



INSURANCE PREMIUM FINANCING
Mepco

**Mepco Insurance Premium
Financing**

**Retail Installment Contract
Detailed Instruction Guide**

INSTRUCTION GUIDE

Below is a step-by-step instruction guide to completing each of the blanks in the contract.

Instructions

- A. Enter cash price of the contract less sales tax, if any
- B. Enter the sales tax, if any
- C. Add lines a and b
- D. Multiply line c by 10% - **down payment must be a minimum of 10%**
- E. Subtract line d from line c
- F. Enter the number of payments = 12
- G. Enter the date when the first payment is due to Mepco (maximum 40 days from the effective date)

The Annual Percentage Rate will always be 0% and the Finance Charge will always be \$0.00.
There will be no need to change the entries in either of these boxes.

Down Payments

Down Payments must be a minimum of 10% of the cash price (including taxes on the sale, if any). Dealers will always retain the down payment.

When the down payment is greater than 10%, the amount financed by Mepco could be less than Mepco's pay out to the Administrator. This will result in Mepco paying out more money than it is financing. To avoid this situation, the dealer must check that the Amount Financed is greater than the Dealer Cost plus the Mepco Fee. If the Amount Financed is greater than the Dealer Cost plus the Mepco Fee, then the dealer may retain the down payment. If the Amount Financed is less than the Dealer Cost plus the Mepco Fee, then Mepco will not process the finance contract unless the dealer sends Mepco the difference between the Amount Financed and the Dealer Cost plus the Mepco Fee.

PLEASE NOTE:

**THE AMOUNT FINANCED MUST BE EQUAL OR GREATER THAN
THE COST OF THE CONTRACT AND THE MEPCO FEE.**

EXAMPLES:

If Contract Cost is \$1,200.00 and Contract is financed for 12 Months (**Automatic Bank Debit**), the amount financed **MUST** be more than \$1296.00. (\$1200.00 + \$96.00 (Mepco Fee - **8%**))

If Contract Cost is \$1,200.00 and Contract is financed for 18 Months (**Credit Card**), the amount financed **MUST** be more than \$1375.00. (\$1,200.00 + 120.00 (Mepco Fee - **10%**) + **\$55.00 over 12 months**)

I. Eligibility

1. All new and used vehicle service contracts with at least 24 month or greater term, paid in 12 monthly installments. Term of VSC must be at least twice the length of the financing.
2. Minimum of 10% down payment is required. Amount financed must be greater than the Dealer Cost plus the Mepco fee.
3. Dealer pays a Mepco fee listed below on the Amount Financed for financed contracts (minimum \$85.00).

12 Month Financing Term:

Bank Debit Mepco Fee is 8% of the Amount Financed (minimum of \$85.00)
 Credit Card Mepco Fee is 10% of the Amount Financed (minimum of \$85.00)

18 and 24 Month Financing Term:

Bank Debit Mepco Fee is 8% of Amount Financed **PLUS** \$55.00 (min \$140)
 Credit Card Mepco Fee is 10% of Amount Financed **PLUS** \$55.00 (min \$140)

II. Instructions for Completing the Retail Installment Contracts

1. Complete the Purchaser and Dealer/Seller Information. Include the Service Contract # (including the prefix, example TT or TS) in the blank labeled agreement # in the top right hand corner.
2. Complete the Disclosure Section
 - Disclosure Section is on the contract below the Purchaser and Dealer/Seller information section.
 - The Dealer/Seller is responsible for completing the disclosure section of the retail installment contract.
 - The Disclosure Section is broken into two subsections: Itemization of Amount Financed and the Amount Financed Box.

