

THINK LIKE AN F&I MANAGER

EFG Subprime Intelligence

WHEN 1 DOOR CLOSES, ANOTHER OPENS



Toyota Motor Credit Corp (TMCC) has reached a “voluntary” resolution with the CFPB. TMCC will now **cap dealer markup** at 125 basis points for loan terms up to 60 months, and 100 basis points for loan terms longer than 60 months.

TMCC did retain the right to pay dealers a flat fee for setting up the loan in addition to the approved dealer markup.

What does this mean?

- The CFPB has settled on a way to regulate auto lending **without implementing an industry-wide flat.**
- This settlement better informs lenders on how to remain compliant without jumping through the same hoops as Ally. It also allows them a slight ability to **compete on a back-end flat.**

Lenders will still find it difficult to recoup dealer profit on the flat alone.

However, they have a better ability to compete on the value they provide dealerships, and the consumer, through F&I products.

By focusing on enhancing the value of your loans through targeted F&I products, **you can significantly increase profit opportunities while remaining complaint**, for both for you and your dealership partners.