

Recovery Optimization for Your Lending Program

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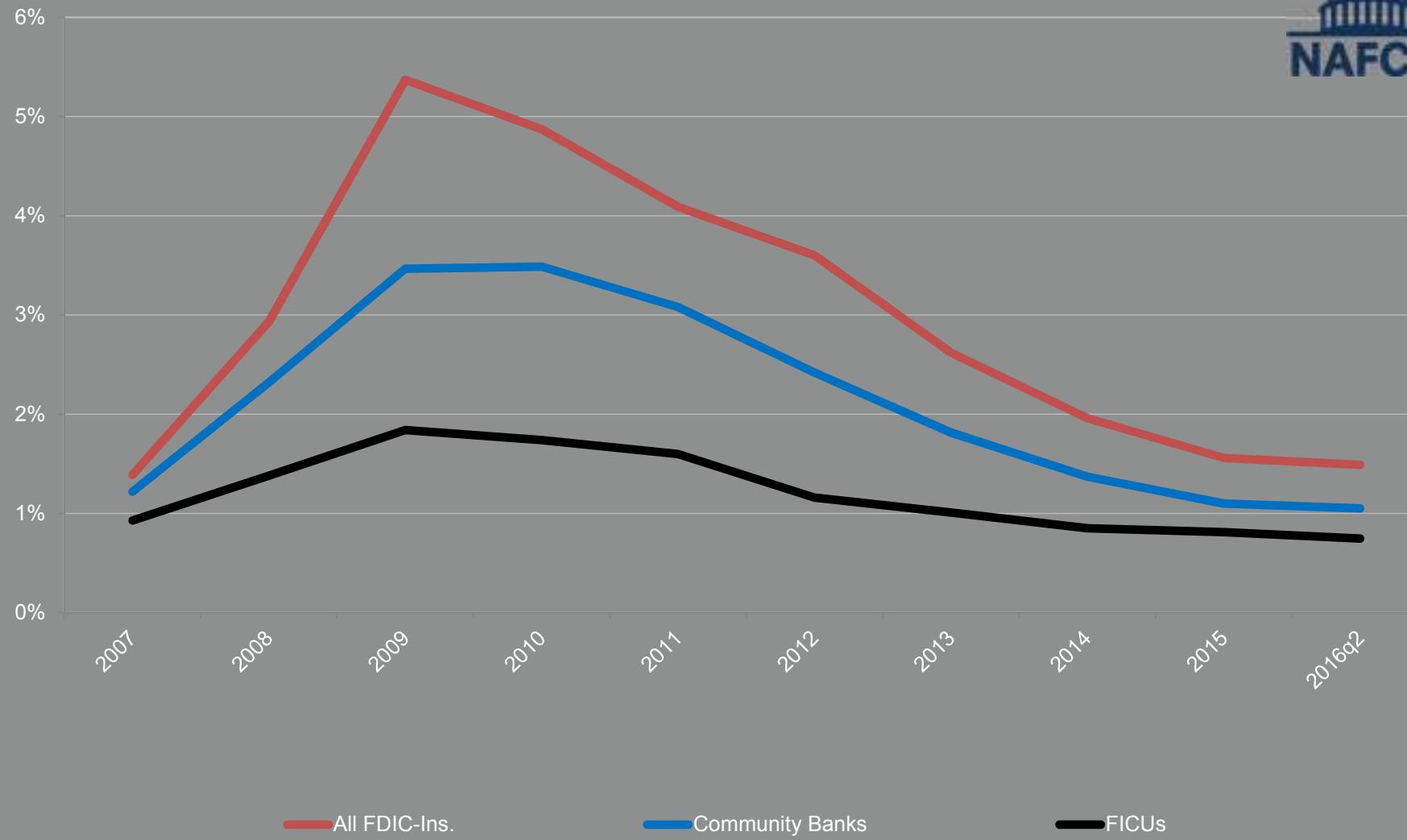


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Topics to Cover – Items of Interest

