



# *Rex's Greatest Hits*

BENCHMARKING FROM THE PROS

## **Webinar 31**

**Presented by Rex Johnson**  
***Lending Solutions Consulting, Inc.***





Products designed to reach  
a greater membership base.



# Take More Risk with C, D, E paper Car Loans Introducing Auto-Vise-GPS Loan

*Larry Carter*

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**A.R.A. GPS SYSTEMS**

The most **Accurate, Reliable & Affordable**  
GPS tracking device available. **Period.**

# Auto-Vise-GPS Loan

A loan where members have a GPS installed in their vehicle being purchased.

- Benefits of the installation
  1. GPS locator - Credit Union can quickly locate vehicle on-line
  2. Payment reminder – If the member is late on payment an on-dash light will flash.
  3. Startup interrupter – The system will prevent the member from starting their car when delinquent (the credit union determines the specific timeframe).
- GPS is installed at the member's expense and at the time of closing.
  - Cost = \$170 per unit

# Auto-Vise-GPS Loan Requirements

- Loan/Vehicle Requirements
  - GPS is required when the credit card score is less than 600 (this can be waived for long time members with direct deposit, previous loans with payroll deduction, good payment history with CU)
  - Vehicle cannot exceed 10 years old
  - Mileage does not exceed 75,000
  - Verification of Income
  - Verification of Insurance
  - Car Fax completed
- General loan guidelines for underwriting guidelines

# Members sign GPS Tracking Agreement

Agreement protects the credit union:

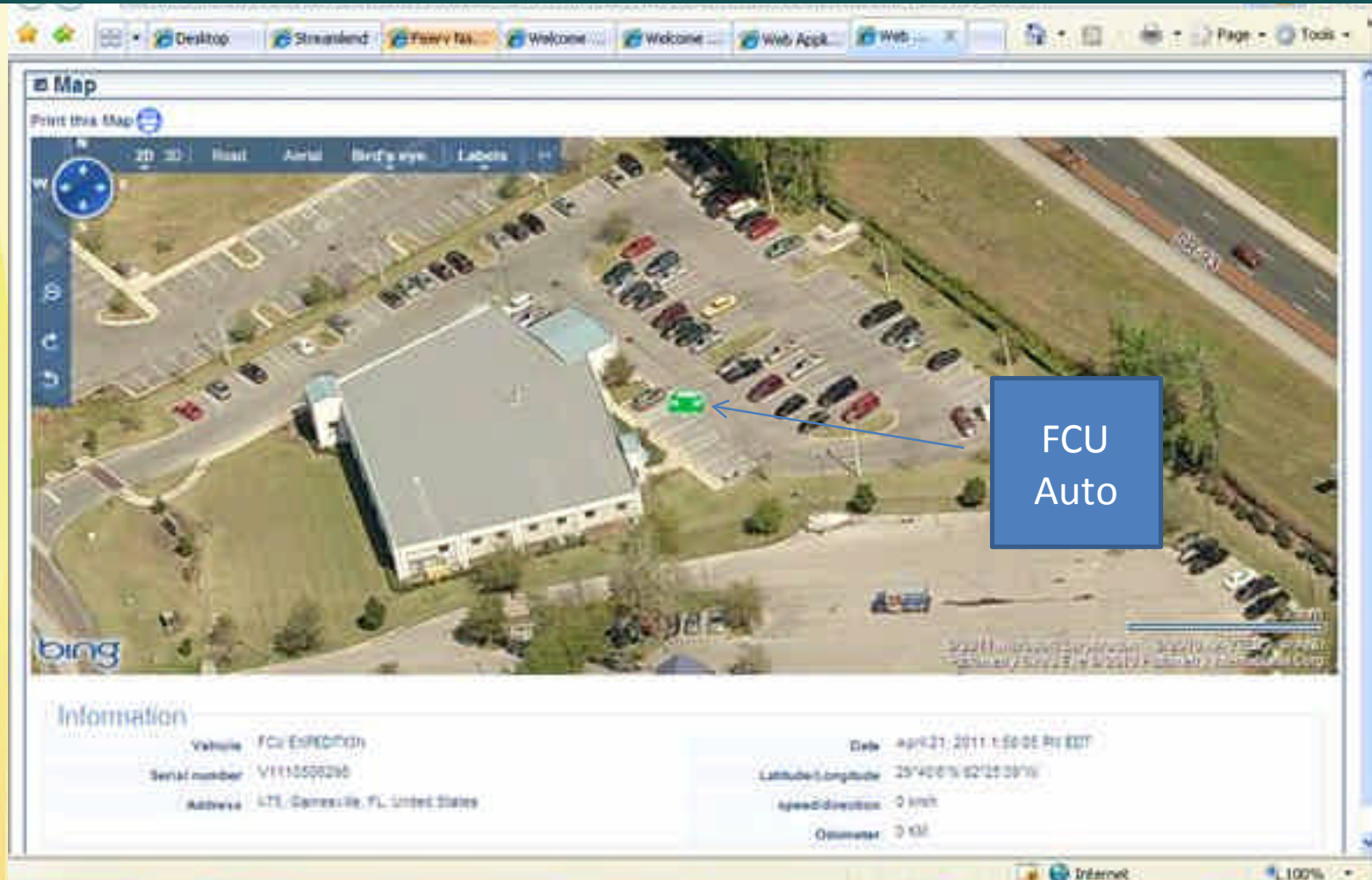
- Member agrees that they understand the GPS device is on the vehicle and they elected to finance the vehicle with the credit union.
- Member agrees to not tamper with the device
- Member is aware the credit union has the right to disable to vehicle
- Releases credit union of liability of the device

Agreement designed by our attorney.

# GPS Tracking

- Tracking
  - Credit Union can quickly locate vehicle to repossess
  - Warning signal – if member pays late
  - Engine interrupt ability
- How we track
  - Each unit is logged into an excel log
  - Each unit is logged into ARS website for tracking ability

# GPS Online Locator



# Employee Incentive

There is still time to win. I know a few of you have loans closing this week. Last week's quarterly training we based on pending applications and we now all know what happens when you work pending loans, so work your pending loans.



