



To: NADA Legal and Regulatory Affairs and Automotive Dealers

From: SMART Payment Plan

Date: May 8, 2014

Re: Response to 'Notice about Bi-Weekly Payment Products'

We appreciate the opportunity to address your memo but are disappointed that your memo was published without any effort to contact us to learn the details of our service.

Since 2003, SMART has been an industry leader in bill payment services. We are never surprised when people mischaracterize our service or the value we provide our clients.

'Biweekly payment' companies have been around since the 1980's. The concept and practice is not new. More important, 'biweekly payment' service is not an accurate description of what we do.

It is very important to understand that we match smaller bill payments to American's paydays - weekly, every 2 weeks, and twice a month. Matching income cycles to bill payment cycles is very advantageous for a consumer. Our clients who get paid weekly have their bills debited on a weekly basis. Our clients who get paid twice a month have us debit their bills twice a month. Our clients who get paid biweekly have their bills debited every 2 weeks. It's the matching smaller bill payments to paydays that provides the real value of our service - the convenience, ease of budgeting, improved cash flow, reducing debt faster, reducing negative equity and eliminating late fees. Further we become an advocate for our clients in any disputes or problems with their lenders or billers.

Most important, interest savings is not the primary benefit. Interest savings is only one of several benefits. The most important benefits for our clients are convenience, ease of budgeting, paying off debt faster, reducing negative equity and eliminating late fees. When we survey our clients, they say they love us for the convenience and ease of budgeting - not a single client mentions interest savings.

The prior memo from NADA totally missed the mark by not discussing the real benefits of our program. Further, if only doing a financial cost/benefit analysis, the NADA memo failed to recognize that when clients enroll their mortgages and credit cards, the interest savings become significantly higher than costs in every scenario. Further, no consideration of avoiding late fees (\$45 with some lenders) which many consumers often face was not even mentioned in the cost/benefit example in the NADA memo. Finally, the memo failed to address our help in reducing negative equity positions which impact clients financially in many ways. Even further mistaken is the assumption that Americans with good credit and low interest rates do not benefit from our service. In fact, our clients are a cross-section of America - including those with perfect credit.

The real overlooked fact of the NADA memo is that 80% of Americans get paid weekly, biweekly or twice per month. Recent published studies estimate that as many as 77% of Americans live payday to payday. Understanding how average Americans get paid and budget, it makes sense that a service that helps car buyers match smaller bill payments to their paydays would be well received.



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Especially when compared to other products and services that are purchased by car buyers, SMART provides significant received value. Consider Service Contracts which often overlap manufacturers' warranties and only provide value if something breaks. Consider Credit Life and Disability which requires someone to die to receive a benefit (nearly every policy provides zero financial benefit as buyers rarely die during the life of their car loan). Consider GAP insurance in which only 3% of buyers exercise their policy when their vehicle is stolen or totaled (97% of all purchasers receive zero financial benefit and the policy cost is a total financial loss). In comparison, SMART's bill payment service represents a tremendous value to car buyers and Americans because every client receives tangible and appreciated benefits - without something having to break, without their vehicle being stolen or totaled and without someone dying. With SMART, every one of our clients receive the benefit of smaller and more convenient payments that are easier to budget and reduce debt faster. Many of our clients add additional bills including credit card and mortgage payments to significantly simplify their budgeting, greatly increase their cash flow and reduce their overall debt faster.

To only consider interest savings when discussing our program completely misses the value that our clients receive and tell us about when we survey them. It's like talking about a car and only discussing the paint color when significant other factors actually determine the value of the vehicle.

We are proud of the value and service we provide and our rapidly growing base of 125,000 active clients agree. We urge you to reconsider the memo you previously wrote to include and consider all of the facts and value propositions. We further urge you to retract the prior memo and publish a memo that accurately represents the facts, benefits and value of our service.

Please note that we have also voluntarily contacted the FTC to assist them in learning about our service and industry.