3 YEAR	42 MOS	48 MOS
2023 KIA FORTE -ALL MODEL		60.00%	55.00%	47.00%	40.00%
2023 KIA SOUL -ALL MODEL		60.00%	50.00%	45.00%	40.00%
2023 NISSAN ALTIMA -ALL MODEL		70.00%	60.00%	50.00%	40.00%
2022 MITSUBISHI OUTLANDER SPORT -ALL MODEL		60.00%	50.00%	45.00%	40.00%
RATE	18.00%	18.00%	18.00%	18.00%	18.00%
MONEY FACTOR	0.00750	0.00750	0.00750	0.00750	0.00750
MILEAGE PENALTY		\$0.20	\$0.20	\$0.20	\$0.20
DISPOSITION FEE		\$595.00	\$595.00	\$595.00	\$595.00
EARLY PAYOFF OR TERMINATION FEE		\$1,995.00	\$1,995.00	\$1,995.00	\$1,995.00
PURCHASE OPTION AT LEASE END		\$1,495.00	\$1,495.00	\$1,495.00	\$1,495.00
DEALER EARLY TERMINATION (SUCCESS FEE) 1- 18 MONTHS	\$1,000.00				
DEALER EARLY TERMINATION (SUCCESS FEE) 19- 36 MONTHS	\$500.00				

How Much Can I Earn?

Customized Leasing Company Proforma

Yellow is for input - Grey is calculate		Quick Profit Summaries						
APR for Cost of Funds	9.50%	36	Lease Term (months)	12 Months	18 Months	24 Months	30 Months	36 months
Lessee's APR equivalent	22.00%	60	Vehicle Depreciation Months	\$ 1,395.00	\$ 1,395.00	\$ 1,395.00	\$ 1,395.00	\$ 1,395.00
MMR	\$ 18,000.00	\$480.49	Monthly Funding Payment	\$ 1,228.93	\$ 1,982.39	\$ 2,852.82	\$ 3,845.91	\$ 4,967.59
Funding %	83%			\$ 1,250.00	\$ 1,000.00	\$ 750.00	\$ 500.00	\$ 250.00
Cost of Funds Amount	\$ 15,000.00							
Cost of Funds Fees	\$ 70.00	\$ 322.92	Vehicle/Asset Monthly Depreciation					
Lease Price	\$ 19,375.00							
Cap (expense)	\$ 335.00	\$ 3,842.00	Added Fees Totals					
Serv Plan & Contract (expense)	\$ 1,118.00	\$ 1,995.00	Upfront fees Profit					
Credit Repair (expense)	\$ 500.00	\$ 2,447.00	Upfront Expenses					
Bank Fee	\$ 700.00							
Tracker (GPS) (expense)	\$ 350.00							
Doc Fee	\$ 695.00	\$ 23,217.00	Total Cap Cost					
Sales Tax (expense)	\$ -	\$ 1,000.00	Cap Cost Reduction					
Capitalize Sales Tax (Yes/No)	No	\$ 17,217.00	Total Lease Depreciation					
Sales Tax Rate	8%	\$ 7,331.61	Total Rent					
License/Registration (expense)	\$ 144.00	\$ 681.91	Lease Payment					
Refundable Security Deposit	\$ 1,000.00	\$ 478.25	Lease Principal (Depr Income)					
First Payment	\$ 736.46	\$ 203.66	Lease Interest (Bank Income)					
Cap Cost Reduction	\$ 1,000.00	\$ 54.55	Lease Post Tax					
Tax on Down	\$ 80.00	\$ 736.46	Total Lease Payment					
Paid @ Signing	\$ 2,816.46	\$ 22,217.00						
Residual	\$ 5,000.00							
ELT to 6 months	\$ 1,500.00	\$ 3,000.00	Initial Dealer Revenue					
ELT 7-12 months	\$ 1,250.00	75%	Conversion Rate					
ELT 13-18 months	\$ 1,000.00	\$ 6,000.00	Conversion Revenue					
ELT 19-24 months	\$ 750.00							
ELT 25-30 months	\$ 500.00							
ELT 31-36 months	\$ 250.00							
Fixed Cost	\$ 2,500.00							
SG&A Cost %	1.00%							
Month Start Return	6							
Peak Month	18							
Rate Prior to Peak	75%							