# Results

- Results

Started in June 2011

88% of total loans makes up D and E paper

Total of 227 loans approved

Average Net Yield 12.02

Used Auto	WAY	Balance	Loan C/O	Net Yield
C	9.51	204,971.23	5,064.45	6.55
D	11.88	683,675.38	0	11.88
E	14.81	853,465.13	0	14.81
Total Balance	12.31	1,742,111.74	5,064.45	12.02

Note: Our recommended rates for D and E paper is 17.95% for 60 months.



# No Hassel Credit Rebuilder Loan

# No Hassel Loan

- Requirements
  - Member in good standing
  - 1 year on current job
  - Direct deposit
  - Maximum unsecured with credit union = \$1500 (including the No Hassel Loan)
- \$1000 limit
- 17.99% for 12 months
- \$75 processing fee
- Net Yield = 16.12% after charge offs

HO10_11	WAY	Loan Bal	Loan C/O	C/O %	Net Yield
A	17.99	2,001.73		0.00	17.99
B	17.99	14,203.46		0.00	17.99
B+	17.99	3,824.70		0.00	17.99
C	17.99	38,974.05	2,230.93	5.72	12.27
C+	17.99	22,596.33		0.00	17.99
D	17.98	212,639.98	866.74	0.41	17.57
D+	17.98	51,958.39	760.83	1.46	16.51
E	17.85	303,074.29	7,971.79	2.63	15.22
M	17.99	6,716.34		0.00	17.99
Total	17.92	655,989.27	11,830.29	1.80	16.12



Get a loan while learning how to save. Show members how to put \$500 in their pocket.

## Put \$500 in Your Pocket

- Member takes out \$1000
- The member receives \$500 and \$500 goes into a frozen share account until loan is paid. Once loan is paid the member has \$500 on deposit.
- 18% for 12 months
- Once the loan is paid off, the credit union will help the member get good transportation for around \$12,000. This is an extra incentive.
- The credit union's approval rate is 98% for all loan request.
- ROA = 2.75%
- Loan Yield = 13.26%
- Loan Delinquency = 2.85%



Buy One Loan and Get a  
Second at Half Price

# Buy One Get One ½ Off

- The member applies and receives two loans
  - Minimum of 1 secured
  - The discount is applied to the loan amount of equal or lesser value
  - All types of loans are included with the exception of credit cards and 1<sup>st</sup> mortgages.
- Results
  - In three months, this promotion generated \$1,453,522 in new loans at a blended average interest rate of 7.65% and the average term was 48 months.
  - Employees started to take the initiative to look for additional business for members to take advantage of this offer.



## Direct Used Auto Loan Program

- Cars are priced at \$6,000 to \$12,000.
- They are inspected and a CarFax is available.
- Good solid transportation at a great price.

This \$149 million credit union averages 367 car loan a month plus the credit union keeps all the income from the back end products such as GAP, credit life and disability. They average 173 GAP sales a month.

# Used Car Market without Indirect

CSE worked with their local dealers and their members to get a great used auto with a great price.

- Pricing: Our rates are NOT the LOWEST in town! We are very careful when we set and establish interest rates. We use several reports and ways to establish our interest rate structure. We consider: competitor rates, loan yield after charge off, current loan volume, etc.
- Fees: No application fees for our loans

## Results

Month	# Used Car Loans	Disbursed	Avg Amt	GAP Policies Sold
May	361	\$ 3,255,121.00	\$ 9,016.96	197
June	377	\$ 3,520,356.00	\$ 9,337.81	178
July	346	\$ 3,015,982.00	\$ 8,716.71	162
August	377	\$ 3,248,220.00	\$ 8,615.97	181
September	413	\$ 3,644,066.00	\$ 8,823.40	193
October	358	\$ 2,714,362.84	\$ 7,584.81	155
November	367	\$ 2,929,279.57	\$ 7,981.69	163
December	335	\$ 2,644,902.75	\$ 7,895.23	154

# Dealers Comments

One of my loan officers sent me an email a couple of weeks ago. This demonstrates our impact.

“...he wanted me to pass along his thanks. He said he truly feels that CSE singlehandedly saved the auto sales business in Stark County. He said if we weren't around, he thinks a lot of dealerships would have went under over the past couple years from not being able to get deals done. I'm not sure if this is a sentiment you get often from dealers, but I thought it was a nice thing to be said.”

In December I received a phone call from one of our branch managers that went like this, “A sales rep from CUAC stopped by one of our dealerships that we do a lot of business with to drum up business of his own. The gentleman at the dealership said no thanks we work with CSE. The sales representative from CUAC told the dealer that we (CSE) won't be in business for long because we don't repo enough of our cars. He knows this because he does not see our cars going to auctions. We let our members stay in the cars too long.”

After I stopped laughing, I immediately went to our collection department and told them to stop working with our members and start repossessing more cars so that we can stay in business!

Amie Jones, AVP of Lending



Predicting Bankruptcy,  
before it happens, just  
got a whole lot easier  
thanks to the new and  
improved HYLS  
Underwriting Guide

Applicant Information	Applicant	Co-Applicant
Name	TRACY	
Account Number		
Member Type	New Member	
SSN		
Home Phone		
Work Phone		
Cell Phone		
Age	46	
Date of Birth	12/27/1962	
Marital Status	Separated	
Dependents		
Dealer Credit Score		
Dealer Score Model		
Current Address		
Previous Address		
Time at Current / Previous Address	2 yrs., 0 mos. (24 mos.)	
Housing Type	Owns	
Housing Expense	\$1.00	
Creditor Name		
Co-App Relationship		
Detailed Relationship		

Employment Information	Applicant	Co-Applicant	Combined
Employment Type	Employed		
Current Employer	CITY OF		
Self Employed	No		
Current Position	ELECTRICIAN		
Previous Employer			
Previous Position			
Time at Current / Previous Job	4 yrs., 0 mos. (48 mos.)		
Gross Monthly Income	\$3,728.00		\$3,728.00
Total Other Income	\$444.736		
Other Income Detail			

