

June 30, 2023

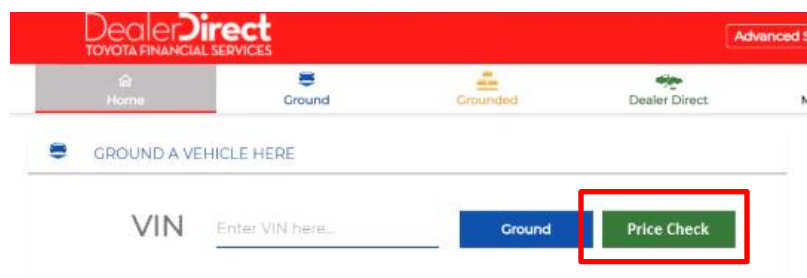
FSB #2023-RMKT-027

To: All Toyota Dealers

Re: Dealer Direct, Pre-Grounding Market-Based Price Estimate

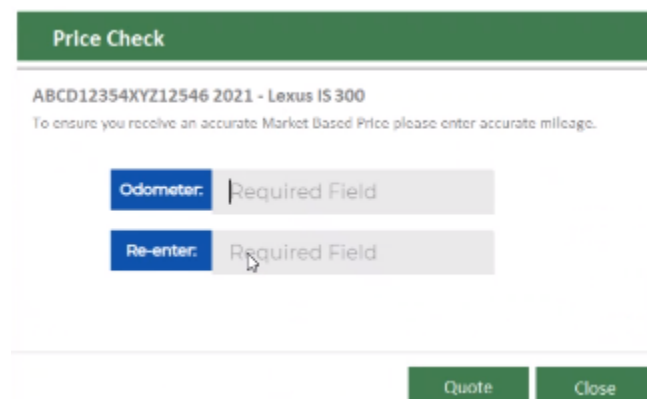
Effective July 18, 2023, TFS will enable changes to the Dealer Direct off-lease grounding platform that will enhance the ability for TFS to service a customer's account at lease-end when a vehicle is returned early, by limiting the available purchase option to market-based price. Off-lease vehicles returned within 30 days of the original lease maturity date (plus lease deferrals) will still be offered at the residual value, payoff amount, or market-based price.

To provide dealers with the tools needed to navigate this change, TFS is pleased to announce enhanced functionality in Dealer Direct, which will allow a dealer to request an estimated market-based price prior to grounding a vehicle.



The screenshot shows the Dealer Direct interface. At the top, there is a red header with the Dealer Direct logo and 'TOYOTA FINANCIAL SERVICES'. Below the header, there are navigation tabs: Home, Ground, Grounded, and Dealer Direct. A search bar is present with the text 'GROUND A VEHICLE HERE'. Below the search bar, there is a VIN input field with the placeholder text 'Enter VIN here...'. To the right of the input field are two buttons: 'Ground' and 'Price Check'. The 'Price Check' button is highlighted with a red rectangular box.

To obtain an estimated market-based price, simply enter the VIN of an eligible TFS off-lease vehicle and click the "Price Check" button. Then enter the mileage of the vehicle when prompted:



The screenshot shows a 'Price Check' dialog box. At the top, there is a green header with the text 'Price Check'. Below the header, there is a VIN input field with the text 'ABCD12354XYZ12546 2021 - Lexus IS 300'. Below the VIN input field, there is a note: 'To ensure you receive an accurate Market Based Price please enter accurate mileage.' Below the note, there are two input fields: 'Odometer: Required Field' and 'Re-enter: Required Field'. At the bottom of the dialog box, there are two buttons: 'Quote' and 'Close'.

After entering the vehicle mileage, click on the "Quote" button and the estimated market-based price will be displayed as follows:

Pre-Term Price Quote

4T1B11HK4JU044347 - 2018 Toyota Camry SE

Months Remaining: 1 Payments Remaining: \$300

Odometer: 33,245

Residual: \$18,255
Payoff: \$18,555
Estimated MBP: \$20,500 - \$21,500

Note: This is an Early Term Vehicle with a Payment Waiver Program Assigned.

