

POWERBUY™
DEPRECIATION PROGRAM (PDP)



What is PowerBuy?

When a vehicle leaves a dealership, it immediately starts to depreciate. If an accident or theft results in a total vehicle loss, traditional GAP programs are designed to pay off the outstanding loan amount, but the consumer is still potentially left with out of pocket costs for the loss of any down payment, and the payments they had made on the vehicle before their loss.

When the consumer attempts to purchase a new vehicle, they are left with less cash in hand for their replacement, leading to issues with higher LTV's and negative equity, and longer finance terms. Many consumers feel that their existing GAP coverage will "make them whole" in the event of a total loss, which is rarely the case.

Enter PowerBuy. PowerBuy provides revolutionary depreciation protection independent from GAP coverage. PowerBuy is designed to decrease the consumer's exposure to the depreciation of their vehicle's value.

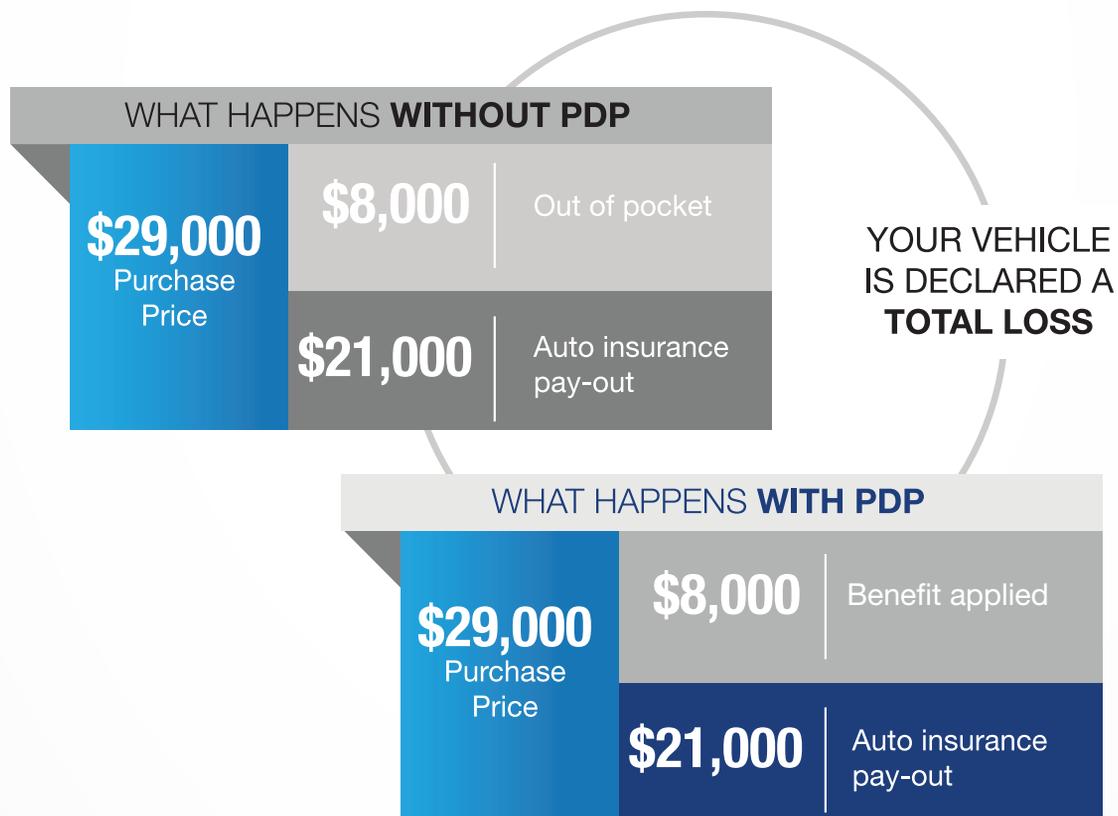
By providing a benefit that pays the difference from the cash selling price and the primary Insurance Carrier settlement on a total loss, PowerBuy can put the consumer in a replacement vehicle faster. And, the PowerBuy benefit is sent directly to the original dealership to be applied to the replacement vehicle purchase- creating immediate loyalty between the dealer and consumer.

How it works

Vehicle depreciation begins from the moment the new owner drives it off the lot. PowerBuy protects the consumer by paying the difference between the vehicle purchase price, and the auto insurance pay-out in the event of a total loss.

While GAP may pay off the outstanding loan balance, the consumer would still be out of pocket for the payments made and any down payment on the vehicle. PowerBuy may protect all or some of that investment by providing the consumer with a benefit to be applied to their replacement vehicle purchase.

Improve your customer retention and satisfaction, all while increasing your F&I profits with PowerBuy.



Refer to PowerBuy Enrollment Form for additional terms, conditions, limitations & exclusions.

Cash Selling Price prior to the addition of tax, title, or documentation fees.

The valuation by the customer's primary insurance carrier (before deductions made for wear/tear, prior damage, etc & any deductible in excess of \$1,000).