Credit Information	Applicant	Co-Applicant	Combined or Average
Credit Score/Model	569/Fast Start		
Credit Score Factors			
CB 1 Score/Model	645/BEACON 5.0 Auto Industry		
Total Monthly Payments	\$815.00		\$815.00 (C)
Installment Balances	\$14,677.00		\$14,677.00 (C)
Revolving Ratio	84%		84% (A)
Revolving Balances	\$15,156.00		\$15,156.00 (C)
Debt to Income Ratio	21.86%		21.86% (A)
Oldest Trade	9 yrs., 11 mos. (119 mos.)		9 yrs., 11 mos. (119 mos.) (A)
Satisfactory Trades	16		16 (C)
Currently Delinquent Trades	0		0 (C)
Trades ever 30/60 DPD	1		1 (C)
Major Derogs	0		0 (C)
Inquiries within the Last 6 Months	5		5 (C)

\$ INC = 44,736 34%  
 OF INCOME  
 Really High  
 +

We Overfin. Our  
 Loan Would Not Survive BKR

Trade-In Information					
Trade-In Type	Trade-In Year/Make/Model	Trade-In Value	Financed With	Amount Still Owng	Monthly Payment Amount
Auto	2005 / FORD / ESCAPE	\$8,500.00	WELLS FARGO	\$14,500.00	\$405.00

Financial Information				
Application Date		Application Number		
9/14/2009				
Requested	System Decision	Manual Decision	Funded	
Date	9/14/2009 9:28:41 AM PT	9/14/2009 9:28:58 AM PT	9/14/2009 12:12:13 PM	
Decision		Refer	Approve	
Amount	\$36,078.00		\$36,078.00	
Term	6 yrs., 0 mos. (72 mos.)		6 yrs., 0 mos. (72 mos.)	
Tier		3	NA	
Rate		7.4900%	7.4900%	
Estimated Payment			\$623.62	
User Name	273009			
Loan to <del>Sales Price</del>	<del>112.05%</del> <b>120%</b>	First Payment Date	First Payment Amount	
Collateral Code		Purpose Code	Contract Date	
Referral Codes	8, 9, 15, 11, Counter On Term 72			
Scores Used	Loan Amt - 645; Dec-569; Pricing-645			
Overrides				
Stipulations	\$36078.00 TOTAL AMOUNT FINANCED OUT OF DOOR, VERIFICATION OF INCOME, MEMBERSHIP APPLICATION			
Loan Policies & Conditions	<p>Financing up to 110% MSRP for scores 680 and higher. Total amount financed not to exceed 120% LTV. Loan advance is based on MSRP and NADA retail + TTL, D/H, Filing Fees, Document Preparation Fees, GAP, Warranty &amp; Insurance. New vehicles include current year models or previous year models with mileage under 10,000. Warranty - \$2500. max or 10% of Retail value for vehicle over \$30,000. GAP - Maximum advance \$800. Co-Applicants subject to CU review. Max age of vehicle not to exceed 6 years. Multiple vehicle sales within 30 days are subject to CU approval. Any vehicles with more than 10,000 miles, please quote used car rates! Extended terms - Approvals may be subject to increased rates. Excluded Vehicles - All Daewoo's, commercial vehicles, business, salvage or rebuild titles. Excluded Loans - No third party purchases. Rates will be based on highest bureau scores; Structure will be based on highest qualifying applicant with a minimum of 4 trade lines (excluding student loans, authorized user and delinquent/derogatory accounts); 2 years credit history and one high installment minimum \$5000.00.</p> <p><b>HYLS - RECOMMENDATION</b></p> <p>Membership qualification: Employee of The Company or one of its subsidiary. A retiree of The Company or one of its subsidiary. An immediate family member of one of the above. Affiliate</p>			
Mail Funding Docs to:				

Deal Structure				
Balloon/Residual			Sales Price	\$31,970.00
Cash Down	(\$2,500.00)	⇒ Trade Allowance	(-\$6,000.00)	
Doc Fees	\$899.00	Credit Life	\$0.00	
Credit Disability	\$0.00	Service Contract	\$1,698.00	
GAP	\$800.00	Theft Deterrent	\$0.00	
License	\$200.00	Additional Items	\$0.00	
			Rebate	(\$4,500.00)
			Tax	\$1,511.00
			Environmental Package	\$0.00
			Total Purchase Price	\$36,078.00

Dealer Information	
Dealer Name	Chrysler, Jeep, Dodge Dealer Phone/Fax
Dealer Contact	

Collateral Information							
New/Used	Type	Requested Year/Make/Model	Mileage	Requested VIN	Vehicle Value	Sales Price	Funded Year/Make/Model VIN
New	Auto	2009 / DODGE / GR CARAVAN	7		\$29,964.00 / MSRP	\$31,970.00	

---Consumer identification

TRACY, , ,  
AGE-12271962,SSS- 7,FILES-0

06/2007

DATE RES

DAT RPTD 07/2004

DATE RES

03/2004

DATE RES

---Employment information

ES-ELECTRICIAN,CITY , ,EMP ,VER

---Employment information

EF-

---Employment information

E2-

---SUM 10/1999-09/2009,PR/OI-N,FB-N,ACCTS:19,HC\$907-158550,15-ONES

FIRM NAME	MEMBER NO.	RPTD	OPND	H/C	TRM	BAL	P/D
ECOA ACCOUNT #		CS	MR	DLA			
CHASE		09/2009	11/2008	2000	59	1635	
I		R1	09	09/2009			