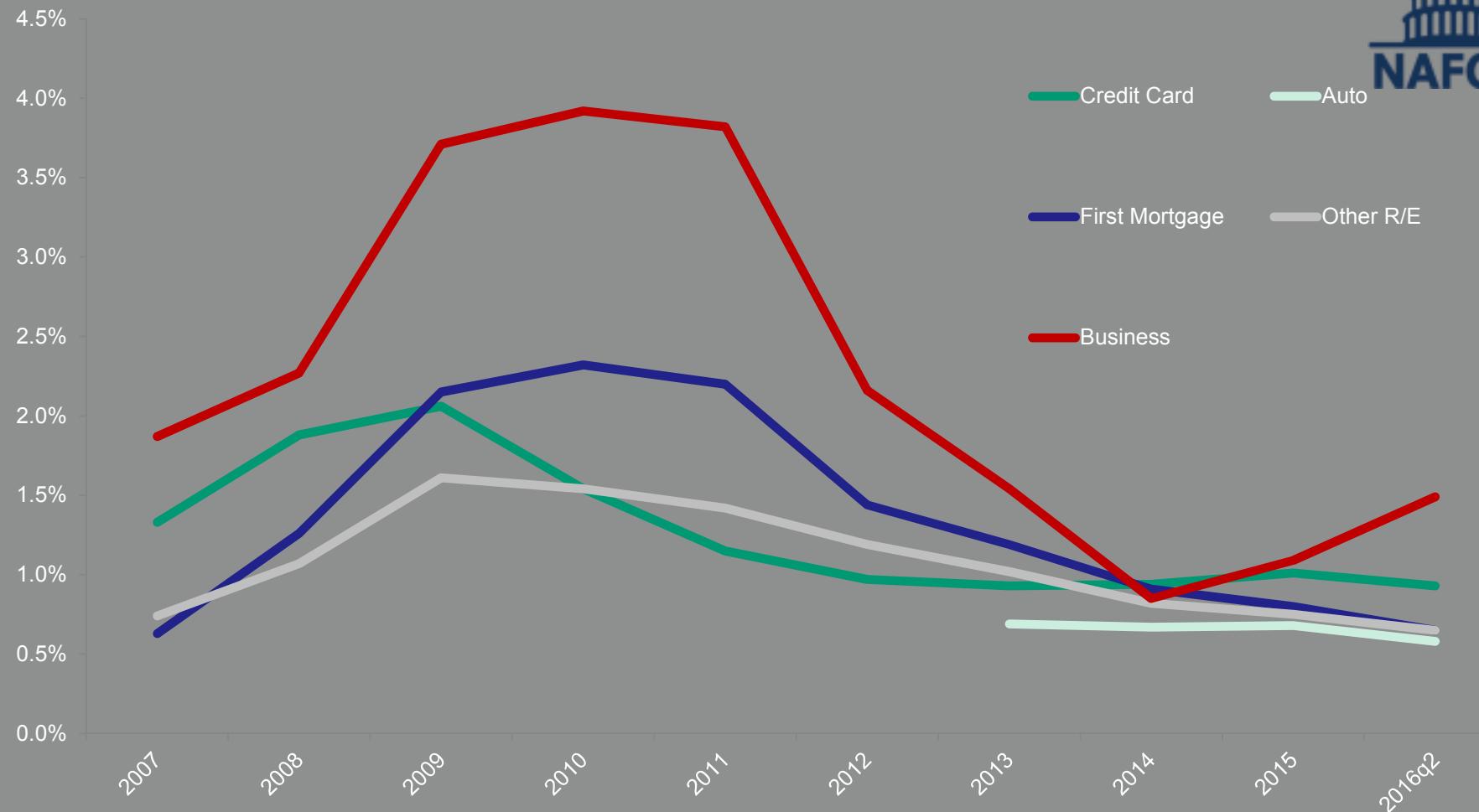
- Current delinquencies
- Some current procedures
- Some current offerings
- New products and offerings
- Recommendations for consideration

Delinquency Ratios



Source: NCUA, FDIC

FICU Delinquency Ratios by Type



Note: Auto delinquencies not available prior to 2016

Source: NCUA

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*Franchise versus Non-
Franchise Dealers*

Lack of Data to
Determine Risk
Tolerance

**Weak Dealer
Contracts**

Borrower Fraud Rings

*Lack of Strong
Management Oversight*

Risks

Identity Theft

Product Cancellation

Lack of Risk
Management Tools

*Ill equipped
Collections Model*

Dealer Compliance

No Dealer Quality Control / Audit Program

Repossession/Redemption/Reinstatement Compliance

Inadequate Vendor Support

FTE ownership
Lender Level

**Inadequate
Underwriting
Guidelines**

Lack of Early Delinquency Indicators

Insufficient Legal
Counsel Support

Internal Risk Mitigators

- Strong Dealer Contracts
- Audit Program
- Buy Back Provisions
- Early Delinquency Indicators
- Robust Collection/Recovery Model
- CFPB

Internal Risk Mitigators (cont.)

- Effective Charge Off Collections
- Strong Legal Support
- Strong Underwriting Guidelines
- Dealer Buy Back Programs
- Dealer Management
- Process for Product Cancellation and Credit

External Risk Mitigators

- Insurance
- Insurance Tracking
- Title Tracking
- Address Scoring Services
- AutoCheck
- CARFAX

External Risk Mitigators (cont.)

- DRN
- License Plate Recognition
- SKIP Resources
- REPO Resources
- Alert Services
- Product Cancellation Provider

Litigation Regarding Repossessions

- Trend
- Class Action

Make Recovery Easier

- Forwarders/Aggregators for expanded footprints
- Data Driven Providers (LPR)
- Integration with Insurance Program
- Integration with Collection Software
- Strong Indemnification Contracts
- Use Remarketing Support
 - Online Auction

Red Flag Mitigators

- Compliant Vendors
 - Fidelity Bonds
 - Background Check
 - RISC Members
 - Secure Lots
 - Insurance Required Garage Liability
- Measure/Score
 - Recovery Rates
 - Speed of Recovery
 - Complaints

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Robust Recovery Model

State Specific
Notification and
Processes at time of
repossession
(redemption and
reinstatement)

License Plate
Recognition

Legal resources for Dealer Recourse

*Recovery Program-
insurance recovery on
repossessed collateral*

*Robust locate resources, SKIP,
LPR, Repossession network,
incentives and payments*

*Remarketing
Strength beyond
local*

Internet Bids for Collateral

*Indirect Collection
Practices- speed to
collect and
repossess*

Vehicle Alerts

Buy Back
Provision
Adherence

**Recovery partner for
Dealer Products
(GAP and MBP)**

Territory
Management
versus
Local/State
Management

Compliance Focused

Built out and tested ahead
of loan delinquency –
Leverage partners and volume

Data analytics on loan performance/dealer performance

Recommendations

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