

2009 Vehicle Repossession Liquidation Survey



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2009 Vehicle Repossession Liquidation Survey



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Repo Remarketing
P.O. Box 7124
Citrus Heights, CA 95621
1 (877) 725-2708



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By....

Jon Haller, Director of Corporate & Market Research
Bandana Malla, Research Analyst

Business to Business Publishing Division; Market Research Unit
Credit Union National Association
P.O. Box 431
Madison, WI 53701
<http://advice.cuna.org>



Study Background

- Conducted August – October, 2009
- 1-page questionnaire – paper based and online option
- Two mailings conducted
- Sample: 2,000 largest U.S. credit unions (by assets)
- Sampling error margin of ± 3.6 percentage points @ a 95% confidence interval
- Response rate of 27% (very good)
- 535 responses (479 paper based; 56 online)
- Data is weighted to accurately represent distribution of U.S. credit unions with assets of \$50 million or more

Analysis Notes

- When comparing percentages, differences of at least five (5) percentage points are considered meaningful (e.g., 40% vs. 45%)
- When comparing scores, differences of two-tenths (.2) of a point are considered meaningful (e.g., 3.2 vs. 3.4)

Major Findings

(Note: All results are based on CUs with assets of \$50M or more)

- Credit unions are processing/selling an average of 23 vehicles per month. The average increases as asset size increases, from just over 10 per month among CUs with assets of \$50M to \$250M, to nearly 25 among CUs with assets of \$250M to \$500M, and to over 60 among those with assets of over \$500M (Figure 1 and Table 1).
- Vehicle sales made through wholesale channels account for the largest percentage (42%) of sales over the past year, followed by sales through retail channels (31%) and those made through independent auction remarketing companies (24%) (Figure 2a and Tables 2 through 5).
- Independent auction remarketing companies, wholesale channels, and retail channels are each relied upon exclusively (i.e., for 100% of the sales) by roughly 10% to 15% of CUs. The remaining 55% or so rely on two or more different channels to sell their vehicles (Figure 2b and Tables 2 through 5).
- CUs with assets of \$250M or more favor wholesale-channel sales over retail-channel sales by more than a 2-to-1 margin. Independent auction remarketing companies account for roughly 20% to 25% of the repossessed vehicle sales for CUs in each of the asset groups we studied (Figure 3 and Tables 2 through 5).

Major Findings

(Note: All results are based on CUs with assets of \$50M or more)

- CUs are equally satisfied with the vendor services and sales prices received through all three major channels – independent auction remarketing companies, wholesale channels and retail channels. For each, nearly 40% of CUs that have used that method are “very satisfied” with the vendor services and prices they receive, while another 50% or so are “somewhat satisfied.” CUs in each asset group we studied are essentially equally satisfied with each sales method (Figures 4 and 5, and Tables 6 and 7).
- On average, it takes CUs 46 days from the date of repossession to sell their vehicles via retail channels, and 32 days to sell them via wholesale channels (Figure 6, and Tables 8 and 9).
- On average, CUs are spending 29 hours per month to process their repossessed vehicles using retail channels, and 42 hours per month to process them through wholesale channels (Figure 7, and Tables 10 and 11). Retail-channel processing exceeds 65 hours per month for CUs selling over 50 vehicles each month. Wholesale-channel processing exceeds 100 hours per month for those CUs selling over 50 vehicles each month.

(Note: Processing estimates include staff time spent to transport the vehicles, review condition reports and determine damages, determine values, make phone calls, arrange all reconditioning, detail, advertising, test drives, negotiations, and sale and post-sale paperwork and analysis.)

Major Findings

(Note: All results are based on CUs with assets of \$50M or more)

- We examined CUs' satisfaction with six aspects of the repossessed-vehicle sales process for both retail- and wholesale-channel sales approaches:
 - Ability to track and direct sales/"stay in control"
 - Ability to validate vehicle condition
 - Ability to prove compliant sale method
 - Reporting "ROI" benchmark by month/quarter and year
 - Reporting compared to peer and market

CUs contend that retail-channel sales provide better abilities to track and direct sales/"stay in control" and to validate vehicle condition than does the wholesale approach (Figures 8 and 9, and Tables 12 through 15).