Credit Card

Amount in H/C column is credit limit

TB&M	09/2009	10/2007	158550	1282	0
I	I1	23	07/2009		

FREDDIE MAC account  
Account transferred

WELLSFAFI	08/2009	02/2009	15039	405	14677
I	I1	06	08/2009		

Auto loan

THD/CBSD	09/2009	06/2008	2235	38	2235
I	I1	14	09/2009		

15mos

C/c

16mos No Equity

Trade after 16mos

C/c

Page #: 2  
Credit bureau: EFX

FIRM NAME ECOA ACCOUNT #	MEMBER NO.	RPTD CS	OPND MR	H/C DLA	TRM	BAL	P/D
Charge Amount in H/C column is credit limit							
WFF CARDS		08/2009	08/2007	5000	208	4906	
		RI	23	08/2009			
Credit Card Amount in H/C column is credit limit							
WFF CARDS		08/2009	08/2007	2500		0	
		RI	23				
Paid account/zero balance Account closed by credit grantor							
CHASE		08/2009	06/2006	1100		0	
		RI	38	08/2007			
Credit Card Amount in H/C column is credit limit							
FIA CSNA		08/2009	12/2003	5000	66	4502	
		RI	68	08/2009			
Credit Card Amount in H/C column is credit limit							
DISCOVER CD		08/2009	08/2008	2560	38	1878	
		RI	12	08/2009			
Credit Card Amount in H/C column is credit limit							
FMCC		02/2009	04/2008	8363	157	0	
		II	10	02/2009			
Paid account/zero balance Auto loan							
WFFINANCE		09/2007	02/2007	1090	40	0	
		II	07	08/2007			
Paid account/zero balance Note Loan							
COLONIAL		06/2007	09/2003	23993	428	0	
		II	35	06/2007			
Paid account/zero balance Auto loan							
CHASE HEQ		06/2007	08/2005	34399	313	0	
		RI	22	05/2007			

*Handwritten notes:*  
- Above 08/2007: 24 mos  
- Next to 4906: c/c Limit  
- Next to 4502: c/c NEAR Limit  
- Next to 1878: c/c  
- Above 08/2008: 12 mos

Page #: 3  
Credit bureau: EFX

FIRM NAME ECOA ACCOUNT #	MEMBER NO.	RPTD CS	OPND MR	H/C DLA	TRM	BAL	P/D
Paid account/zero balance Home Equity Loan							
MERITECH		05/2007 I1	06/2004 35	96000 04/2007	834	0	
Paid account/zero balance Real Estate Mortgage							
CITIFINANC		05/2007 I1	12/2006 05	9068 05/2007	253	0	
Paid account/zero balance Unsecured							
CITIFINANC		12/2006 I1	10/2006 02	7536 12/2006	214	0	
Paid account/zero balance Refinanced							
CAP ONE I		09/2006 R1	10/1999 56	907 02/2004		0	0
30(1)60(0)90(0) 07/2003-R2, Account closed at consumer's request Credit Card							
WILSHIRECC		10/2005 I1	06/2004 08	24000 07/2005	262	0	
Paid account/zero balance Real Estate Mortgage							
CAPONEAUTO		10/2003 I1	06/2001 27	15881 10/2003	359	0	
Auto loan							

FIN. CO.

FIN. CO.

SUB-PRIME

---File Inquiries  
08/29/2009, 1812B01801, CREDCO  
09/17/2007, 1812B00548, FACREDCO

---Inquiries, Subject shows 2 inquiries since 09/2009

INSIGHT	09/11/2009	GNWYDDGE
CITIAUTO	08/29/2009	CAPONEAF
WACHDLSRV	08/29/2009	CHRYSLRFIN
CFE	07/30/2009	WFBANKNA
FUSA,NA	03/19/2009	WFBANKNA
WFBANKNA	07/29/2008	

09/09/2009  
08/29/2009  
08/29/2009  
06/23/2009  
02/11/2009

SHOPING

Page #: 4  
Credit bureau: EFX

THD/CBSD  
FMCC

06/09/2008 COLONIALE  
04/11/2008 MULLINAXF

05/23/2008  
04/10/2008

BEACON 5.0 Auto Industry SCORE : 00645  
00010 PROP OF BAL TO CRED LIM IS TOO HIGH ON BANK REV OR OTHER REV ACCTS  
00014 LENGTH OF TIME ACCTS HAVE BEEN ESTABLISHED  
00030 TIME SINCE MOST REC ACCT OPENING IS TOO SHORT  
00006 TOO MANY CONSUMER FINANCE COMPANY ACCOUNTS

\*\*\*\*\*OFAC ALERT\*\*\*\*\*

Compliance Data Center, Inc.  
NO MATCH FOUND IN CDC'S OFAC DATABASE.

End of report, Compliance Data Center, Inc.  
\*\*\*\*\*

\*\*\*\*\*SAFESCAN WARNING\*\*\*\*\*

S- Your inquiry has gone through our SAFESCAN database.

INQR SSN ISSUE DTE: 1973

STATE ISSUED: FL

\$\$ EOF \$\$

CREDIT SCORE SUMMARY:

OLDEST TRADE---119 CREDIT TYPE---ALL CUR DLQ TRD-----0 FINANCE INQ-----2  
INQ 6 MOS-----5 30/60 DPD-----1 90DPD/DEROG-----0 OPEN FIN TRD-----1  
REV RATIO-----84 SAT TRADES-----16

DEBT RATIO: 21.86%

*Big Pen Flag*  
*NOTE: With Perfect*  
*Credit, Score should*  
*Be over 700*  
*only 645*  
*..*  
*U*

## Scorecard for: Tracy Test

AppType: Direct

Date: 3/19/2012 9:47:59 AM

Member Name: Tracy Test

Loan Officer Name: v test

### Top Positive Factors

- 13. Total Dollar Amount Past Due With All Creditors
- 21. Debt to Income Ratio
- 8. Valid Credit Score

Total Positive Point 25

Total Negative Point -345

### Top Negative Factors

- 9. Credit Score with No Credit Flaws
- 16. Loan to Value on Vehicle Loan Request
- 22. Total Outstanding Unsecured Debt Versus Annual Gross Income (AGI)
- 10. Inquiries in the Past 24 Months
- 12. Number of New Trade Lines Opened in the Past 24 Months

Total Factor Points -320

Credit Score 645

Adjusted Credit Score 325

### Bankruptcy or Inflated Income Indicators

Codes #21, 22, 23, 24, 10, 11, 12, 13, 9

If combinations of these indicators show up under negative factors and the negative factors total over 100 points, you should be concerned, especially when the indicators total over 200 points.

