



Underwriting Guidelines

Non-Recourse Financing Program

These guidelines cover the general conditions necessary when determining what Barnett Finance Company Inc. will approve. Please note that these are general conditions only. In many cases, certain exceptions may overrule these general conditions. The following information provides a general representation of the type of customers, conditions, and deal structures that are acceptable to Barnett Finance.

Typical Customer

Our typical customer maintains credit histories ranging from no credit to severely challenged credit. We generally look for stability and ability to pay when there is an absence of acceptable credit history. We do not accept customers who are currently delinquent on all of their credit obligations unless there are legitimate explanations. Additionally, we do not accept customers with more than one repossession and/ or any dismissed bankruptcies. Our customers must be able to prove their income and residency.

Residence Stability

Generally, a customer must have six months at residence or 3 years in the area. Job transfers are acceptable. We request a five year residence history for each buyer. Each customer must have a phone and valid Driver's License.

Employment Stability

Generally, a customer must have a minimum of 6 months with the current employer or 2 years in the same field. Considerations are given for recent college or technical graduates. Job gaps should not exceed 30 days and we prefer no more than three employers in the last two years. Customer must be employed to obtain financing unless they are on a permanent fixed income. Customers receiving unemployment or temporary disability are ineligible for financing. Any job changes automatically revoke the approval and the deal must go through underwriting again.

Self Employed

Generally, self-employed customers are less acceptable. However, may be considered with excellent stability, credit, and/or commitment. In order to be considered, customer must provide 3 months bank statements.

Co-signers

Generally, we do not accept unrelated co-signors. However, we will accept them on a case by case basis with good credit history

Dealership Employees

Any employee involved in submitting the credit applications is generally unacceptable. Employees in departments not related to sales, will be consider on a case by case basis.

First-Time Buyers

A first-time buyer is a customer who has no credit history or whose social security number is not sufficiently verifiable through the credit bureau. If the social security number cannot be verified, we require a valid copy of the social security card with the deal package submitted for funding.

Military Personnel

Unfortunately Barnett Finance Company does not finance military personal.

Direct Check Credit

Any credit not on the bureau must be accompanied by proof of payment history or ownership. Examples of acceptable proof include a title with a released lien from the finance source, payment history printout, a pay history verified with the DMV, or proof of insurance.

Eligible Vehicles

Vehicle must be listed in the NADA Used Car Guide. All vehicles must be for private passenger use only. We do not finance commercial vehicles.

Ineligible Vehicles

1. Vehicles designed for racing or commercial purposes
2. Any vehicle made by a defunct manufacturer
3. Trucks with gross-load capacities exceeding 2,000 pounds
4. Limousines, salvage vehicles, taxis, and reconditioned titles
5. True Mileage Unknown (TMU)

Down Payment Requirements

1. Down payments can be cash, trade, or a combination of the two. A minimum of \$500.00 is required as a down payment.
2. Pick-up payments and hold checks are not acceptable
3. Trade-in equity is based on NADA Car Guide. Exceptions can be made for trade values on well paid accounts.
4. In some instances, larger down payments may be required dependent upon various factors.

Proof of Income (POI)

1. In some cases proof of income can be waived for W-2 employees, depending on customer's credit worthiness.
2. W-2 Employees will be required to provide a year-to-date pay stub verifying gross monthly income as stated or a W-2 in the first 3 months of the year. In some cases, one month of cancelled checks from the employer (front and back) can be accepted with credit analyst approval
3. With analyst approval, self-employed customers can provide 3 months bank statements in the customer's name or business name with DBA papers
4. During the first three months of the year, a year end pay stub or W-2 may be required.

Overtime/Bonus

Income should be derived from year-to-date figures. The year-to-date figure must be consistent with the gross income for the pay periods on each check. If overtime or bonuses are included and the checks do not look consistent, verification of overtime will be required from the employer. Usually, overtime cannot be more than 20% of the gross income..

Proof of Residence

1. Landlord or mortgage information must always be provided on the credit application. Rent or mortgage payment must verify with the landlord or mortgage company as stated.
2. Rent or mortgage must be current at time of funding. A payment arrangement on past due rent or mortgage is not acceptable.
3. A current utility bill in the customer's name other than a phone bill will be required for proof of residence. If no utility bill is available in the customers' name, junk mail can sometimes be used. However; prior approval from Credit analyst is required.

