

# PRINCIPAL-ONLY PAYMENT PLAN PROGRAM INSTRUCTIONS

## A 12- or 18-Payment Program for the Sale of Vehicle Service Contracts

### Overview

1. The Principal-Only Payment Plan (POPP) is an interest-free financing program available for your customer's purchase of CNA National Vehicle Service Contracts (VSCs).
2. POPP is administered by Service Payment Plan, Inc. (SPP).
3. POPP is available in 12- or 18-month payment options. The 12-month payment option is available for new and used VSCs with a minimum remaining term of 24 months/24,000 miles. The 18-month payment option is available for new and used VSCs with a minimum remaining term of 36 months/36,000 miles. **VSCs with a term of 12 months/12,000 miles are not eligible for POPP financing.**
4. The amount financed must *not* be less than the dealer cost plus the SPP fee listed in item 5 below. Contracts equal to or exceeding \$10,000 are not eligible for POPP financing.
5. The dealer pays an earned SPP fee as per the following schedule for each POPP contract on which three payments have been received by SPP.

POPP Minimum Terms of Coverage	SPP Fee If amount financed is less than \$1,750	SPP Fee If amount financed is equal to \$1,750 but less than \$2,750	SPP Fee If amount financed is equal to or greater than \$2,750
<b>12-month plan 24 months/24,000 miles</b>	\$95.00	\$150.00	7% of Amount Financed
<b>18-month plan 36 months/36,000 miles</b>	\$150.00	\$240.00	10% of Amount Financed

6. A portion of the above SPP fee will be credited to the dealer on any VSC canceled *prior* to SPP receiving customer's third payment. (See Step 6: Requesting Cancellations.)

### Step 1: Completing the Retail Installment Contract

Upon completion of the vehicle service contract Part I (Proof of Registration), the Retail Installment Contract must be completed. See instructions below and sample contract on the next page.

- A. Insert the Vehicle Service Contract number. This is the contract number found on Part I (Proof of Registration). It is important that the service contract number be accurately recorded on the Retail Installment Contract.
- B. Complete the Purchaser and Dealer information; be certain to include your Dealer Code.
- C. Complete the Itemization of Amount Financed section, making certain to collect 10% of the total service contract purchase price as customer's minimum down payment.
- D. The Amount Financed in the disclosure section is the total cash price of the vehicle service contract (including taxes), less the customer's 10% down payment. This number must be entered five times: once after the caption "Itemization of Amount Financed," once on line (e) of the Itemization of Amount Financed, once in the Amount Financed disclosure box, once in the Total of Payments disclosure box, and once on the line next to "Amount paid to others on your behalf." The amount financed must not be less than dealer cost plus the SPP fee as outlined above in item 5.
- E. Total Sale Price: This box requires two entries. the customer's down payment, which appears on line (d) of the Itemization of Amount Financed and the total cash price of the vehicle service contract (including taxes) which appears on line (c) of the Itemization of Amount Financed.
- F. Number of Payments: Select the number of monthly payments. The 12-month payment option is available for vehicle service contracts with a minimum remaining term of 24 months and 24,000 miles. The 18-month payment option is available for vehicle service contracts with a minimum remaining term of 36 months and 36,000 miles.

**RETAIL INSTALLMENT CONTRACT**

Notice to California Residents: If married, you may execute this agreement separately as an individual.  
 (Please Type or Print)  
 Purchaser of Agreement ("Purchaser")

Vehicle Service Contract # \_\_\_\_\_

Automobile Dealer ("Dealer")

Name \_\_\_\_\_  
 Street Address \_\_\_\_\_  
 City/State \_\_\_\_\_  
 Zip \_\_\_\_\_ Area Code \_\_\_\_\_ Phone \_\_\_\_\_

Name \_\_\_\_\_ Dealer Code Number \_\_\_\_\_  
 Street Address \_\_\_\_\_  
 City/State \_\_\_\_\_  
 Zip \_\_\_\_\_ Area Code \_\_\_\_\_ Phone \_\_\_\_\_

- 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)

Dealer makes the following disclosures:

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate.  <b>0%</b>	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you.  <b>\$0.00</b>	<b>Amount Financed</b> The amount of credit provided to you or on your behalf.  \$ <b>D</b>	<b>Total of Payments</b> The amount you will have paid after you have made all payments as scheduled.  \$ <b>D</b>	<b>Total Sale Price</b> The total cost of your purchase on credit, including your down payment of \$ <b>d</b>  \$ <b>c</b>
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Your payment schedule will be:

Number of Payments* <input type="checkbox"/> 12 or <input type="checkbox"/> 18 <small>*See instructions for eligibility</small>	Amount of Payments  <b>G</b>	When Payments are Due Monthly starting <b>H</b>
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**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 any additional information about nonpayment and refunds.  
 All numerical disclosures, except the late payment disclosures, are estimates.

