

Warranty Secrets

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Below is a free abbreviated guide on warranties. This is just a mere snapshot of what is in my “We Finance” book, which goes into much more depth. The only thing we ask is that you visit <http://www.dealerlicense.com> after you read the free guide, and browse through the very useful products we have to offer to make it easy to get your dealer license and learn the car business.

"It's not your State's job to make it easy for you to get a license... It's OUR job!"

Did you know that about 40% to 50% of the cars at the dealer auction are still under the standard factory warranty?

These cars are always a great idea to buy because in most cases, the warranty that comes from the factory is transferable to others!

What a great selling point it is to tell your customer that the used car they are buying from you is still under the original manufacturers warranty – these cars sell FAST!

Warning: Some manufacturers make it difficult for a warranty to be transferred to another owner such as Hyundai, so be sure to verify with the manufacturer whether the warranty is transferable, and what documents are required to do so. In most cases, however, the warranty transfer is automatic.

What may void a factory warranty?

At the dealer auction, you will find previous rental cars that are still under the manufacturer's warranty. Believe it or not, rental history will NOT void a factory warranty.

However, be very careful with "Salvage Title" or "Lemon Law" vehicles because sometimes, warranties will list exclusions for these types of vehicles.

Extended Warranties

Did you know that you can make 100% profit or more on extended warranties?

Let's say you sell a one-year limited powertrain warranty to your customer for \$600. Your cost may have only been \$300. You've just doubled your money. If you sell a two-year extended warranty, you can even make more money.

Terminology

For legal reasons, you will find that the correct terminology is actually a "service contract" or "Service agreement". Thus, if you refer to a "service contract" as an "extended warranty", you may be giving your customer more rights than you would like, so be careful!

How do you start offering Service Contracts?

First you need to contact a few reputable service contract companies. In my “Financing” book, I provide a courtesy list of over 40 different service contract companies.

Then, you would simply contact them and say “I’m a used car dealer and I’m looking to sell service contracts; can you tell me a little about your program.?”

These companies will usually send you a “gift package” which contains free promotional items, such as pens, etc. Of course, they will also send you brochures on how to get set up.

WHO does the repair work?

The nice thing about selling service contracts is that once the customer drives away, if they have a service issue, they are to call the service agreement company’s toll-free number. In other words, your hands are clean and as soon as the buyer takes delivery, any maintenance issues are between the buyer and the service agreement company. That’s nice!

As an added bonus, because the service agreement company takes care of the repairs at their approved repair facilities, you will NOT need an automotive repair license, which will save you time and money.

Are service contracts hard to sell?

Yes and no. Of course you will always have those people who say no to everything. To your surprise, however, many people DO prefer to purchase a service contract – especially on a USED car.

My favorite thing to hear is when a customer says “will this car last?”

My response is “Well, I wish I had a crystal ball to predict that, but I did get a full bumper-to-bumper inspection and it did pass, and the test drive went really well. In my opinion, this is a solid car and will last you a long time. However, if you want that extra piece of mind, it’s not a bad idea to at least get a one-year service contract that covers the most expensive repairs – the engine and transmission.”

The next thing you know, your customer will say “yes”, and you will be making tons of great side money selling service contracts.

You will already be making profit on the car itself, so why not make more? Some of the most successful dealers I know are ones who sell as many extras as they can – especially service contracts.

Good luck and sell lots of them!