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Pilot Finance, Inc.
CUSTOM RATE
Flight Training Financing

Now you can offer your students
LOW Interest Rates...

...as low
as
0%!



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*Here's
how it
WORKS.*

You choose the rate.

You may need to offer some students flight training financing with LOW INTEREST RATES in order to sign them up. Or maybe you need LOW INTEREST RATES for ALL your students to distinguish your school from the competition. Or maybe you would just like to have low rate financing available, to use when you want, to help your school grow. YOU can specify the interest rate you want to charge!

You pay a little.

In return for lower interest rates that YOU select, your flight school agrees to a small discount off of your invoiced training charges. The discount is very simple to calculate and easy to remember. Pilot Finance discounts your payments 1% for every 1% reduction in your customer's finance rate. The discount you accept may actually be LESS than the discount you already accept for credit card payments!

We pay a LOT.

Pilot Finance will absorb MOST of the cost of the interest rate reduction. We finance your customer's training for up to five (5) years. Your school's percentage reduction covers the first year. We pay the rest! Please see FAQ section for more details.



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FAQS

1. How much will Pilot Finance reduce my customer's finance interest rate?

You may request, and receive, any reduction you want! You can even offer 0% financing! Here are some examples. If your customer's finance rate is 12%, you may offer a lower finance rate of 11%, meaning a 1% discount — your training invoices will then be funded at 99%. Or, you could offer your customer a 0% finance rate, meaning a 12% discount — your training invoices will then be funded at 88%. Or you could offer anything in between!

Your decision to offer Custom Rates should be based on your judgment about the cost of the discount compared to the benefits of offering lower interest rates. You should consider how a lower interest rate could help you attract new business or retain existing customers that are drifting away. You can also use lower interest rates to distinguish your school from competing schools at your airport or in your area.

2. Wait a minute! If Pilot Finance discounts my payments 1% for every 1% reduction in my customer's finance rate, it looks like I'm paying for ALL of the reduced finance charges! I thought you said Pilot Finance pays for most of it!

If we were financing your customers' training for only one year, a 1% discount in our payments to your school would indeed pay for an entire 1% interest rate reduction. Remember however, that we finance your customers' training for up to **five** years. Pilot Finance absorbs the discount for every subsequent year of financing. That's why it's true that most of the reduced finance charges are being absorbed by us. If you are interested, we would be happy to send you some detailed mathematical examples.

3. How do I know Pilot Finance is not just increasing the finance rate on Custom Rate Program transactions, hoping my flight school will accept a discount to give my student a lower interest rate?

Simple. You **never** need to disclose your request for a Custom Rate in advance! You can obtain an approval for any finance customer first, without advising us you may be interested in a Custom Rate

RATE REDUCTION	FUNDING DISCOUNT	FUNDING RATE
Pilot Finance Reduces your Customer's Finance Interest Rate this much:	Pilot Finance Discounts Payments to your School for this Customer's Training this much:	Pilot Finance Pays your School for this Student's Training at this Percent of Invoice Charges:
1%	1%	99%
2%	2%	98%
3%	3%	97%
4%	4%	96%
5%	5%	95%
6%	6%	94%
7%	7%	93%
8%	8%	92%
9%	9%	91%
10%	10%	90%
11%	11%	89%
12%	12%	88%
13%	13%	87%
14%	14%	86%
15%	15%	85%
16%	16%	84%
17%	17%	83%
18%	18%	82%

Simply choose the "discounted" interest rate you want to offer.

The percentage rate discount may actually be LESS than the discount you already accept for credit card payments.

for the customer. We will quote the best rate we can offer, like we always do. Then, simply tell us what you would like the rate to be, **before** we prepare the documents. We will prepare the documents at the low rate you request, and set that particular account up for Custom Rate discounted training payments. If you request the lower Custom Rate **after** the finance documents have been prepared and transmitted to you by FedEx Express, there is a \$25 charge for re-documenting the transaction.



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4. How about if I increase my price to the customer and then agree to the discount? By doing this, I could offer the lower interest rates and still get 100% of my funds!

It would not be legal for you to charge higher prices to customers who finance. Federal Truth-In-Lending laws require us to disclose all of the costs of financing to your customer in the Annual Percentage Rate that is stated on the customer's finance contract. If you charge higher prices to customers who finance, then part of the cost of financing is technically "hidden" in the higher prices. In that case, all costs would not be properly and legally disclosed. In your school's operating agreement with Pilot Finance, you have agreed that prices you charge to finance customers are the **same** as the prices you charge for cash transactions. For these reasons, Pilot Finance cannot participate in finance transactions where the price for financed training is different than the price you charge to cash customers.

One final thought: Some schools **have** been quite successful in creating special "Premium Service" programs at higher prices or rates to increase profit margins. This is perfectly OK. However, any Premium Service type programs must be sold at the same price to cash customers as well as the finance customers.

5. What if a customer drops out or drifts away? Will I get stuck paying for the whole discount after a customer stops training?

No! You never have to **pay** any part of the discount. The small discount percentage you agree to for a customer is simply subtracted from flight training payments we send to you. So your cost will never be more than the discount on the flight training services you actually deliver to your customer.

6. Do I have to decide on one Custom Rate for ALL my customers?

No! You can decide on a case-by-case basis whether to offer Custom Rates, and what Custom Rate to offer. We suggest offering a low Custom Rate to a particular customer only when it would benefit you the most. For example, a low Custom Rate may make your school more attractive to a prospective student requiring a certain **amount** or **type** of training. Or, you might think a prospect would be a perfect "fit" for an instructor who needs the hours. Or, you may want to sign up a prospect whose preferred training times fit perfectly with "slow times" for your aircraft or instructors. **You** decide when to use it. We give you the flexibility to offer the finance rate you want!

7. Is the Custom Rate program available for ALL Pilot Finance programs?

Custom Rates are available for all Pilot Finance programs with training schedules of 2, 3, 4 or 5 lessons per week. Custom Rates are not available for programs with only one (1) flight lesson per week.

8. Are Custom Rate customers still eligible for 3% Preferred Customer Interest Refunds?

Yes! All of your customers, including Custom Rate customers, receive our regular Preferred Customer Interest Refund Certificate, which entitles them to a substantial cash refund. The refund effectively reduces their interest rate by three percentage points if they make their payments on time. Of course, if the customer's Annual Percentage Rate is **less** than 3.00%, the customer's refund will be limited to the interest actually paid — the customer cannot receive a "refund" for more interest than he or she actually paid!

9. Why doesn't Pilot Finance just pay me 100% and offer the customer a somewhat lower finance rate?

Our Custom Rate program is designed to be a powerful **Marketing Tool** to help schools sign up more new customers and greatly reduce dropout rates.

Although we work with some 1,200 flight schools, the majority of our business comes from a select number of schools that use creative and progressive marketing techniques. These schools use financing as a marketing tool, integral to their selling process. Our Custom Rate program is designed to give these higher-volume schools even more flexibility and marketing power. At the same time, Pilot Finance's substantial contribution to the cost of the program serves to **reward** these schools for the higher volume Pilot Finance business they already generate.