1. Number of Years as an Active Member: New Member
2. Total Dollar Amount on Deposit with the Credit Union: Less than \$250
3. Number of Current and Prior Satisfactory Loans in Excess of \$500 With the Credit Union: 0
4. Highest Dollar Loan Amount the Member has ever had with the Credit Union: No Prior Loans
5. Direct Deposit or Payroll Deduction: No Direct Deposit
6. Length of Time the Member has Lived at their Current and Previous Addresses: 2.01 to 5 Years
7. Length of Time the Member has been Employed at their Current and Previous Jobs: 2.01 to 5 Years
8. Valid Credit Score: 640-679
9. Credit Score with No Credit Flaws: 649 & below
10. Inquiries in the Past 24 Months: 11-15
11. Number of Open or Closed Trade Lines as a Percentage of Members Age: 41-60.99%
12. Number of New Trade Lines Opened in the Past 24 Months: 5-6
13. Total Dollar Amount Past Due With All Creditors: \$0
14. Payment History on the Most Recent Open Vehicle Loan: Current for 1-12 Months
15. Payment History on the Last Prior Vehicle Loan: Current for 1-12 Months
16. Loan to Value on Vehicle Loan Request: 116% to 125.99%
17. Number of Vehicle Loans Opened in the Past 5 Years: 2-3
18. Loan Amount Versus Term (consumer loans only): Within Guidelines
19. New Vehicle Loan Being Purchased Versus Annual Gross Income (AGI): 76-100.99% of AGI
20. Total Secured Loan Balances Outstanding Versus Annual Gross Income (AGI): 76 -100.99% of AGI
21. Debt to Income Ratio: 21-30.99%
22. Total Outstanding Unsecured Debt Versus Annual Gross Income (AGI): 31-35.99% of AGI
23. Total Unsecured Dollar Amount Outstanding: \$10,001-\$20,000
24. Total Mortgage Debt Versus Annual Gross Income: Not a Homeowner
25. Number of Late Payments on Mortgage Loans: Not a Homeowner
26. Available Equity in Real Estate: Not a Homeowner
27. Cashing Out Real Estate Equity (inflated income due to using available equity): Not a Homeowner

1/30

**03/10/10 17:46**

User:

3/16/10

sent repo request to \_\_\_\_\_

**03/10/10 14:15**

User:

03/16 submitted for repo last pmt  
made

was on 1/21/10 submitted for repo

BB \$17765.00

MH \$16300.00

→ Blue Book. AS OF 3/10/10

NOTE: 5 mos EARLIER,  
RETAIL SHOULD HAVE BEEN

MSRP =

\$ 31,970

**03/10/10 14:14**

User:

\*\*Request 1\*\*

,TRACY

PAGE: 1

SSS-  
12/27/1962.

,BDS-

**03/03/10 16:43**

User:

03/8 cld hm ph lft msg on vm

**02/18/10 14:31**

User:

02/22 cld hm ph lft msg on  
vm.

**02/14/10 00:55**

User:

DQ Notice #2 generated.

mbr called in said that van  
was repo'd  
last night. I explained to  
him process  
and asked him if he was  
interested in  
getting van back. I  
explained that we  
did get a pymt yesterday  
but that was  
for jan pymt, still due for  
Feb pymt.

mbr said that he has alot  
of extra  
insurances added to his  
account from the  
dealer that made the pymt  
skyrocket. I

told him that he can cancel  
them at  
anytime but pymt will not  
go down he can  
make pymts and refi or  
rewrite the loan

VAN Repo'd  
3/15/10

loan  
9/09 6mos

NOTE: DEALER ADDED LOTS OF  
INS. PYMT SKYROCKET

**03/16/10 01:44**

Payment of 609.70 made on  
03/15/10.

**03/12/10 14:32**

Update Date/Time:  
2010-03-12 06:44:00  
Update Details:  
AGENT CHECKED

User:

THESE ARE CONDO WITH NO  
GARAGE. UNIT IS  
SHOWING AND ITS PARTIALLY  
BLOCKED IN. HE  
NEED A KEY ON THIS. 1/30.

submitted to for pmt

03/17/10 16:23

User:

HAS THIS  
BANKRUPTCY CASE\*\*\*  
MBR'S CAR WAS REPO'D CU  
HAD NO WAY TO  
KNOW MBR FILED BK THURS  
3/11 WHEN  
VEHICLE PICKED UP TUESDAY  
NIGHT.  
DELIVERED VEHICLE BACK TO  
MBR. MBR ATTY  
LEFT VERY HOSTILE VOICE  
MAIL THREATENING  
TO GO TO FED COURT  
BECAUSE VEHICLE WAS  
NOT WORKING. AGENT SENT  
BACK & VEHICLE  
IS IN WORKING ORDER.

> *Atty is Hostile,  
Threatening C. 4.*

03/17/10 10:40

5/2010

mbr called back said that  
he spoke to  
his attorney this morning  
and she  
advised him to call us and  
let us know  
that he filed banko last  
week.  
Chap 7 attn's name

*Note: We Talk To Him  
Next Day Goes Bkpt*

case  
number filed  
3-10. gave info to

03/17/10 09:57

User:

**08/12/10 12:14**

I will reissue repo order today.  
Note I've talked to \_\_\_\_\_ and also s/w \_\_\_\_\_

\_\_\_\_\_ and all are okay with the  
repo.

There is no reaffirmation on this.  
If member calls be careful not to  
mention any dollar amounts owed  
the loan  
was discharged in the bankruptcy.

*MAR. GOT Vehicle  
BACK w/o  
SIGNING A Re-AFFIRM  
5mos LATER Repo.  
AGAIN!*

**08/12/10 11:09**

Called \_\_\_\_\_ and spk/w \_\_\_\_\_ sd  
they  
picked up the unit and gave it back  
to  
mbr because of bk.

**08/12/10 11:09**

**User:**

Spk/w/ \_\_\_\_\_ sd there is no  
reaffirmation on this.

**08/11/10 12:27**

**User:**

BK 7 DISCHARGED  
\_\_\_\_\_

**03/19/10 12:27**

**User:**

invoice\$ 97041  
key fee - \$55.00  
repo fee - \$325.00  
trns back to member - \$100.00

**Account:**

**Tracy**

Note Type: Collection

08/16/10

*We will lose*

**08/16/10 11:32**

Moving to que

**User:**

*15,000 +*

*☹*

**08/16/10 11:31**

**User:**

Repossession:

This is a previous bankruptcy and  
mbr

didn't reaffirm.

