

This year's financial shift has been an economy of adjustments for businesses nationwide, forcing companies in all industries to cut costs and play it safe just to keep the doors open. In the auto industry, there's good news about options to help you navigate the current money crunch. Floorplan financing is still available as a viable way for dealers to finance vehicle inventory.

The big advantage for dealers who use floorplan financing is that it ensures funds are available to keep inventory in place when it's needed. That way, sales opportunities are not lost. Repayment terms are often set according to the type of business involved—such as special provisions for rental inventory and seasonal sales cycles.

Floorplan financing is asset-based, and program setups vary among lenders. The key is to understand each lender's individual program requirements and evaluate how their business model aligns with yours. Tighter underwriting guidelines, especially in consumer credit, mean dealers need to be well-versed in lender guidelines and program policies in order to place the right customer in the right car at the right financing rate and terms.

### **Review every lending scenario**

"Evaluate every business partner you work with to determine if who you are dealing with is right for you—or if there are other lenders in the marketplace who are a better fit for you," said Polly Weston, director of marketing operations, Automotive Finance Corporation (AFC). She added, "Certain lenders, like AFC, will work with dealers who are new to the industry and are looking for floorplan pre-approvals."

Generally, dealers' anxieties about financing stem from lack of information. Today there are lots of floorplan and consumer lenders ready and willing to take on new business. For example, AFC's primary business is floorplanning auto dealers, the majority of whom are independents or single-point franchises with strong used-car operations. And AFC tailors its services to the floorplanning needs of retail or wholesale dealerships, rental operators and salvage dealers.

### **Ask questions about financing options**

One of the biggest mistakes any business can make is not asking for assistance, especially with financing. It's critical to stay current of what is happening in the industry and be prepared to adapt. And don't hold back on asking lenders lots of questions. If you can't get answers to your questions, take your business elsewhere. You should always be able to get information about a lender's program parameters.



**Hope, help  
for floorplan  
financing**

# What you need to floorplan with AFC

Floorplan financing programs vary among lenders. Automotive Finance Corporation is one option for floorplan financing. Their primary business is floorplanning to auto dealers, primarily independents or single-point franchises with used-car operations. The company offers a variety of flexible floorplan options at competitive rates and terms. Below are AFC's minimum floorplan requirements:

Currently, for credit lines up to \$250,000 (U.S.) and \$300,000 (Canada),

AFC requires the applicant to:

- be a licensed dealer in good standing
- have a company checking account
- have a driver's license or government-issued photo ID
- have full coverage insurance in place; however, liability insurance is acceptable if using Vehicle Inventory Protection (VIP) insurance, AFC's group floorplan insurance program
- have satisfactory credit checks and good references (both personal and business)
- provide proper documentation validating your business entity (see your AFC representative for more information)

For credit lines that exceed \$250,000 (U.S.) and \$300,000 (Canada),

AFC also requires applicants to provide:

- tax returns for the last two years on business and owner(s)
- current income statement and balance sheet
- prior end-of-year income statement and balance sheet for business
- current personal financial statement

**Dealers can visit [afcdealer.com](http://afcdealer.com),  
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