



## Strategic Growth Conference

Say **YES** to more automotive loans!

 **Lenders Protection** | powered by  **OpenLending**



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## What is Lenders Protection?



The **Lenders Protection** program is designed to help lenders approve and fund a wider range of loans that serve more members and earn higher yields, while mitigating risk with "A" rated default insurance.



The program costs are built into the interest rate to the member and recovered thru the interest income generated on this new segment of loans.



The credit union controls everything.



To date, we have expected 21,415 defaults and have experienced 21,579.

***(99.2% accurate at predicting defaults)***

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## Where Lenders Protection Fits

Retail LTV	≤ 75%	≤ 80%	≤ 85%	≤ 90%	≤ 95%	≤ 100%	≤ 105%	≤ 110%	≤ 115%	≤ 120%	≤ 125%	≤ 130%	≤ 145%	Approval Rates
Trade LTV	≤ 90%	≤ 95%	≤ 100%	≤ 105%	≤ 110%	≤ 115%	≤ 120%	≤ 125%	≤ 130%	≤ 135%	≤ 140%	≤ 145%		
750 +														53.4%
700 - 749														75.5%
680 - 699														79.8%
660 - 679														80.1%
640 - 659														77.9%
620 - 639														72.6%
600 - 619														66.7%
580 - 599														61.3%
560 - 579														53.7%



Average Financial Institution Advance

Additional Advance with Lenders Protection

\*Chart shows maximum advance for direct loans (indirect advances are reduced by 10% across all tiers)

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## Lending More EFFICIENTLY

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### DEALER RELATIONSHIPS


- Lenders with quick responses have higher look to book ratios
- Buying deeper can increase overall app flow up to 25%
- Backend allowances up to \$5,000




### SPEED TO MARKET

- Reduce processing time and efficiency in underwriting
- Automated interface filters can relay insured decisions within seconds






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How Lenders Protection Helps Your **INSTITUTION**




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-  Default protection reduces charge offs
-  Increase loan volume organically
-  Higher yields than prime lending
-  No changes in how you service funded loans
-  You are the insured party. Not your member.






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How Lenders Protection Helps Your **MEMBER**



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-  Approve more loans with fewer conditions
-  Eliminate or reduce down payment requirements
-  Longer terms lead to better payment terms
-  Risk-based interest rates lower than alternative
-  Help members avoid “buy here, pay here” dealers

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**Policy pays difference between loan balance at default and greater of:**

- 80% of wholesale trade value of repossessed vehicle at default
- OR amount received from sale of repossessed vehicle

	Repo sold <u>ABOVE</u> 80% book value		Repo sold <u>BELOW</u> 80% book value	
LOAN BALANCE AT TIME OF DEFAULT	\$20,000		\$20,000	
VEHICLE VALUE AT TIME OF DEFAULT	\$10,000		\$10,000	
Greater of: (A) Amount realized from sale of vehicle (B) 80% NADA Trade or KBB Wholesale	\$9,000 A=Sale Amount	\$8,000 B=80%	\$7,000 A=Sale Amount	\$8,000 B=80%
Financial Institution Loss without Lenders Protection	\$11,000		\$13,000	
Claim Payment (Plus 60 days interest)	\$11,000		\$12,000	
Financial Institution Loss with Lenders Protection	\$0		\$1,000*	

\*Uninsured losses can be priced for using our Custom Risk Based Pricing Tool

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**Thank You!**

**OpenLending**  
Say YES to more automotive loans.

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