Benefit amount is limited to the PowerBuy benefit level purchased.

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stand out from the crowd

designed to

- Provide coverage for all or a portion of vehicle's depreciation
- Minimize/eliminates consumer's future negative equity
- Convey a high level of commitment to the consumer
- Create immediate loyalty between dealership and consumer
- Increase dealer traffic, profits and closing ratios

capture the customer

- Conveys to the customer a high level of brand commitment by providing security/peace of mind
- Minimizes current and future purchase anxiety
- Creates a platform for expanding into a "total cost of ownership" program
- Creates an influence to drive traffic today and build a long-term buying strategy for the future

enhance your F&I offering

- Provides revolutionary depreciation protection independent from GAP coverage
- Pays the difference between the original vehicle purchase price and the value as determined by your primary auto insurance carrier.
- Can be sold on all purchase transactions. Available on leases, cash, and financed deals.
- Customer must return to the selling dealership or auto group to purchase their replacement vehicle to receive the PowerBuy benefit

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powerbuy program advantage

Advantages

Need more product offerings for cash customers?

Need more product choices for lease customers?

Looking for more back end profit on F&I products?

Looking for opportunities to sell more cars?

A product that drives the customer back to your dealership?



PowerBuy is the answer!

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powerbuy program offering

Maximum Coverage Term:

Up to 60 months of coverage from purchase date.

Benefit Amounts:

\$3,500

\$6,000

\$10,000

Maximum Eligibility:

125% of MSRP/NADA Clean Retail Value

Maximum MSRP/NADA:

Autos, light trucks/ SUVs: \$128,000
Recreational Vehicles (RV): \$150,000
Power Sports (motorcycles, ATVs, snowmobiles, jet skis): \$100,000

General Coverage and Limitations

COVERAGE BENEFITS

- The benefit amount will be calculated as the Covered Vehicle value (Cash Selling Price) less the amount received as the primary insurance settlement and less any amounts deducted from the primary insurance settlement due to wear and tear, prior damage, etc.
- In the event there is no primary insurance, the Covered Vehicle Actual Cash Value (ACV) as listed in a national or regional guide, such as NADA will be used.
- The benefit amount will not exceed the Maximum Benefit shown on the PowerBuy contract.
- No benefit if a replacement vehicle is not purchased from the participating dealer or dealer group.

EXCLUSIONS

- Contract must be purchased within 365 days from vehicle sale date.
- Covered Vehicle used for commercial use.
- For any amounts deducted from the primary insurance settlement due to wear and tear, prior damage, etc.
- If the Covered Vehicle is not available for inspection upon reasonable advance notice, except in the case of unrecovered theft.
- Vehicle make/model exclusions may apply.

This is not a complete list of coverages and exclusions. Please refer to the PDP contract for a complete list of coverage benefits and exclusions.

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Claims Process

In the event of a Constructive Total Loss, the customer must notify and provide the following to the Administrator:

1. Copy of settlement check
2. Copy of the covered vehicle Bill of Sale/Buyer's Order/Retail Installment Contract/Finance Contract/Lease Agreement
3. Covered vehicle valuation report and total loss breakdown
4. Declaration page of insurance policy for total loss vehicle
5. Copy of the police report (for theft only)
6. Copy of original PDP form
7. Any additional reasonable documentation requested by the administrator

Once a claim has been approved, the Administrator will notify the consumer of the benefit amount and provide a voucher to be presented to the Participating Dealer when purchasing their replacement vehicle.

The Depreciation Benefit due will be sent to the Participating Dealer as soon as the Administrator has received proof of purchase of the Replacement Vehicle in the form of a Bill of Sale / Buyers Order / Retail Installment Sale Contract / Finance Contract / Lease Agreement for the Replacement Vehicle.

Claims will be paid within 72 hours of receipt of all required documentation.

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frequently asked questions & answers

- Q1 Which carriers underwrite the PowerBuy program? How are they rated by Moody's?**
a *PowerBuy is underwritten by Fortegra. Fortegra is rated A- (Excellent) by AM Best and Moody's.*
- Q2 Can a customer purchase PowerBuy at any time during the life of the loan and if so, would the fee be the same?**
a *PowerBuy may be added within 365 days from vehicle purchase. The fee would be the same.*
- Q3 If PowerBuy is added anytime during 365 days from vehicle purchase, does the term remain the same?**
a *If PowerBuy is purchased anytime within 365 days from vehicle purchase, the customer will receive up to 60 months of coverage from the vehicle purchase date depending on the PowerBuy term purchased. The PowerBuy term begins on the sale date of the covered vehicle.*
- Q4 Is a customer able to cancel PowerBuy and receive a full refund? Are there any limitations?**
a *PowerBuy includes a 30-day free look period in which a full refund may be received. After the 30 days has elapsed, it is refundable on a pro-rata basis, and will be assessed a \$50 cancellation fee depending on specific state requirements.*
- Q5 Is the PowerBuy fee the same for all collateral types (auto, light truck, SUV, RV)?**
a *The PowerBuy fee is determined by the benefit level chosen and term for the specific PowerBuy program sold (auto, RV, Power Sports).*
- Q6 Are all new & used vehicles eligible for PowerBuy? Are there any exclusions?**
a *There are a few specific vehicle makes/models that are excluded, as well as certain vehicles based on size or purchase price. Beyond that, the standard GAP exclusions will apply.*
- Q7 How does a customer file a claim?**
a *By contacting the Administrator at (877) 463-4266 as soon as the covered vehicle is declared a total loss and providing required documentation as outlined in the consumer contract.*

