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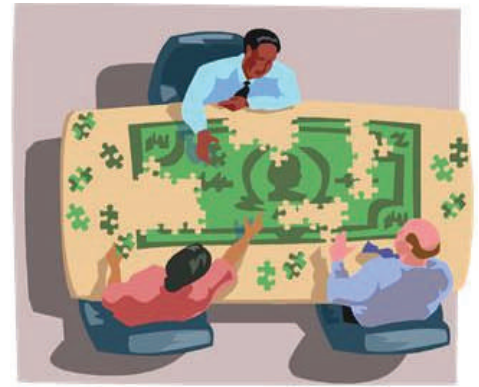
4TH QUARTER 2011

Do You Know Your Car Facts?

How much is that car worth?

Do your homework, sharpen your pencils, do the math and hold your breath.

Most of us, if not all of us, have at one time or another purchased a used vehicle for either personal use or with the intention of resale for profit. Likewise, most of us have also been on the selling end of a vehicle transaction as either the vehicles most recent owner or as a representative of a repossessed asset. Let's consider the fact that you are not only the "seller" of used vehicles but that you are most likely the owner of one also. Whichever the scenario is, and generally speaking, a certain amount of homework is conducted when one is determining a vehicles value. Assuming you have narrowed your search to the year, make and model ...next comes the hard part.



The vehicles condition, excess mileage, vehicle history and branded titles are potential deal breakers. While some caveats are obvious upon inspection, others require additional research. Was the unit ever in an accident? If so, what was the extent of damage? Were the airbags deployed? Has the title been branded as salvage, rebuilt salvage or as a dealer buy back? Is the odometer reading accurate? Currently there are two "go to" providers of vehicle information, and both rely on pooling data from tens of thousands of resources at an attempt to provide timely and accurate facts about a vehicle. For a nominal fee, a consumer can purchase a vehicle history report from CarFax or AutoCheck by simply providing a V.I.N. and a credit card number. Car dealerships and buyer representatives, in both the buying and selling process, rely heavily on the statements provided in these reports. As a seller or a buyer, you can expect that if a report contains adverse facts it will directly affect the resale value in any venue. The apparent problem is the presumption that the records provided on these vehicle history reports are accurate. A simple web search exposes an alarming number of complaints about the integrity of the data found in reports supplied to potential buyers/sellers. The most common grievance found on the *Consumer Affairs website is the lag time between the date of occurrence and disclosure on the report. By some accounts, major accidents went undisclosed in upwards of 2 years. Consumers also allege that erroneous information such as major accidents, odometer rollbacks and branded titles have compromised resale values. Some disputes are resolved, it seems, by the diligent owners of the vehicles in question...but only after timely research and follow up. Circumstances that surround the remarketing of repossessed collateral does not lend itself to this same kind of comprehensive problem solving. From the auction block we commonly see the impact a vehicle history report has on the wholesale value of a repossessed asset. Imagine how many of these types of issues have affected your bottom line? As a buyer or "seller" at auction, as a negotiator of a trade-in on a dealer's lot or as a party to a private transaction, we are all at the mercy of the facts.

*Consumer Affairs complaints and comments found at
<http://www.consumeraffairs.com/automotive/carfax.html>

Branded Titles



Brands do matter, and we're not being pretentious here folks.

Our topic isn't purses or shoes, what we are referring to is the use of a permanent designation on a vehicles title. When considering the marketability of all types of motor vehicles, the most obvious red flag and potential deal breaker is a branded title. The branding of title commonly refers to vehicles that have a checkered past, however, not all brands are necessarily bad.

Because state regulations and terminology vary widely, our focus remains with brands issued and shown in Ohio. Title brands issued in Ohio include Salvage, Rebuilt Salvage, Buyback and Junk. However, and again depending on your state, brands shown on title also vary. This means, if it came from another state and was issued a brand there, your state may not show it. For instance, a title branded in Georgia as "flood damage" would show on a title transfer in Ohio but "fire damage" would not. Brands shown in Ohio, that may or may not effect resale value of a vehicle include Taxi, Previous Taxi and Previous Law Enforcement. While the latter may not be representative of a defect in the vehicle, it does increase the likelihood of above average wear and tear. In any event, whatever the brand is or *is not* has a direct effect on the resale value of any type of vehicle.

