
Professional Certificate in Automotive Retail Sales Management

Finance and Insurance

Finance and Insurance Glossary

1. **Acquisition Cost:** The total cost of purchasing a vehicle, including the price of the vehicle, taxes, fees, and any additional options or accessories.
2. **Add-Ons:** Additional products or services offered to customers during the vehicle purchase process, such as extended warranties, service contracts, or protection packages.
3. **Annual Percentage Rate (APR):** The annual rate of interest charged on a loan, expressed as a percentage of the total amount borrowed.
4. **Balloon Payment:** A large, lump-sum payment due at the end of a loan term, typically associated with financing options that offer lower monthly payments.
5. **Blue Book Value:** The estimated value of a vehicle based on factors such as age, condition, mileage, and market trends, as determined by sources like Kelley Blue Book.
6. **Co-Signer:** A person who agrees to be responsible for a loan if the primary borrower is unable to make payments, often used to secure financing for individuals with limited credit or poor credit history.
7. **Credit Score:** A numerical representation of an individual's creditworthiness, based on factors such as payment history, credit utilization, and length of credit history.
8. **Dealership Financing:** Financing options offered by the dealership, which may include loans from partnering banks or financial institutions, tailored to meet the needs of customers purchasing a vehicle.
9. **Depreciation:** The decrease in value of a vehicle over time, influenced by factors such as age, mileage, condition, and market demand.
10. **Equity:** The difference between the value of a vehicle and the amount owed on a loan, representing the owner's ownership stake in the vehicle.
11. **Extended Warranty:** A service contract that covers the cost of repairs or replacements for specified components of a vehicle beyond the manufacturer's warranty period.
12. **Finance Manager:** A dealership employee responsible for arranging financing options for customers, explaining terms and conditions, and ensuring compliance with regulations.
13. **Gap Insurance:** Insurance coverage that pays the difference between the amount owed on a loan and

the actual cash value of a vehicle in the event of a total loss.

14. Incentives: Discounts, rebates, or promotional offers provided by manufacturers or dealerships to encourage vehicle purchases.

15. Lease: A contractual agreement that allows a customer to use a vehicle for a specified period in exchange for monthly payments, with the option to purchase the vehicle at the end of the lease term.

16. Manufacturer's Suggested Retail Price (MSRP): The price recommended by the manufacturer for a new vehicle, before any discounts or negotiations.

17. Negative Equity: The situation in which the amount owed on a loan exceeds the value of the vehicle, often resulting from depreciation or financing with a small down payment.

18. Pre-Approval: A process in which a lender evaluates a borrower's creditworthiness and determines the maximum loan amount before the vehicle purchase, providing a better understanding of financing options.

19. Residual Value: The estimated value of a leased vehicle at the end of the lease term, used to calculate monthly lease payments.

20. Title: A legal document that certifies ownership of a vehicle, issued by the state's Department of Motor Vehicles (DMV) and required for registration and insurance purposes.

21. Upselling: The practice of offering customers additional products or services during the vehicle purchase process, such as extended warranties or maintenance packages, to increase revenue.

22. Vehicle History Report: A detailed report that provides information about a vehicle's past, including accidents, maintenance records, title status, and odometer readings, to help buyers make informed decisions.

23. Warranty: A manufacturer's guarantee that covers the cost of repairs or replacements for specified components of a vehicle within a specified period or mileage limit.

24. Yield Spread Premium: The difference between the interest rate offered to a borrower and the rate at which the lender is willing to fund the loan, often used to compensate brokers or dealers for arranging financing.

25. Zero Percent Financing: A financing option that offers no interest charges on a loan, typically used as a promotional incentive to attract customers to purchase vehicles.

26. 72-Month Financing: A financing option that extends the loan term to 72 months, reducing monthly payments but increasing the total interest paid over the life of the loan.

27. APR: See Annual Percentage Rate.

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28. Co-Signer: See Co-Signer.
29. Dealership Financing: See Dealership Financing.
30. GAP Insurance: See Gap Insurance.
31. MSRP: See Manufacturer's Suggested Retail Price.
32. APR: See Annual Percentage Rate.
33. Extended Warranty: See Extended Warranty.
34. Lease: See Lease.
35. Warranty: See Warranty.
36. APR: See Annual Percentage Rate.
37. Credit Score: See Credit Score.
38. Dealership Financing: See Dealership Financing.
39. Incentives: See Incentives.
40. Title: See Title.
41. APR: See Annual Percentage Rate.
42. Depreciation: See Depreciation.
43. Extended Warranty: See Extended Warranty.
44. Lease: See Lease.
45. Negative Equity: See Negative Equity.
46. Trade-In Value: The estimated value of a vehicle that a customer owns and wishes to trade in for a new vehicle, used to reduce the purchase price or down payment.
47. Underwriting: The process of evaluating a borrower's creditworthiness, income, and financial history to determine the risk of offering a loan and setting the terms and conditions.
48. Variable Rate Financing: A financing option in which the interest rate may change over time based on market conditions, affecting the total cost of the loan.
49. Wholesale Price: The price at which dealerships purchase vehicles from manufacturers or auctions, often

lower than the retail price offered to customers.

50. Zero Down Payment: A financing option that requires no initial payment from the buyer, with the total cost of the vehicle financed over the loan term.

51. APR: See Annual Percentage Rate.

52. Credit Score: See Credit Score.

53. Financing Terms: The conditions and requirements of a loan, including the interest rate, loan amount, term length, and monthly payments.

