



## AUTO SOURCING

### FREQUENTLY ASKED QUESTIONS:

**What is, and why do you use MMR or Manheim Market Report?** Manheim owns 77 auctions throughout the country. They have an internet site on which they download daily their auction transactions, most weeks they report in excess of 70,000 transactions. They report the year, make, model, style, color, miles, condition and most importantly the price. They have the most accurate and up to date system to value a used car available. The best “book” is the black book it has a four to six week delay in identifying market trends and no transactional information. With MMR I can tell you today what a car sold for yesterday! Another reason I use this tool is most guides such as NADA or Kelly Blue Book are not market reports, they are lender’s guides.

**Why do you use auto auctions; I have heard only bad cars go to auction?** The cars at auction are owned by motivated sellers. The auction sellers vary from fleet companies (company cars and rentals), Banks (lease turn-ins & repos), & dealers (trade-ins & aged inventory). I have the experience and knowledge to prevent buying a problem car. You are paying me for my ability to buy only a top quality car for the right money. I take the time to properly pre-inspect and drive the cars before the sale starts. You are really paying me for not buying the bad ones! A great price on a bad car is a bad deal.

**What criteria do you use to buy vehicles?** I rely only on referrals so I am very conservative as to what I buy. As a rule I do not buy cars with any previous collision repair. Upon your pre-approval I will buy a unit with no more than two body panels painted. It is very unlikely that a vehicle could be in a major accident with just two body panels painted. I will make sure any paint work is factory quality. I have invested in Elcometer paint gauges (\$600) which help me to ensure I don’t miss previous paint repair. I adhere to this policy because vehicles that have been involved in major collisions tend to have more problems in time. I avoid Northern vehicles due to the issues salt in their environment creates.

**Why is it better to buy on a flat percentage instead of a pre-determined price?** Using a percentage added pricing basis; if I buy a unit for \$1000.00 less than we had expected you will get the benefit of the windfall. I make my percentage buying units at or below wholesale for my clients. I don’t have the expenses that a typical retailer does; therefore I don’t need the retail profit margins for my business model to succeed.

**What is the risk of buying on a flat percentage?** There is a chance of there being a dealer at the auction with an end consumer pre-sold on a unit we have selected. They may have a price or payment their customer has agreed to pay which may be full retail or higher. Due to the fact the auction arena is a bidding environment I will share auction transaction summaries with you to predetermine the wholesale value of the unit we select. I will pay wholesale or less.

**How do I know what you paid for the vehicle?** I will show you the auction purchase slips. They disclose the sale price and all auction fees.

**Will you take a trade-in?** I will help you dispose of it through wholesale channels. My business model does not have the profit margins built in to absorb any wholesale losses; therefore I will likely have your trade pre-sold if I trade for it.

**Why is the percentage higher on the lower priced units?** The price being lower generates less revenue though they require far more effort to buy. They take more inspection time both pre-sale and post-sale. Units that are in the lower price range and still worthy of buying are in short supply, and have a high demand from “buy here pay here” dealers. They plan on financing these units themselves so they have interest revenue in addition to sale profit. It is hard to compete with someone bidding knowing they will make 100% interest in addition to the profit from the sale.

**How can I be protected from mechanical failures? Cars break!!** I offer warranties at wholesale for your protection.

**What should I expect to have to do to make my car road ready?** I have a list of recommended vendors I use. Some services you might expect are: tune up, transmission service, brake job, windshield repair, new tires, paintless dent repair, and a professional detail. I adjust the price to pay at auction based upon the reconditioning needs. My goal is to source vehicles requiring \$250 or less reconditioning.