*Itemization of Amount Financed
(as found on contract)*

Amount Financed Box

Itemization of Amount Financed of \$ _____

a) Cash Price (Not including taxes on sale) \$ _____

b) Taxes on sale \$ _____

c) Cash Price (a + b) \$ _____

d) Down Payment (minimum 10%) \$ _____

e) Amount Paid on your account (Amount Financed) (c-d) \$ _____

Amount paid to others on your behalf:

\$ _____ to Administrator (we may be retaining a portion of this amount)

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of credit provided to you on your behalf	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your down payment of
0%	\$.00	\$	\$	\$
Your payment schedule will be:				
Number of Payments		Amount of	When Payments are Due	
			Monthly Starting _____	
Late Charge: If A payment is received more than 10 days after the scheduled payment date, you will be charged the lesser of 5% of the payment or \$5.00. Prepayment: If you pay off early, you will not have to pay a penalty. See your contract documents for additional information about nonpayment and refunds. All numerical disclosures except the late payment disclosures are estimates.				

3. Complete payment option section

VPP will only accept Mepco Payment Options 2 and 3: direct bank debit and credit cards. Contracts will not be accepted with Payment Option 1: Monthly Bill.

The Dealer/Seller should check the box corresponding to the Payment Option the purchaser chooses.

The following are instructions for each of the payment options:

Monthly Bill

This option is **NOT** available.

Authorization of Direct Bank Debit

1. Dealer/Seller checks Payment Option 2: Authorization for Direct Debit of Payments.
2. Dealer/Seller collects a blank, voided check from the Purchaser and attaches it to the contract sent to Mepco.
3. Dealer/Seller completes the name of the financial institution, checking account number, and the financial institution's transit routing number on the contract (all information can be found on the Purchaser's check). If this information is blank and option 2 is chosen, then Mepco will fill in the information.

Credit Cards

- 1) Dealer/Seller checks Payment Option 3: Credit Cards
 - 2) Purchaser chooses Mastercard or Visa
 - 3) Dealer/Seller completes the credit card number and the expiration date of the credit card on the contract
 - 4) Purchaser must sign and date the contract authorizing Mepco to use his/her credit card.
 - 5) Billing address for the credit card should match the Purchaser's address. If they do not match, please provide the credit card billing address.
 - 6) An additional \$10 Mepco fee must be collected for credit card payments.
4. Dealer/Seller and Purchaser must sign and date the contract.

III. Processing the Vehicle Service Contracts

- 1) All service contracts will be processed by the Administrator.
- 2) The first payment is due to Mepco Insurance Premium Financing, Inc. within 30 to 40 days from the purchase date of the service contract.
- 3) Dealer/Seller should send contract to the appropriate party on a WEEKLY BASIS (See VI. Where to send contracts).
- 4) In order to prevent unnecessary cancellations, do not hold on to contracts and installment agreements.

IV. Payment of Funds to Dealers

VPP will disburse funds to the dealer during the second week of the month after the customer has paid two monthly installments.

Mepco's disbursement will include the balance of the funds due to the dealership minus the Mepco fee and minus the down payment.

V. Cancellation Policies

If a customer does not make a payment in a timely manner, then Mepco reserves the right to cancel the service contract and the payment plan.

Mepco works with Dealer/Sellers to keep cancellation rates low. Mepco provides the following services to prevent cancellations:

- 1) Five Day Hold Policy – If for any reason you think the Purchaser might cancel, please call Mepco and we will put a five day extension on the payment due date.
- 2) Late Notices – Late notices are sent to the Purchaser and the Dealer.
- 3) Delinquency Listings – At Dealer request, delinquency listings are faxed monthly to the Dealer (it is important that Mepco has the F & I fax number.).

If customers request cancellation of their service contracts, then they should contact the Dealer/Seller of the contract. The Dealer/Seller should contact the Administrator **and** Mepco, 174 North Michigan Avenue, Chicago, IL 60601. Cancellations must be provided in writing.

Mepco's cancellation fee is \$35.00. Cancellation fees are only assessed before two monthly installments have been made. After two installments have been made, Mepco's financing fee of the Amount Financed (minimum \$85) will be charged.

VI. Where to send Contracts

All service contracts should be sent to the Administrator at the address listed below:

Vehicle Protection Plus, L.L.C.
268 Christian Church Road Suite 1
Johnson City, TN 37615

VII. Contract Information

Payment Plan Questions:

Warranty Service Department
Mepco Insurance Premium Financing, Inc.
Phone: (800) 397-6767
Fax: (312) 853-0535