**Amount paid to others on your behalf:**  
 \$ **D** to Administrator/Company (Dealer may retain a portion of this amount)

Purchaser wishes to purchase from Dealer a Vehicle Service Contract ("VSC") administered by CNA National Warranty Corporation ("Administrator") or CNA National Warranty Corporation - Florida, license 60098, ("Company"). In consideration of Purchaser being afforded the opportunity to pay for the VSC under the installment payment program, the Purchaser and Dealer acknowledge and agree as follows:  
 Purchaser has paid Dealer in cash the down payment disclosed above towards the total sale price of the VSC. Purchaser may pay the balance of such total sale price in accordance with the payment method selected by Purchaser from the options set forth below.

**Payment Option 1**

**Authorization for Credit/Debit Card Payment**

The balance of the total sale price may be paid by Purchaser through, and Purchaser hereby authorizes SERVICE PAYMENT PLAN, INC. ("SPP") to make, the applicable number of consecutive monthly charges to Purchaser's MasterCard, Discover, or Visa credit/debit card account listed below, in the amounts and at the times disclosed above.

MasterCard  Visa  Discover

Card Expiration Date \_\_\_\_\_ Card Number: \_\_\_\_\_

I authorize charges to my credit card account for the purchase of the VSC in accordance with this agreement.

Cardholder's Signature \_\_\_\_\_ Date \_\_\_\_\_

**Payment Option 2**

**Authorization for Direct Debit of Payments**

The balance of the total sale price may be paid by Purchaser through, and Purchaser authorizes SPP to instruct Purchaser's financial institution to make, the applicable number of consecutive monthly payments in the amounts and on the dates disclosed above from the account listed below by electronic automatic debit of Purchaser's checking account. This authority remains in effect until SPP has received written notification of termination from Purchaser in time to allow reasonable opportunity to act on it or until the final installment payment has been paid from the account listed below.

**Customer Payment Options**

(Please check appropriate box)

- Credit/Debit Card (Payment Option 1)
- Direct Debit (Payment Option 2)

In what department did this purchase originate?

- Sales
- Service
- F & I
- Other ( Direct Mail, etc.)

**Required Financial Institution Information**

Name of Institution \_\_\_\_\_ Financial Institution's Transit Routing Number (lower left corner of check) \_\_\_\_\_ Checking Account Number \_\_\_\_\_

Please attach a check on this account, marked "void."

See the additional provisions on the reverse side which are made a part hereof.

Notice to Purchaser. (1) Do not sign this agreement before you read it or if it contains any blank spaces. (2) You are entitled to an exact copy of the agreement you sign. (3) Under the law you have the right, among other things, to pay in advance the full amount due and to obtain under certain conditions a partial refund of the finance charge. (4) Keep this agreement to protect your legal rights. With your signature below, you acknowledge receipt of this Retail Installment Contract.

\_\_\_\_\_  
 Purchaser Date \_\_\_\_\_ Dealer Date \_\_\_\_\_

White: SPP Green: Purchaser Pink: Administrator Gold: Dealer

2751 (05/04)

**Retail Installment Contract**

Instructions for completing the above begin on previous page (Step 1) and continue on next page.

**JOHN R. SMITH** **1234**  
 1234 W. Anystreet  
 Anytown, FL 12345-4444 Date \_\_\_\_\_

Pay to the Order of \_\_\_\_\_ \$ \_\_\_\_\_ Dollars

**FIRST NATIONAL BANK**  
 Anytown, FL 12345

For \_\_\_\_\_

⑆ 111000965 ⑆ 00001 23455498 ⑆ 1234

- G. Amount of Payments: Divide the figure listed in Total of Payments by the Number of Payments (12 or 18) and enter the answer.
- H. When Payments are Due: On the line under the heading, "When Payments are Due," and after "Monthly starting," insert either the 1<sup>st</sup>, 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 20<sup>th</sup>, or 25<sup>th</sup> day of the following month, but not less than 30 days from today's date and no more than 40 days from today's date. Abbreviations such as "9/1/04" for September 1, 2004, are acceptable. Enter the complete date such as 12/1/04, not the 1<sup>st</sup>.
- I. Payment Options: Complete the appropriate Payment Option. If Payment Option 1 is selected, make sure all credit card information is correct. If Payment Option 2 is selected, make sure a void check or a copy of customer's check is attached.
- J. Financial Institution.
- K. Routing Number.
- L. Account Number.
- M. Signature of the purchaser and date.
- N. Signature of the dealer and date.

**Step 2: Collecting the Down Payment**

On the day of the service contract sale, collect a minimum 10% down payment of the total VSC purchase price from the customer. (You, the dealer, will keep the down payment as part of your initial dealer profit.) The amount financed must not be less than the dealer cost plus the SPP fee as outlined on page one, item 5 of this document. Please note: *It is strictly prohibited by the Federal Truth-In-Lending Law for the dealership to charge a separate fee to the customer because the customer is using a payment plan.*

**Step 3: Submitting the POPP Weekly Register**

Complete the POPP register weekly, following these instructions:

- Only service contracts that have been financed on the POPP program should appear on the POPP Weekly Register. Do not submit non-financed service contracts on this register.
- **DO NOT SEND A CHECK** for the POPP Retail Installment Contracts.
- Weekly, submit all Retail Installment Contracts along with the POPP register and the corresponding VSC Part Is (Proof of Registration) to: CNA National, P.O. Box 2840, Scottsdale, AZ 85252-2840.