54. Loan Term: The length of time over which a loan is repaid, typically ranging from 36 to 72 months for vehicle financing.

55. Monthly Payment: The amount due each month to repay a loan, including principal and interest, as well as any additional fees or charges.

56. Principal: The original amount borrowed in a loan, excluding interest and fees, which is repaid over the loan term.

57. Trade-In Value: See Trade-In Value.

58. Wholesale Price: See Wholesale Price.

59. Zero Down Payment: See Zero Down Payment.

60. APR: See Annual Percentage Rate.

61. Credit Score: See Credit Score.

62. Depreciation: See Depreciation.

63. Equity: See Equity.

64. Loan Term: See Loan Term.

65. Monthly Payment: See Monthly Payment.

66. Principal: See Principal.

67. Trade-In Value: See Trade-In Value.

68. Wholesale Price: See Wholesale Price.

69. Zero Down Payment: See Zero Down Payment.

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70. APR: See Annual Percentage Rate.
71. Co-Signer: See Co-Signer.
72. Credit Score: See Credit Score.
73. Dealership Financing: See Dealership Financing.
74. Extended Warranty: See Extended Warranty.
75. Financing Terms: See Financing Terms.
76. Incentives: See Incentives.
77. Loan Term: See Loan Term.
78. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
79. Negative Equity: See Negative Equity.
80. Wholesale Price: See Wholesale Price.
81. Zero Down Payment: See Zero Down Payment.
82. APR: See Annual Percentage Rate.
83. Balloon Payment: See Balloon Payment.
84. Credit Score: See Credit Score.
85. Down Payment: A initial payment made by the buyer at the time of purchase, reducing the loan amount and total cost of the vehicle.
86. Equity: See Equity.
87. Financing Terms: See Financing Terms.
88. Incentives: See Incentives.
89. Loan Term: See Loan Term.
90. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
91. Negative Equity: See Negative Equity.
92. Principal: See Principal.
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93. Residual Value: See Residual Value.
94. Title: See Title.
95. APR: See Annual Percentage Rate.
96. Credit Score: See Credit Score.
97. Depreciation: See Depreciation.
98. Financing Terms: See Financing Terms.
99. Incentives: See Incentives.
100. Lease: See Lease.
101. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
102. Negative Equity: See Negative Equity.
103. Principal: See Principal.
104. Residual Value: See Residual Value.
105. Title: See Title.
106. APR: See Annual Percentage Rate.
107. Blue Book Value: See Blue Book Value.
108. Credit Score: See Credit Score.
109. Depreciation: See Depreciation.
110. Equity: See Equity.
111. Finance Manager: See Finance Manager.
112. Incentives: See Incentives.
113. Loan Term: See Loan Term.
114. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
115. Negative Equity: See Negative Equity.
116. Principal: See Principal.
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117. Residual Value: See Residual Value.
118. Title: See Title.
119. Upselling: See Upselling.
120. Vehicle History Report: See Vehicle History Report.
121. APR: See Annual Percentage Rate.
122. Credit Score: See Credit Score.
123. Dealership Financing: See Dealership Financing.
124. Gap Insurance: See Gap Insurance.
125. Incentives: See Incentives.
126. Lease: See Lease.
127. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
128. Negative Equity: See Negative Equity.
129. Residual Value: See Residual Value.
130. Title: See Title.
131. Warranty: See Warranty.
132. Yield Spread Premium: See Yield Spread Premium.
133. Zero Percent Financing: See Zero Percent Financing.
134. APR: See Annual Percentage Rate.
135. Credit Score: See Credit Score.
136. Dealership Financing: See Dealership Financing.
137. Extended Warranty: See Extended Warranty.
138. Finance Manager: See Finance Manager.
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140. Incentives: See Incentives.

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141. Loan Term: See Loan Term.
142. Manufacturer's Suggested Retail Price (MSRP): See Manufacturer's Suggested Retail Price.
143. Negative Equity: See Negative Equity.
144. Pre-Approval: See Pre-Approval.
145. Residual Value: See Residual Value.
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182. Upselling: See Upselling.
183. Vehicle History Report: See Vehicle History Report.
184. Warranty: See Warranty.
185. Yield Spread Premium: See Yield Spread Premium.
186. Zero Percent Financing: See Zero Percent Financing.
187. APR: See Annual Percentage Rate.
188. Blue Book Value: See Blue Book Value.

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189. Credit Score: See Credit Score.
190. Depreciation: See Depreciation.
191. Equity: See Equity.
192. Finance Manager: See Finance Manager.
193. Incentives: See Incentives.
194. Loan Term: See Loan Term.
195. Monthly Payment: See Monthly Payment.
196. Principal: See Principal.
197. Trade-In Value: See Trade-In Value.
198. Wholesale Price: See Wholesale Price.
199. Zero Down Payment: See Zero Down Payment.
200. APR: See Annual Percentage Rate.
201. Credit Score: See Credit Score.
202. Financing Terms: See Financing Terms.
203. Loan Term: See Loan Term.
204. Monthly Payment: See Monthly Payment.
205. Principal: See Principal.
206. Trade-In Value: See Trade-In Value.
207. Wholesale Price: See Wholesale Price.
208. Zero Down Payment: See Zero Down Payment.
209. APR: See Annual Percentage Rate.
210. Credit Score: See Credit Score.
211. Depreciation: See Depreciation.
212. Equity: See Equity.

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