The most commonly branded Ohio titles that caution a potential buyer are titled as:

Salvage

- A vehicle that can be repaired but which would cost more than (in most cases) 75% of the vehicles value to repair.

Rebuilt Salvage

- A vehicle that has been previously branded as salvage but has been rebuilt/repaired and reinspected. The vehicle is considered drivable.

Buyback

- A vehicle that has been bought back by the manufacturer or dealer because attempts to repair a problem under warranty repeatedly fail. States refer to this as "Lemon Law".

Flood

- A vehicle that has been submerged in water.

Odometer Brandings

- Odometer Discrepancy; True Mileage Unknown aka TMU.
- Exceeds Mechanical Limits; A five digit odometer that has exceeded 99,999 miles.

Noteworthy: A common scam associated with salvaged vehicles is title washing. In title washing, a seller moves a vehicle to a state that has looser title laws and then registers the vehicle in that state. Depending on that state's title laws, the state may not indicate that the vehicle ever had a salvage title. In a title washing scam, the seller may register the vehicle in multiple states until the salvage brand is removed from the title.

The Driverless Car



Admit it; we all (*all* of us, even the less “mature” readers) have a “remember when” anecdote. Remember life before remote controls? Remember when power door locks were an optional feature? What about cassette tapes? Or, for the less “mature” readers, remember our recent transition into the flat screen television. Is there even a name yet for the prior version of the TV box? You get the picture (I could even date that; Polaroid’s anyone?)... Technology will never stand still and because it is in human nature to always strive for a more convenient lifestyle, we can now look forward to the Driverless Car. Thanks to our friends at Google, our dream of a hands free drive will soon be a reality. Reportedly, Google has logged over 1,000,000 miles of driverless drive time, and testing of this technology has been taken to the public roadways for some time now. The New York Times reports that “Google now is considering manufacturing them in the United States”, but of course most of the details are super secret and we will all just have to sit back and wait. Imagine a future that no longer includes the dangers of texting and driving? Need a quick nap in route to your next destination...not a problem soon. Be your very own backseat driver, the opportunities are endless. You have to wonder when an optional feature on the Driverless Car will bring your delinquent debtor and your collateral right to your parking lot? Someday soon maybe we will all remember when we needed a driver’s license.

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Unsure if you’re sold on the Driverless Car? Consider These:



If you are an average American, in your lifetime, you will spend an average of six months waiting at a red light.

Multitasking will be made possible thanks to the driverless car, think about how much more you can get accomplished in your lifetime!

The average person over fifty will have spent 5 years waiting in line.

Refer to the above, recoup some wasted time.

The average person falls asleep in seven minutes.

Fall asleep faster and stay asleep longer thanks to the driverless car.

Men can read smaller print than women, but women can hear better than men.

Shocking (?)...yes it is. If we had more time to practice reading and listening we would be able to end this timeless battle of the sexes.

Apples are more efficient than caffeine at waking you up in the morning.

With both hands now free, eat in one hand and drink in the other...or something like that.

The people of America eat 90 to 100 acres of pizza every single day.

Good argument for a cardio feature in the driverless car. .. stationary cycling perhaps?



There are 293 ways to make change for a dollar.

This is just useless information but we may now have the time to work on validating this statement.

A Letter From The President

As we have worked through 2011, one area that we have recognized is the need for training and education in the area's of repossession and auction. There has been a lot of operational changes and management restructuring throughout the collection community over the last several years. With those changes, we run the risk of overlooking our basic fundamentals. Several areas I feel need to be reviewed include:

Consistency; Setting up a consistent method of handling assignments.

Timeliness; The general understanding of the timelines involved in repossession and remarketing.

Notices/Letters; Review of required notices and making sure they are in current compliance.

Third Party Agreements; Review and audit your third party agreements as required.

These are just a few suggestions that we recommend taking a look at. If we can be of further assistance we will be glad to help. There is no charge or obligation for this service, and we would be happy to come to your office for training.

Thank you to all our clients that represent our past, present and future.

We look forward to a prosperous 2012!

Robert "Skip" Blowers

Skip Blowers is the founding President of Source One Adjusters & Skipco Auto Auction; Established 1978.

He also serves on the Board of Directors at Community One Credit Union.

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