If mbr wants vehicle back he must  
pay

the following in cash:

0070 Payoff

Repo fee \$200.00

**08/13/10 11:44**

**User:**

Update Date/Time:

2010-08-12 14:11:00

Update Details:

REOPEN FILE CONF UNIT IS READY  
FOR P/U

AT THE GIVEN ADD/ W/  
SECURE /8/13/10

*8/12/10 \$*

*Value Now = 15,000*

*11 mos Earlier = 31,000*

**08/12/10 13:35**

Repo assigned today.

**User:**

**08/12/10 12:17**

**User:**

Black Book Value \$15,000.00.

Assigning repo today.

Account TRACY B 12/27/62 Date: 08/16/10

Account Name Birthday Home Phone  
TRACY B 12/27/62

Account Type: SELECT EMPLOYER GROUP

Relationship Code 09  
Standard

Account	Branch	Due Date	Payment	Avail/DQ*	Balance
S 0000	PRIMARY SHARES			0.00	5.00
L 0070	I - <u>2009 DODGE GRAND CARAVANO</u>	02/24/10	609.70	<u>3,658.20</u> *	<u>34,749.47</u>

BALANCE.

LOVERAUE.

We FIN. <sup>A</sup> 36,078 9/2009  
~~8/2010~~

BAL. 34,749 8/16  
10

REDUCED 1329<sup>th</sup> IN 11 MO!

NEW C.B.R.

EQUIFAX VERSION 5.0 REPORT

\*\*Request

,TRACY

PAGE: 1

,BDS-12/27/1962.

\*\*\*\*\*

Hit.

\*\*\*\*\*

\*\*\*\*\*

SAFESCAN: Your inquiry has gone through our SAFESCAN data base.

\*\*\*\*\*

SSN ISSUED-73 STATE ISSUED

.SUM-10/1999-07/2010,PR/OI-YES,COLL-NO,FB-NO,ACCTS:23,HC\$ 907- 158550,  
15-ONES,B-OTHERS, HIST DEL- 15-ONES,

TRACY SINCE 01/08/1985 FAD 04/28/2010  
BDS-12/27/1962

,RPTD 06/2007

RESIDENCE SINCE 00/0000, PHONE DATE 00/0000

,RPTD 07/2004

RESIDENCE SINCE 00/0000, PHONE DATE 00/0000

03/2004

RESIDENCE SINCE 00/0000, PHONE DATE 00/0000

01 ES-ELECTRICIAN

02 EF-IBEWCV

03 E2-SELF EMP,

\*\*\*\*\*PUBLIC RECORDS OR OTHER INFORMATION\*\*\*\*\*

03/2010 BKRPT 447VF00016,CASE -DSP-07/10

LIAB:\$ 0.00,ASSET:\$ 0.00,EXEMPT:\$ 0.00,

INDIVIDUAL,PERSONAL,DISCHARGED CH-7

\*\*\*\*\*

FIRM IDENT CODE	CS RPTD	LIMIT	HICR	BAL \$	DLA MR (30-60-90)	MAX/DEL
ECOA/ACCOUNT NUMBER	OPND	P/DUE	TERM			24 MONTH HISTORY

WFF CARDS	R1 07/10		2500		0 00/00 34	
	08/07	0	0			

FA,CLOSED OR PAID ACCOUNT/ZERO BALANCE  
CW,ACCOUNT CLOSED BY CREDIT GRANTOR

CHASE	R1 06/10		1100		0 08/07 48	
	06/06	0	0			

FA,CLOSED OR PAID ACCOUNT/ZERO BALANCE  
CW,ACCOUNT CLOSED BY CREDIT GRANTOR

CHASE	R1 06/07		34399		0 05/07 22	
	08/05	0	313			

CLOSED OR PAID ACCOUNT/ZERO BALANCE

- ORIG SCORE = 645

NOTE: PERFECT

CREDIT

NEW SCORE 578

HYS SCORE.

SAME INFORM =

= 325

TIME OF BAN

- MAX WENT RIGHT

- CU LOST OVER  
\$ 15,000

BKPT 3/2010

EC, HOME EQUITY

CAP ONE R1 09/06 907 0 02/04 56  
10/99 0 0

IR, ACCOUNT CLOSED AT CONSUMER'S REQUEST  
FE, CREDIT CARD

REVOLVING TOTALS 38906  
313

USBANK

I1 07/10 13204 13152 07/10 02  
05/10 0 379

AU, AUTO  
EP, FIXED RATE

WELLSFAFI I1 09/09 15039 0 09/09 07

02/09 0 405

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
AO, AUTO

TB&W I1 09/09 158K 0 07/09 23  
10/07 0 1282

IF, FREDDIE MAC ACCOUNT  
BC, ACCOUNT TRANSFERRED OR SOLD

I1 02/09 8363 0 02/09 10  
04/08 0 157

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
AO, AUTO

WFF I1 09/07 1090 0 08/07 07  
02/07 0 40

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
JO,

COLONIAL I1 06/07 23993 0 06/07 35  
09/03 0 428

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
AO, AUTO

MERITECH I1 05/07 96000 0 04/07 35  
06/04 0 834

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
EF, REAL ESTATE MORTGAGE

CITIFINANC I1 05/07 9068 0 05/07 05  
12/06 0 253

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
EX, UNSECURED

CITIFINANC' I1 12/06 7536 0 12/06 02  
10/06 0 214

FA, CLOSED OR PAID ACCOUNT/ZERO BALANCE  
REFINANCED

Filed Bkpt 3/10

Bought a new  
Auto

NOTE: MADE 2 PMTS  
BAL. WENT UP!