[Ground/Buy](#) [Close](#)

Please note, the estimated market-based price will be displayed as a range and is to be used for estimation purposes only. The actual market-based price will be assigned after the vehicle has been grounded and inspected.

After obtaining an estimated market-based price, dealers will have the option to proceed with grounding, or if the Payoff amount is preferred, dealers are asked to submit payoff funds to TFS through the payoff portal.

Dealers are encouraged to use this new functionality to help assess whether it is more beneficial to ground the vehicle or simply pay the vehicle off without initiating the grounding process. As a reminder, once an early-term vehicle is grounded, the vehicle will only be available to purchase at the market-based price.

Also, please recall that the process for submitting payoff funds or grounding a leased vehicle must be completed within 48 hours of when the lessee surrenders the leased vehicle to the dealership. This timeline is given in accordance with the Dealer Direct Participating Dealer Agreement, which gives us discretion in determining the Grounding Period.

Thank you for your continued partnership.

Sincerely,

TFS Remarketing

Frequently Asked Questions

Q: What exactly is changing?

A: Effective July 18, 2023, when a vehicle is grounded more than 30 days prior to the original maturity date (plus lease deferrals) (Early-Term), the grounding dealer will only be given the option to purchase the vehicle for the market-based price.

Q: Why is the payoff purchase option not available on Early-Term vehicles that are grounded?

A: Dealers can continue to purchase for payoff by remitting payoff funds through the payoff portal. The purchase option for a grounded Early-Term vehicle is limited to market-based price only to ensure accurate servicing of the lease agreement.

Q: What if the grounding dealer changes their mind after grounding an Early-Term vehicle and would rather purchase the vehicle for payoff?

A: Once a vehicle is grounded, the vehicle is considered returned by the lessee and end-of-lease processes are initiated. At that point, TFS is obligated to treat the vehicle as a lease return and will not be able to accommodate requests to reverse a grounding.

Q: How do dealers know if a vehicle is an Early-Term lease?

A: After this change, when grounding is initiated on an Early-Term lease, a warning message will be displayed in Dealer Direct, which will serve as an alert that the vehicle is an Early-Term and will only be offered for the market-based price once grounded.

Q: Does this change mean grounding dealers are no longer given Residual or Payoff purchase options on all grounded vehicles?

A: No. This change only applies to Early-Term grounded vehicles. For Full-Term grounded vehicles grounding dealers will still enjoy the ability to purchase at the favorable of market-based price, residual, or payoff.

Q: If the payoff purchase option will not be available after grounding an Early-Term vehicle, how can grounding dealers estimate the market-based price prior to grounding?

A: After this change, grounding dealers will notice a new “Price Check” button in Dealer Direct. Simply enter the VIN, click “Price Check”, and enter the vehicle odometer reading. Dealer Direct will immediately display an estimated market-based price range. Grounding dealers are encouraged to obtain an estimated market-based price prior to grounding an Early-Term vehicle to help with the Ground vs Payoff decision.

Q: Can the grounding dealer purchase the vehicle for the estimated market-based price?

A: The estimated market-based price will display as a range and is provided for estimation purposes only. Once the vehicle is grounded TFS will order an inspection and provide an actual market-based price, which then will be the price for which dealers can purchase the vehicle.

Q: Why can't TFS provide an actual market-based price prior to grounding?

A: At the time of providing the estimated market-based price, TFS does not have all the information that is needed to provide an actual market-based price. Once vehicle condition and vehicle history information are received after grounding, an actual market-based price will be provided.

Q: Is the actual market-based price guaranteed to fall within the estimated market-based price range?

A: The estimated market-based price range is provided as a good faith estimate of vehicle value. While the intent is to provide a reliable estimated value to dealers, it is possible that the actual market-based price will fall outside of the estimated range.