

GET TO KNOW MORE ABOUT CONSÓRCIO CHEVROLET!



The Consórcio System

The Consórcio is an asset purchasing system (in Banco GM case, vehicles), where a group of participants, managed by a legal entity responsible for administrating the group, contributes monthly to a common fund to provide to its members the acquisition of an asset by self-financing.

Each participant pays in a monthly basis a percentage of the asset (installment) and can receive its vehicle by paying the highest bid or by being the raffle's winner (once a month).

This product is for people that do not immediately need the asset and consequently have a saving profile. It is an important product especially during periods when the government implements measures to curb inflation and consumption, as Consórcio has no minimum down payments, no interest rate and offers long terms. From GMF's perspective there is no funding needed and the product is covered by credit risk insurance.



The Supervision and Administration

The Brazil Central Bank is responsible for supervising and regulating the system. The Consórcio Administrator Companies are authorized by Brazil Central Bank to organize and manage the Consórcio groups. GMF in Brazil is a Consórcio Administrator Company and is allowed to charge an administration fee.



Modus Operandi



1 Acquisition

The first step is to create a group with a limited number of participants. GMF offers groups using two distribution channels: dealers and third parties selected and approved by GMF to sell quotas. The group is formed when all the quotas available are sold. Currently, GMF offers groups of 160, 240 and 500 participants and terms may vary from 72 to 84 months.

2 Assembleia

Is the monthly meetings of the group where the client can be awarded with the credit to purchase the vehicle, by lottery (one per group) or bidding. The bidding process is designed for clients that have savings and want earlier delivery than being chosen within the lottery. Bids are typically an advance payment based on a percentage of the vehicle value. The highest bid is considered as awarded quota. After the first meeting, the following installments are supposed to be made monthly by all participants. These payments are the source of investment that is used to buy the vehicles.

3 Installment components

The monthly installment contains the common fund, the administration fee, the reserve fund and credit and life insurance.

/ The common fund is the amount each participant must pay to create a fund to get resources to purchase the vehicle. It is calculated as 100% of asset cost divided by the group's term.

/The administration fee covers personnel, credit analysis, dealer/partners commissions and other associated fees that GMF incurs managing the groups. It is calculated by dividing the administration fee percentage per group's term. GMF is allowed to anticipate the collection of some administration fee to cover onboarding expenses.

/ The reserve fund is a protection fund. The amount collected of all participants is to ensure the group will cover any unexpected expenses or potential losses.

/The credit and life insurance are to ensure the group will continue financially healthy in case of death, unemployment, or customer default.

4 Awarding

This is when the participant can get the credit amount. It can be by lottery or by bidding. Usually, the groups have one of each category awarded by month. The selected participants are defined during the monthly meetings called Assembleias.

5 Asset Acquisition

The awarded customer can get the credit to purchase the vehicle after presenting documents required by credit analysis. This is because after being awarded the quota status changes from contributing to the group to borrowing from the group. There is a credit concept here and all the verification related to credit analysis is performed to ensure customer has capability to acquire the credit. If documentation is approved, the credit amount is paid and customer can get the car. A lien is placed at the vehicle in favor of GMF and it is released when the quota is completely paid.

6 Closure of the group

When the group is matured, the remaining amounts are shared among all groups' participants. Most of the cases the amounts are related to reserve fund. Until the customer withdraws this money, GMF is allowed to collect a monthly fee over this amount.

// THANK YOU!



CONSÓRCIO