COMMS @ 24%

MBR's

NEED CAR

LOANS AFTER  
BKPT

WILSHIRECC*	I1 10/05	24000	0 07/05 08
	06/04	0 262	
FA,CLOSED OR PAID ACCOUNT/ZERO BALANCE			
EF,REAL ESTATE MORTGAGE			
CAPONEAUTO	I1 10/03	15881	0 10/03 27
	06/01	0 359	
AO,AUTO			
INSTALLMENT TOTALS		372724	13152
		4613	
-----			
GRAND TOTAL		411630	13152
		4926	
-----			
OCWENLOANS'	Z 06/10	0	0 03/10 00
	09/07	0 0	
<u>IL,BANKRUPTCY CHAPTER 7</u>			
<u>EF,REAL ESTATE MORTGAGE</u> ➔			
WFF CARDS	Z 07/10	0	0 12/09 00
	08/07	0 0	
IL,BANKRUPTCY CHAPTER 7			
FE,CREDIT CARD			
	Z 03/10	0	0 02/10 00
	09/09	0 0	
IL,BANKRUPTCY CHAPTER 7			
OCWENLOANS*	Z 05/10	0	0 08/09 00
	10/07	0 0	
IL,BANKRUPTCY CHAPTER 7			
EF,REAL ESTATE MORTGAGE			
THD/CBSD	Z 06/10	0	0 12/09 00
	06/08	0 0	
IL,BANKRUPTCY CHAPTER 7			
BC,ACCOUNT TRANSFERRED OR SOLD			
BK OF AMER'	Z 03/10	0	0 02/10 00
	12/03	0 0	
IL,BANKRUPTCY CHAPTER 7			
DISCOVR	Z 04/10	0	0 02/10 00
	08/08	0 0	
IL,BANKRUPTCY CHAPTER 7			
FE,CREDIT CARD			
CHASE	Z 04/10	0	0 02/10 00
	11/08	0 0	
IL,BANKRUPTCY CHAPTER 7			
CW,ACCOUNT CLOSED BY CREDIT GRANTOR			

\*\*

TRACY

,BDS-12/27/1962.

\*FINQS- 08/29/2009

CREDCO

*INQS-AUTOSNTWK	04/28/2010		03/17/2010
	03/10/2010	AUTOSNTWK	02/18/2010
CDL/PARTNR	09/14/2009	GMACGMACBK	09/14/2009
INSIGHT	09/11/2009	GNWYDDGE	09/09/2009
CITI AUTO	08/29/2009	CAP ONE AI	08/29/2009
WFDS	08/29/2009	CHRYSLRFIN	08/29/2009
CFE	07/30/2009	WF BANK NA	06/23/2009
FUSA, NA	03/19/2009	WF BANK NA	02/11/2009

BEACON 5.0:00578,00038,00018,00014,00013

Serious delinquency, and derogatory public record or Collection filed

Number of accounts with delinquency

Length of time accounts have been established

Time since delinquency is too recent or unknown

Beacon Adjuster: None

\*\*\*\*\*END OF REPORT - 08/16/10\*\*\*\*\*

NEEDS A CAR !

Notice New Score  
AFTER BKPT

- HYL5 SCORED  
325 B14 BKPT  
AT Time LOAN WAS  
MADE

- Fair Issac Didn't  
See it Coming BASED  
ON SCORE "B"  
- HYL5 DID "E"



## Michigan First CU Fully Integrated HYLS and Look at Their Results

# HYLS Underwriting Guide

## Michigan First Credit Union's 2011 Results

- Number of applications taken **22,867**
- 8,500 Unsecured loans closed in 2011
- \$20MM in unsecured volume in 2011 (increased 6.5%)
- Unsecured Delinquency = **2.70%**
- 2011 Written Unsecured APR = **16.24%**
- 2011 Interest on Loans = **\$27.1MM** (increased \$1.7MM)
- 2011 ROA w/o NCUSIF = **1.07%**



## How to Drive Up Your Earnings by “Other” Income?

- You may think that if you added a \$75 loan application fee, your loan volume would go down. Well, you may be wrong.
- FCU had its best loan growth since 2006 and picked up \$715,335 in fee income

# Loan Processing Fees

- Loan processing fee income
  - \$75 fee on all loans (fee may be waived to recapture a loan)
  - Total Fee income for 2011 was \$715,335



## Insurance Income

You need to make a high priority.

- Consumers CU in Waukegan, IL increased their penetration in 2007 from 21.1% to 66.5% today.
  - Asset size = \$568,000,000
- Their insurance income increased from \$610,000 to \$1,000,000 in five years.

### **Idea/concept**

- Improve the penetration of payment protection for Consumers Credit Union's (CCU) consumer, vehicle and home equity loans. The business case is to better protect our loans, providing benefits to both the Member (loans protected against unexpected events such as unemployment, disability, death, etc.) and to the credit union (better protected collateral and non-interest income).

### **When was program initiated?**

- January 1, 2008, and ongoing since.

### **Description of how it works.**

- Employees responsible for taking loan applications are trained to encourage Members to adopt payment protection on all qualifying loans. We work with CUNA Mutual Group (now CUMIS), our product provider, to properly educate staff on the benefits of payment protection, how to present, how to overcome objections, etc.
- Key reasons for our success: focus, increased expectations, fun competition (internally as well as externally), an evolving incentives plan that focuses on results by giving additional control to staff and management support at all levels.

### **Results**

- Payment protection penetration results/trends for past five (5) years are as follows:

**2007 - 21.1% (baseline year)**

**2008 - 22.6% (first year of promotion; goal = 30%)**

**2009 - 50.2% (increased goal to 50% at start of year)**

**2010 - 58.2% (increased goal to 60% in May 2010)**

**2011 - 66.5%**

# Positive Feedback

“The recent Management Institute that Rex Johnson hosted in Orlando can be summed up in one word - Outstanding, Productive, Energetic, Worthwhile, Needed, Perfect. Yes, that is more than just ‘one word,’ but the overall experience was beyond words! Having been in the credit union movement for nearly 20 years, my associate and I thought that the format was perfect. What better experience than having an organized parade of credit union employees present to you exactly how they became successful. There were no attitudes and no egos; just great ideas from all directions, for 3 days! Rex is the perfect person to lead this type of discussion. Too bad we need to wait another year before we can be riddled with more great ideas! We have already implemented roughly 4 ideas and strategies since returning from the Sunshine State. Sign us up for next year!”