Driver's License

A valid Driver's License is required on all buyers. Generally, the license must be in the same state as the customer resides. Exceptions may be made on a case by case basis. Your Credit analyst must approve an out of state license prior to deal contracting.

Credit History

An explanation of credit history is requested on all customers who have derogatory credit history. This information is very helpful in determining our customer's situation more clearly. This explanation must be a serious attempt to explain the customer's past credit history.

Repossessions

We expect an explanation for all recent repossessions. We generally do not consider multiple repossessions unless there is a good explanation, accompanied by stability and commitment. There is no minimum time frame since the date of repossession.

Foreclosures

Foreclosures are unacceptable.

Bankruptcies

Multiple prior bankruptcies are usually not acceptable. A Chapter 13 Bankruptcy converted to Chapter 7 Bankruptcy, only counts as one bankruptcy. A Chapter 7 that has been discharged is acceptable. There is no minimum time frame needed since discharge. Derogatory credit since the bankruptcy is sometimes acceptable, but definitely decreases credit quality. A letter from the trustee is not required on an open Chapter 13. A schedule of debts may be required to clarify the credit bureau and to help calculate a correct budget. The payment must be within our maximum debt to income ratio.

Budget

Our debt to income calculation is based on a variety of factors such as prior payment history. Our maximum debt to-income ratio is typically around 50%. The ratio is derived by calculating the customers' total gross income and subtracting all current obligations in addition to minimum rent factors and insurance payments.

Insurance

A minimum of \$100 is calculated to budget for insurance. We require an insurance binder on every deal prior to funding. We also require an agent's name, address and telephone number. Dealer must inform and have customer sign the Barnett Agreement to Provide Full Coverage Insurance. Customer must obtain coverage with a maximum \$500 deductible on comprehensive and collision. Full coverage insurance must remain in effect for the life of the loan or until the account is paid in full.

Total Advance

A maximum Dealer advance is up to 125% of NADA trade. Other mitigating factors can reduce the advance such as high debt-to-income, minimum down payment, higher mileage vehicles, etc.

Multiple Notes

Generally, multiple auto accounts are not acceptable. Unless the customer has demonstrated an exemplary pay history and has the debt to income ratio to justify the additional expense.

Maximum Payment

Generally, the lower of available income from debt ratio or 14% of gross income, the payment maybe reduce for poor payment histories. Payment may not exceed one week's net income.

References

We require a minimum of ten verifiable references on every deal. All references will be checked and are very important to the overall success of each deal.

Purchasing

A completed checklist, a buyers' order, and all stipulations are required for contract purchasing. Upon receipt of the completed contract package from the dealer, we will verify all the information on the application plus any additional stipulations that are required outside of the normal funding package. All verifications will be based on the date of the instrument. In other words, all employment, residence, and other applicable information on the credit application must be correct as of the day the paper work is signed. Any changes will require the deal to be submitted to a credit analyst for re-evaluation.

Pre-purchase interview

Each customer will be contacted to verify all deal documentation. The customer will also be asked how they like the vehicle. The customer will also be asked to verify the down payment and/or trade-in, vehicle equipment, overall mechanical condition of the vehicle, etc. If the customer is unhappy with the vehicle or if there has been something promised to the customer but not delivered by the dealer, the deal will not be funded until the customer is satisfied.

Contracts

All contracts must be simple interest. Any handwritten changes must be initialed by the customer.

Lien Holder Information

All titles must have lien recorded as:

Barnett Finance Company
P.O. Box 15906
Savannah, GA 31416

Contracting Errors

Our goal is to correct any errors in contracting without having to send the contract back to the dealer. Any advances in excess of the approval will deducted from dealer proceeds. Interest rate mistakes can also be withheld from the dealer proceeds, unless it exceeds the state maximum. Mileage and term errors will be handled on a case by case basis. If necessary, additional discounts may be charged. Any increase in discount to help purchase a deal will only be applied with approval from the Dealership.

Approvals

Contract approvals are valid for 30 days. If the contract is not received within 30 days of the approval date, the deal must be resubmitted to the underwriting department for re-approval. All approvals are based on the information provided on the credit application and are subject to verification before purchasing.