
From: Jeff Cotton [JCotton@fjmercedes.com]
Sent: Thursday, August 01, 2002 6:48 PM
To: 'brad.codd@chipsurfer.com'
Subject: brad take a look, Jeff
Attachments: Balboa Software.doc

Are we still on for tonight? what time, do you still want to go out to eat?

Thank You

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The end result will be a computer program that will find additional retail sales business in an automobile dealership, that otherwise would be missed.

This will be achieved by automating the process of obtaining the value of the trade, finding the current payoff balance, calculating the payments on a current like model and returning the values with a priority on deals that can be reproduced with little or no payment difference.

There will be a number of different scenarios that will be calculated in order to achieve the best possible conclusions:

- The current balance on the trade (either lease or purchase balance).
- The cash balance due if all payments are made to complete the lease/ purchases agreement.
- The approximate value of the trade.
- The current payment and terms of the lease/purchase.
- The new payment on a similar or like car with similar terms.

With these parameters we are able to come to the following conclusions:

- When a Client can renew their current lease/purchase and obtain a new one, keeping their payments approximately the same.
- When a Client can trade their current car without any negative equity in their trade.
- What will be the deviation between payments on their current car compared to a new car.

These answers are obtained, with the intention of bringing to the attention of a dealership's management, the possibility of "refreshing" a Client's lease/purchase agreement prior to the end of the contract.

The reason this will work in an automated situation is as follows:

Currently this information is normally obtained ONLY when the Client approaches the dealership with the desire to upgrade to a newer car. It is too time consuming for a dealership to manually obtain this information on each of their past Clients on a regular bases. Also, these parameters change consistently as market conditions and interest rates change.

The current process to obtain the information needed to determine if a deal is “renewable” is as follows:

- We first have to obtain the Client’s vehicle identification number. Then we call or use the Internet access to obtain the current balance of their trade.
- We then need to have their current vehicle appraised. We use the Kelly Blue book as a reference guide as to the value, adjusting according to miles, condition and marked value.
- We then need to calculate the payment of a lease/purchase using charts for the current rates, residuals and terms.
- We adjust the payment based on the difference between the trade value and the trade payoff and hopefully obtain a new payment on a new car that is acceptable to the client.

This process on a single transaction takes an average of about 30 minuets to complete, assuming the Internet is functioning properly and both new and pre-owned managers are accessible.