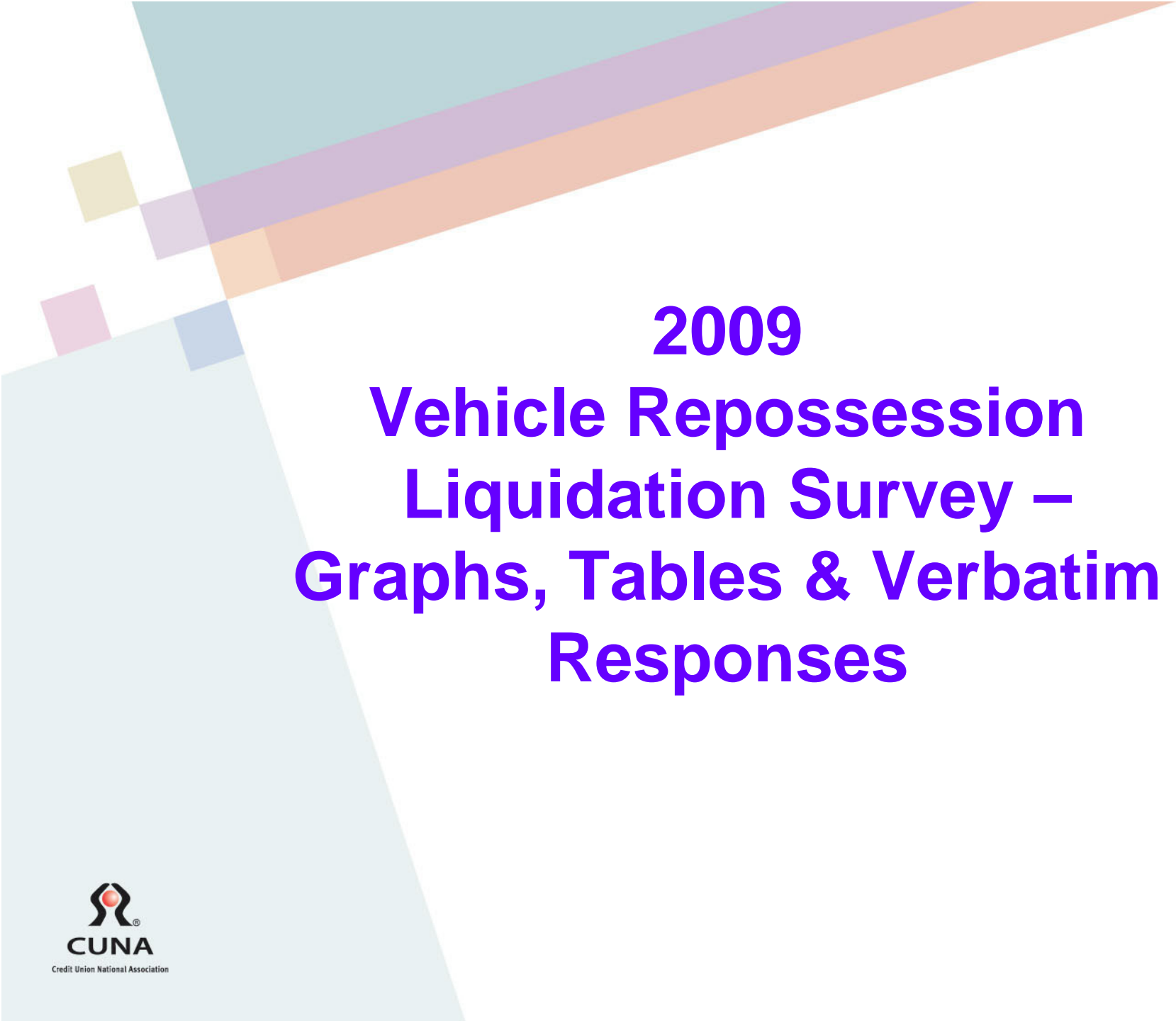
On the other hand, they feel that wholesale-channel sales provide a distinct advantage over the retail approach with respect to their ability to achieve fast liquidation times.