Dan Mathews & Hal Coxon  
Consumers Credit Union



# How to Sell Credit Life and Disability

- Never tell the member their payment, make them tell you what they want to pay.
- Be flexible on the terms. Finance 66 months or 68 months vs. 60 months.
- Never raise the rate if you extend the term, this gives the member a reason to say “no.”
- Never change the payment once you give them the payment they ask for, change the term instead.
- Post the total claims paid in every employees’ cubicle, the largest life and largest disability.
- Offer to discount the loan by .25% if the loan is protected. You earn a lot more on the insurance than you do on the loan. Check with compliance department of your insurance provider
- Set goals for every employee:
  - “D & E” Paper = 80% life, 70% disability
  - “B & C” Paper = 60% life, 50% disability
  - “A+ & A” Paper = 40% life, 30% disability
- Make insurance sales part of their performance evaluation.
- Reward the employee who is making the sale by giving him/her the first month’s premium.

# CSE's Insurance Products

## GAP Volume

	Policies Sold	CU Income**
2002	172	-----
2003	307	-----
2004	401	\$ 38,095.00
2005*	599	\$ 56,905.00
2006	671	\$ 63,745.00
2007	762	\$ 72,390.00
2008	733	\$ 94,557.00
2009	907	\$117,003.00
2010	1127	\$145,383.00
2011	1977	\$255,033.00

## Credit Life/Disability Volume

	CU Volume	CU Income	Experience Rated Premium Agmt
2002	-----		
2003	\$ 62,674.00		
2004	\$ 64,475.00		
2005*	\$ 91,381.00		
2006	\$ 150,163.00	\$ 15,016.30	\$ 20,580.00
2007	\$226,240.00	\$ 22,624.00	\$ 73,407.00
2008	\$265,150.00	\$ 26,515.00	\$ 88,449.00
2009	\$276,657.00	\$ 27,666.00	\$ 123,729.00
2010	\$ 362,142.65	\$ 36,214.27	\$ 56,170.00
2011	\$ 405,577.00	\$ 40,558.00	\$ 12,300.00



## Waiving Fees, how much is this costing your credit union?

- Employees love the members and would like to give everything away.
- They also love to make money.
- An incentive by FCU generated \$76,000 in income and cost \$8,000 in incentives. Now that's a good return on your investments.

# Incentives

- Incentive to curb waiving fees
  - \$3 to employees who don't waive fees
  - In 2011 FLCU refunded \$76,000 less in fees compared to 2010
  - Total incentive payout for this fee was \$8,000



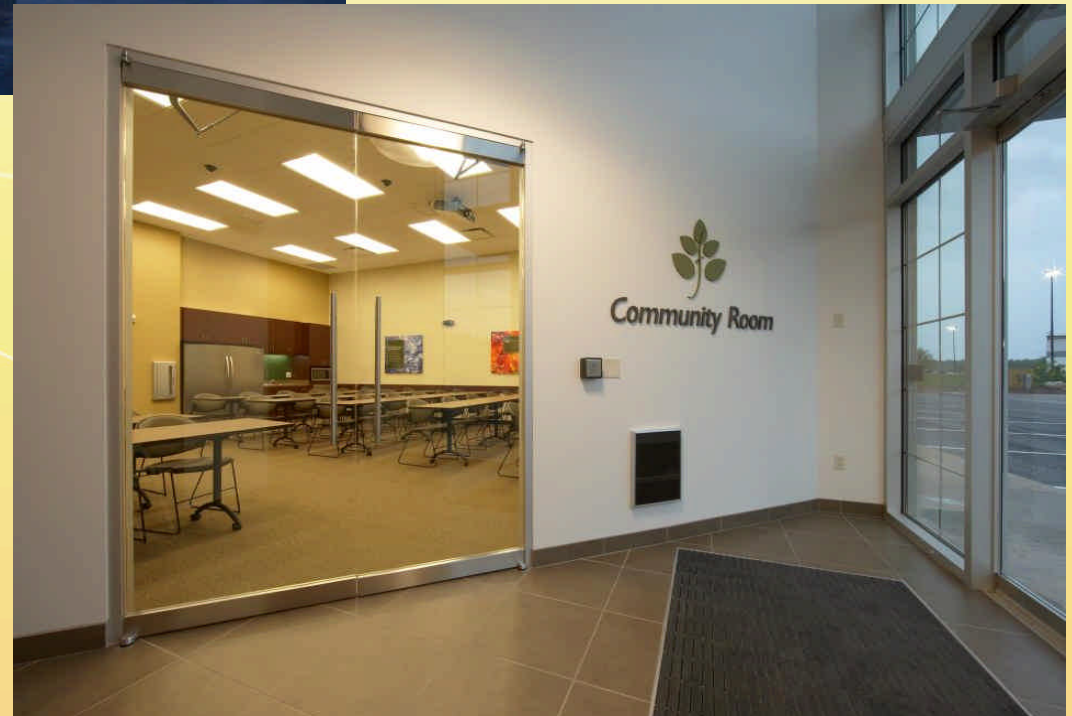
Is it a bird, a plane, no its  
Super Credit Union!

# Forward Thinking in Branch Design

Forward Financial CU in Niagara, WI opened a new branch in Iron Mountain, MI. This is not your typical branch, what's different

- It's a retail outlet
- Free Wi-Fi to the public
- Coffee Café, sold at cost
- Credit Union apparel
- Community Room, used 27 out of 31 days a month

The credit union calls its branch the Café Branch. This new branch is doing booming business in a depressed area and by the way, Wal-Mart moved in next door.







Implementing these ideas is easy but to have success the right people with the right ATTITUDE have to be in place to achieve your goals.



## Upcoming Events

1. University of Lending - May 21-25, 2012 in Crystal Lake, IL
  - Special \$200 discount for attendees of this webinar
  - March University of Lending had almost 100 attendees
2. Las Vegas, here we come - November 26-30, 2012
  - You're going to love this school
  - The fabulous Embassy Suites Hotel Convention Center
  - Each room is a suite and includes free breakfast, \$99 a night
3. Princess Cruise Line - January 20-27, 2013
  - Spend 7 days in the Caribbean on the all new "Ruby" Princess cruise ship.
  - Unbelievable cruise full of new ideas
4. Management Institute - January 29-31, 2013 –Disney World
  - That's right, this school will take place on the "Boardwalk Inn and Resort" located on Disney Property.
  - This was voted the "Best" Management Institute we have ever had.

Register Now at [www.rexcuadvice.com](http://www.rexcuadvice.com)