Income Statement \$ totals					
	Year 1	Year 2	Year 3	Year 4	Total
Revenues					
Total Revenues	\$ 3,702.3	\$ 11,178,447	\$ 13,243,446	\$ 13,664,486	\$ 42,013,403
Cost of Revenues					
Total Cost of Revenue	\$ 2,751,211	\$ 9,963,697	\$ 8,740,461	\$ 8,798,488	\$ 27,654,767
Gross Profit	\$ 951,091	\$ 3,814,751	\$ 4,502,985	\$ 4,865,998	\$ 14,358,636
Operating Expenses					
Total Operating Expenses	\$ 1,020,217	\$ 2,168,309	\$ 2,536,373	\$ 2,626,782	\$ 8,351,680
Other Income/Expenses					
Total Other Income/Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 154,685	\$ 1,646,441	\$ 1,966,613	\$ 2,239,216	\$ 6,006,955

Dealership Revenue					
Initial Dealership revenue	\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	\$ 1,680,000	\$ 6,720,000
Conversion Dealership Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total Dealership Revenue	\$ -	\$ -	\$ -	\$ -	\$ -

Number of Leases per Period				
Month	Year 1	Year 2	Year 3	Year 4
1	40	40	40	40
2	40	40	40	40
3	40	40	40	40
4	40	40	40	40
5	40	40	40	40
6	40	40	40	40
7	40	40	40	40
8	40	40	40	40
9	40	40	40	40
10	40	40	40	40
11	40	40	40	40
12	40	40	40	40

Here's What We Provide

Technology

- ✓ Automated mileage tracking
- ✓ Integrated GPS and starter interrupt technology
- ✓ E-signature sales documents
- ✓ Ability to report to all three credit reporting agencies
- ✓ Integrated insurance tracking
- ✓ 24/7 on-line payments
- ✓ Collection tools: Telephone call, Email, Robo calls, Text messages, Text to pay, Collection letters
- ✓ State-compliant lease contracts for all 52 states
- ✓ Integrated single entry accounting
- ✓ Real-time notification of over 200 events or transactions
- ✓ Solutions Software uses "Smart Activity Monitoring" (SAM)
- ✓ Integration with ____ Credit Repair
- ✓ Desking tools
- ✓ Cloud-based technology hosted exclusively on Microsoft Azure
- ✓ Integrated credit card processing, ACH, and text-to-pay

Training & Support

- ✓ Seasoned personnel on both the retail and subprime operations
- ✓ 40+ years of automotive retail experience
- ✓ Dealer principal of 5 roof tops
- ✓ Created 866 Rent 2 Own subprime selling process and transitioned to NJ Auto Lending (subprime leasing)
- ✓ 40+ years providing subprime technology, training, and consulting
- ✓ Opened over 400+ subprime dealerships
- ✓ Trained over 20,000 subprime professionals
- ✓ Developed and provide the most successful subprime lease/finance & collection system in the country

How Do We Get Started?

- Where do I get the capital?
 - Current floor plan source
 - Self fund
 - Potentially your reinsurance company
 - We can suggest lending sources
- Meeting with your attorney and accountant to discuss leasing company formation and potential tax benefits (We can be involved if you want)
- Personnel & process assessment
 - Dealership level
 - Leasing company level

Pricing

PRICING	
Business Enterprise Build One Time Fee	
1-3 Dealerships	\$15,000
4-7 Dealerships	\$20,000
8-12 Dealerships	\$25,000
12+ Dealerships	TBD
License Fee	\$2,495 per month \$995/month each additional rooftop