Beyond this, CUs are least satisfied with their abilities to report "ROI" benchmarks by month/quarter and year, and to acquire reporting compared to their peers and the market. This holds true regardless of whether the sales are being done through retail channels or wholesale channels.

Major Findings

(Note: All results are based on CUs with assets of \$50M or more)

- While most CUs use auctions as at least one of the methods they employ to sell their repossessed vehicles, the vast majority of them (78%) rarely, if ever, have one of the CU's employees attend the auction (Figure 10 and Table 16).
- The NADA guide is far and away CUs' most relied-upon source for pricing their repossessed vehicles. A total of 70% of CUs indicate this is the option they use most. No other single option serves as the primary guide for more than 12% of CUs (Figure 11 and Table 17). NADA is the primary guide used by CUs in all asset groups.
- Auction sales provide the greatest average return (sale price to guide value) on CUs' repossessed vehicle sales, yielding (year to date) an average 87% return on the value. Each of the other three sources – NADA, Blue Book and Black Book – yield an average return in roughly the 70% to 75% range (Figure 12, and Table 18). The vast majority (77%) of CUs noted that the return they reported was adjusted for damages/reconditioning (Figure 13 and Table 19).
- Only two in 10 survey respondents consider themselves to be “very familiar” with independent auction remarketing companies, and their benefits and advantages. Three in 10 are either “somewhat” or “very unfamiliar” with these organizations (Figure 14 and Table 20). Strong familiarity is higher among CUs with assets of over \$500M than it is among those with assets of \$500M or less.