**PRINCIPAL-ONLY PAYMENT PLAN<sup>SM</sup>  
WEEKLY REGISTER**

Date: \_\_\_\_\_ Preparer's Signature: \_\_\_\_\_ Phone Number: (\_\_\_\_) \_\_\_\_\_

Dealer Name: \_\_\_\_\_ Dealer Code Number: \_\_\_\_\_

Dealer Address: \_\_\_\_\_

A	B	C	D	E	F	G	H	I
Sale Date	Service Contract Number	Last Name of Purchaser (Surname)	Contract Term	Number of Payments <sup>1</sup> (12 or 18)	Your Dealer Cost + SPP Fee <sup>2</sup>	Full Retail Cost of Service Contract	Customer Down Payment (10% of Retail Cost—Column G)	Amount Financed (G-H=I; Amount Must Be Greater than Column F) <sup>3</sup>
<i>Example</i> 10/1/06	11752780	Johnson	5/75	18	\$800.00	\$1,500.00	\$150.00	\$1,350.00
<b>TOTAL</b>							<b>TOTAL<sup>3</sup></b>	

<sup>3</sup> Send a check for the shortage if column I is less than column F. Do not send a check for the service contract cost. Weekly: Mail this register along with all Retail Installment Contracts and the corresponding Vehicle Service Contract Part I's (Proof of Registration) to:  
CNA National Warranty Corporation  
CNA National Warranty Corporation – Florida  
P.O. Box 2840  
Scottsdale, AZ 85252-2840

<sup>1</sup> Minimum remaining contract term of 24 months/24,000 miles for 12-Month Payment Plan  
Minimum remaining contract term of 36 months/36,000 miles for 18-Month Payment Plan

12-Month Payment Plan SPP Fee	18-Month Payment Plan SPP Fee
\$95 if amount financed is less than \$1,750	\$150 if amount financed is less than \$1,750
\$150 if amount financed is equal to \$1,750 but less than \$2,750	\$240 if amount financed is equal to \$1,750 but less than \$2,750
7% of amount financed if amount financed is equal to or greater than \$2,750	10% of amount financed if amount financed is equal to or greater than \$2,750

*Issued in Florida by CNA National Warranty Corporation – Florida, license 60098*

#### Step 4: Processing the Vehicle Service Contract

CNA National will process the vehicle service contract upon receipt of the POPP Weekly Register, the Retail Installment Contract, and the corresponding Part I (Proof of Registration). Each monthly payment will be automatically debited from the purchaser's checking account or debited against the purchaser's credit/debit card account, depending on the option selected. The due date of the first payment is approximately 30 to 40 days from the sale date of the service contract, so it is very important that you report POPP installment contracts weekly.

#### Step 5: Earning Profits

You, the dealer, will keep the customer's 10% down payment as part of your initial dealer profit. After two payments are made under the Retail Installment Contract, Service Payment Plan, Inc. will advance to your dealership the balance of your dealer profit on each plan financed less the SPP fee as outlined on page one, item 5 of this document. Any cancellation refunds due SPP or CNA National from your dealership for the POPP program will be netted against the amount paid your dealership.

#### Step 6: Requesting Cancellations

All requests for VSC cancellations should be directed to CNA National's Underwriting Department. If a refund is due, it will be returned to you, the dealer. Please note that SPP reserves the right to cancel the POPP Retail Installment Contract and the VSC due to non-payment or late payment. If the VSC is cancelled before SPP receives customer's third payment, a portion of the SPP fee shown in item 5, page one, will be credited to you, the dealer, as per the following schedule. If cancellation occurs after three payments have been made, the applicable SPP fee shown in item 5, page one, will be fully earned and no portion of it shall be credited.

<b>POPP Payment Plan Options</b>	<b>SPP Fee Amount credited if financed amount is less than \$1,750</b>	<b>SPP Fee Amount credited if financed amount is equal to \$1,750 but less than \$2,750</b>	<b>SPP Fee Amount credited if financed amount is equal to or greater than \$2,750</b>
<b>12-Month</b>	\$45 credited if canceled before the 3rd payment	\$50 credited if canceled before the 3rd payment	50% credited if canceled before the 3rd payment
<b>18-Month</b>	\$50 credited if canceled before the 3rd payment	\$90 credited if canceled before the 3rd payment	50% credited if canceled before the 3rd payment

#### Questions

If you have any questions regarding the POPP program, please contact either your CNA National representative or the CNA National Underwriting Department at 800-345-0191, extension 402.

#### Mailing Information and Phone Numbers

**CNA National: 480-941-1626 or 800-345-0191, ext. 402**

*Mailing Address:*

P. O. Box 2840  
Scottsdale, AZ 85252-2840

*Street Address:*

4150 N. Drinkwater Boulevard, Suite 400  
Scottsdale, AZ 85251

**Service Payment Plan, Inc.: 312-346-5990 or 800-346-5990**

*Mailing Address:*

303 East Wacker Drive, Suite 230  
Chicago, IL 60601-5219