Q8 Is there any insurance deductible condition set in order for a PowerBuy benefit to be paid?

a There is no deductible set in order for a PowerBuy benefit to be paid. The PowerBuy benefit excludes any primary insurance deductible in excess of \$1,000 or where state law prohibits coverage for the primary insurance deductible.

Q9 What is the turnaround time before a PowerBuy benefit is paid?

a The turnaround time for a PowerBuy benefit to be paid is generally within 48-72 hours from the time all required paperwork has been received.

Q10 What is the PowerBuy maximum benefit amount and how is it calculated?

a The Powerbuy maximum benefit amount is what is chosen at the time of sale, and noted on the PDP Information Section of the consumer contract.

Cash Purchase Price – Primary Carrier Settlement = PowerBuy Benefit

(note that GAP is not included in the calculation, as this product is completely independent from GAP).

Vehicle Purchase Price is the Cash Selling Price prior to the addition of tax, title, or documentation fees. Primary Carrier Settlement is determined as the valuation by the Primary Insurance Carrier (before deductions made for wear/tear, prior damage, etc. & any deductible in excess of \$1,000). The PowerBuy Benefit amount is limited to the PowerBuy benefit level purchased.

Q11 Who is the PowerBuy benefit paid to? Customer, Dealer or Lender?

a The Powerbuy benefit is paid to the dealer once the administrator receives documentation that the PowerBuy benefit has been applied toward the purchase of the customer's replacement vehicle.

Q12 What is the maximum eligibility limit for PowerBuy?

a The maximum eligibility limit for PowerBuy is 125% MSRP or 125% NADA Clean Retail Value.

Q13 What is the maximum retail value for PowerBuy?

a The maximum retail value for PowerBuy is: Recreational Vehicles (RVs) \$150,000; other covered collateral types (auto, light truck, motorcycle, SUV) \$128,000; or Power Sports (motorcycles, ATVs, snowmobiles, or jet skis) \$100,000

Q14 Are there any geographical limitations which would impact the eligibility to use PowerBuy?

a The PowerBuy Program applies only to losses sustained while the Covered Vehicle is within 1. the United States of America, its territories or possessions; 2. Canada; or 3. is being transported between any of the previously stated Territories.

- Q15** How long from the point the primary insurance settlement occurs does a customer have to utilize their PowerBuy benefit?
- a* A customer has ninety (90) days from the point of the primary insurance settlement to utilize their PowerBuy benefit.
- Q16** May a dealer charge a different amount than the maximum retail price set by their participating lender?
- a* The dealer may set their own retail amount at their discretion, however this would be dependent on lender advancement and/or any rules/regulations around the charges for aftermarket products.
- Q17** What happens in the event that a customer has purchased PowerBuy but is physically unable to purchase their replacement vehicle from their original dealer or auto group? For instance, a member of the military who has been relocated to another state?
- a* In certain extraordinary circumstances, Administrator may, with the consent of the dealer, ensure that the PowerBuy benefit is made available to a customer who is physically unable to return to their original selling dealer or dealership group, but the customer must use the benefit to buy a vehicle at a dealer near their new location – **cash benefit will not be paid out directly to the customer.**
- Q18** Is it possible for a customer who has both GAP and PowerBuy to receive the same benefit twice?
- a* Customers who purchase both GAP and PowerBuy and who suffer a total loss do not receive the same benefit twice. Rather, they receive multiple benefits each specific to the product purchased. While GAP pays the difference between the outstanding loan balance and the Primary Insurance Settlement (ACV), **PowerBuy goes a step further and pays the difference between the Line 1 Sales Price and the Primary Insurance Settlement (ACV).**
- Q19** What is the turnaround time from when the dealer agreement package is completed to training and implementation?
- a* Standard turnaround time for setup, training and implementation is 2 weeks. Time may vary depending on programming and/or menu integration.
- Q20** Are there any upfront costs for a dealer to participate in the PowerBuy program?
- a* No upfront fees to sign-up. However fees may apply for form programming, menu and DMS integration, depending on your DMS or menu provider.

I thank you

PowerBuy's goal is to bolster your dealership's already strong brand and value proposition. We know, with the right strategy, an innovative product portfolio, and best in class administration and support, our partnership would be a great success.

Our commitment to you is to execute a seamless transition to our platform, programs, and services. In addition, we will do all we can to build unique opportunities for long term profitable growth.

WE THANK YOU FOR THE OPPORTUNITY



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