2009 Vehicle Repossession Liquidation Survey – Graphs, Tables & Verbatim Responses

Figure 1:
Average Monthly Vehicle Repossessions
Sold By CU Asset Size

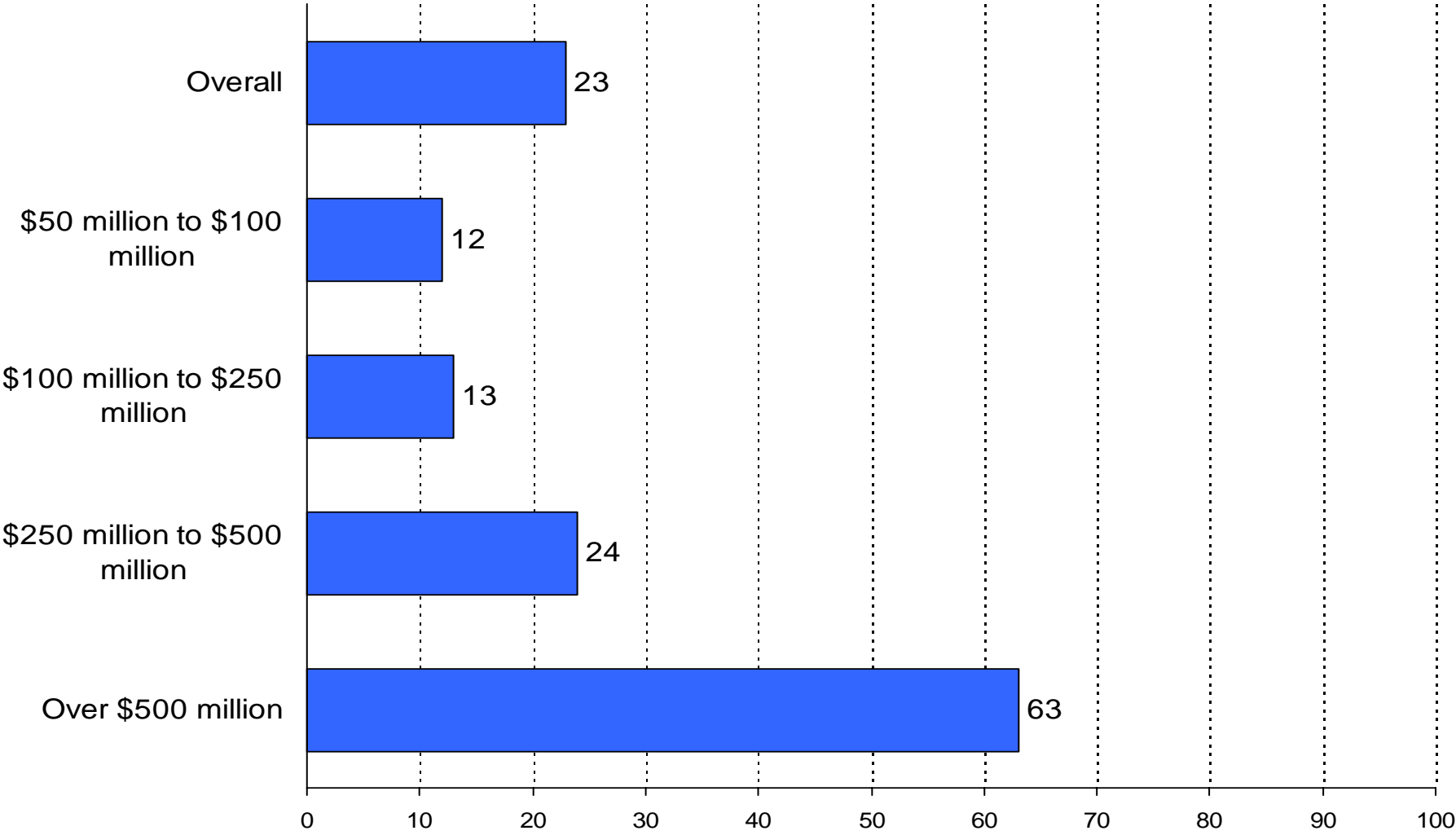


Figure 2a:
Average Percent of Total Units Sold
By Various Methods

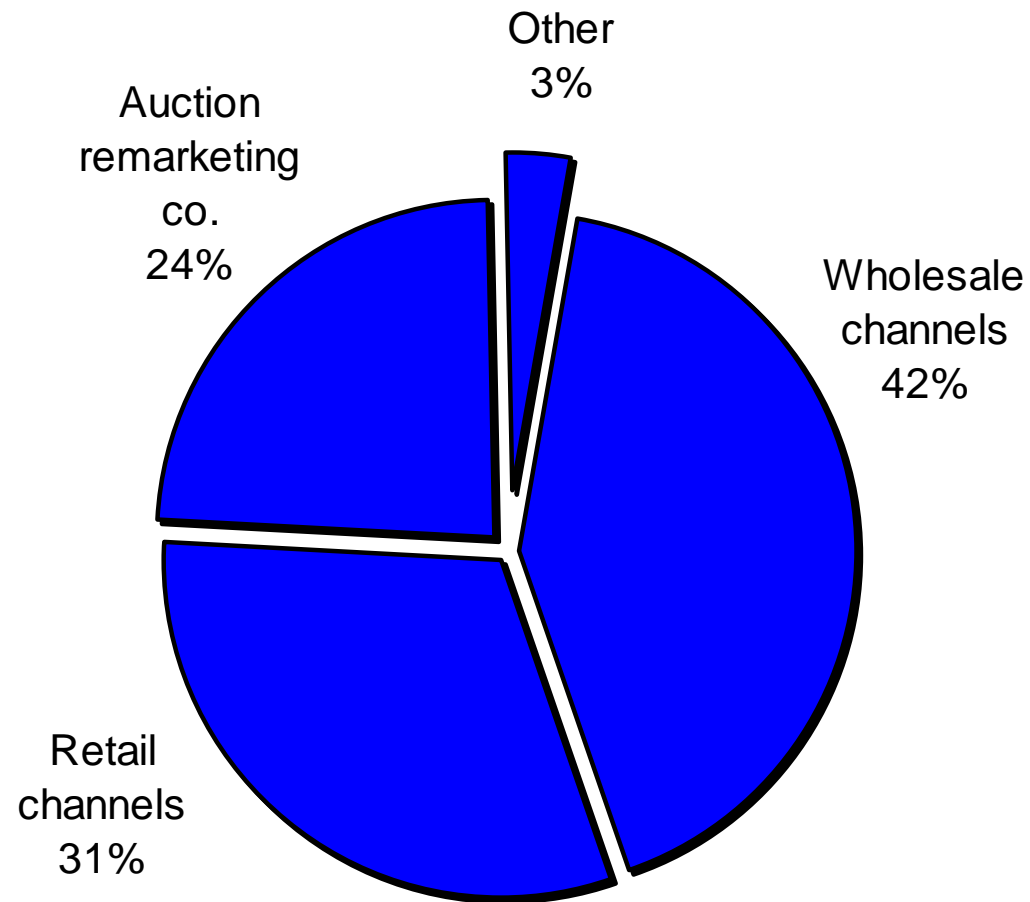


Figure 2b:
Type of Method(s) Used

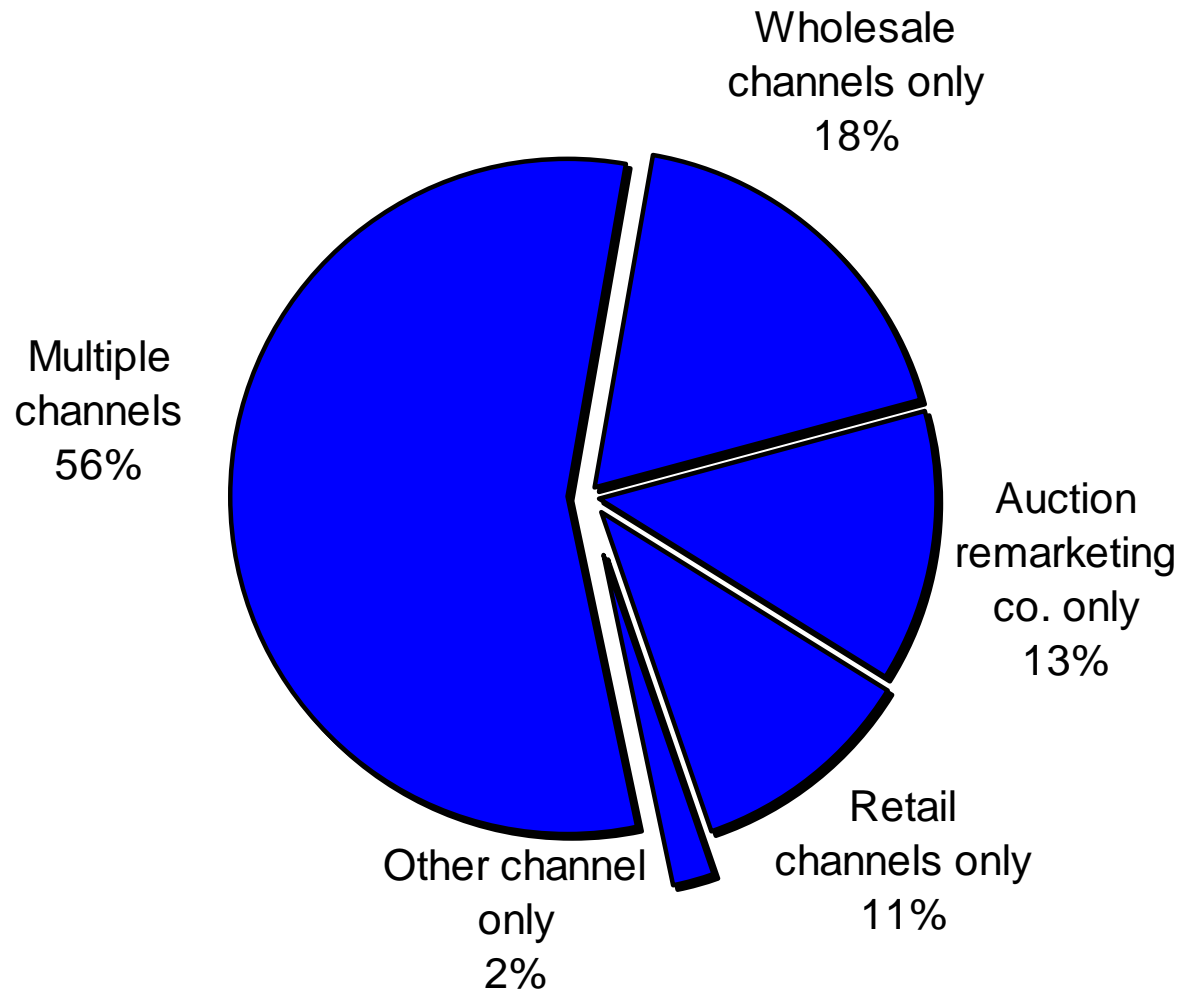


Figure 3: Average Percent of Total Units Sold By Various Methods By CU Asset Size

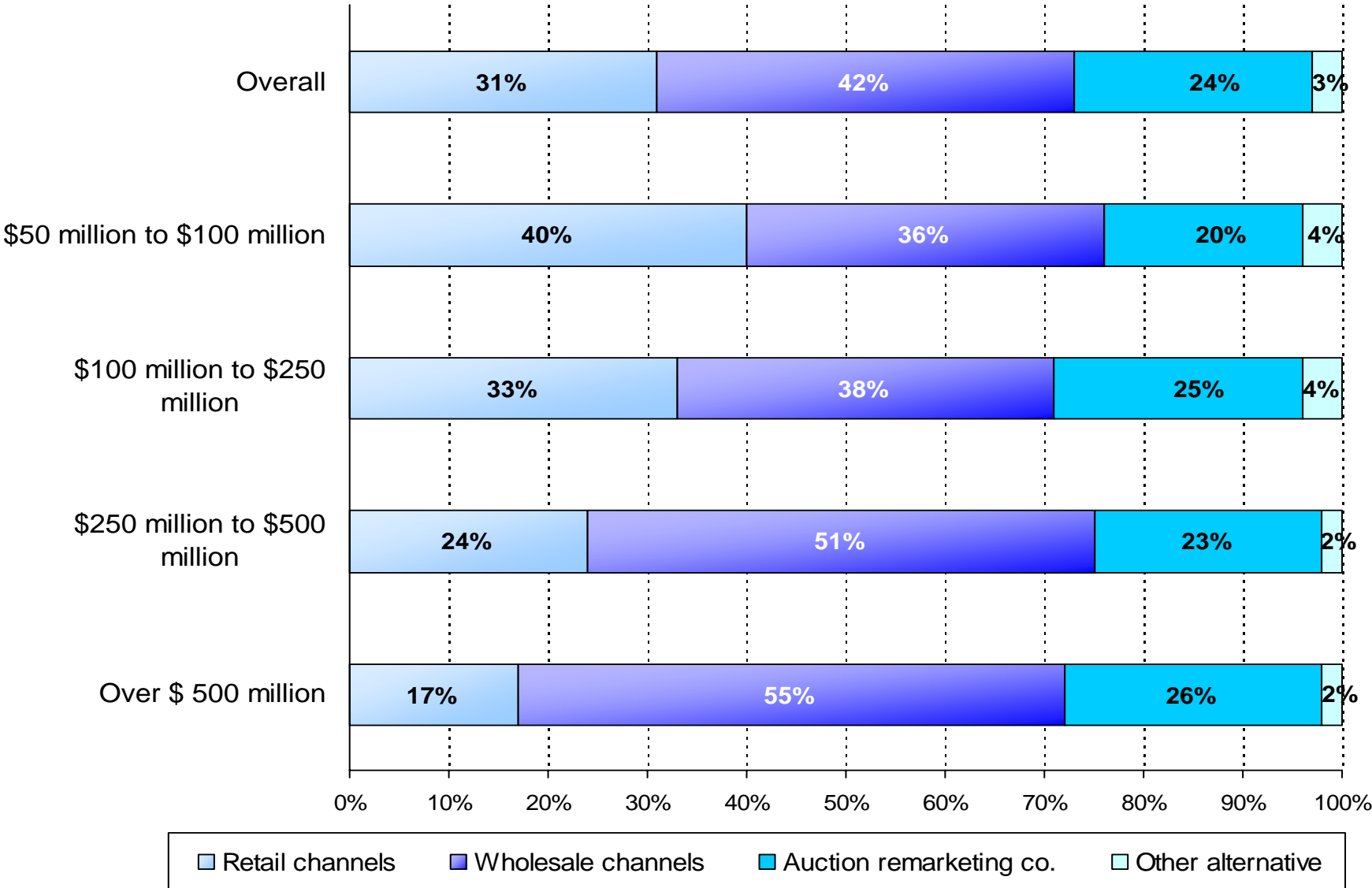
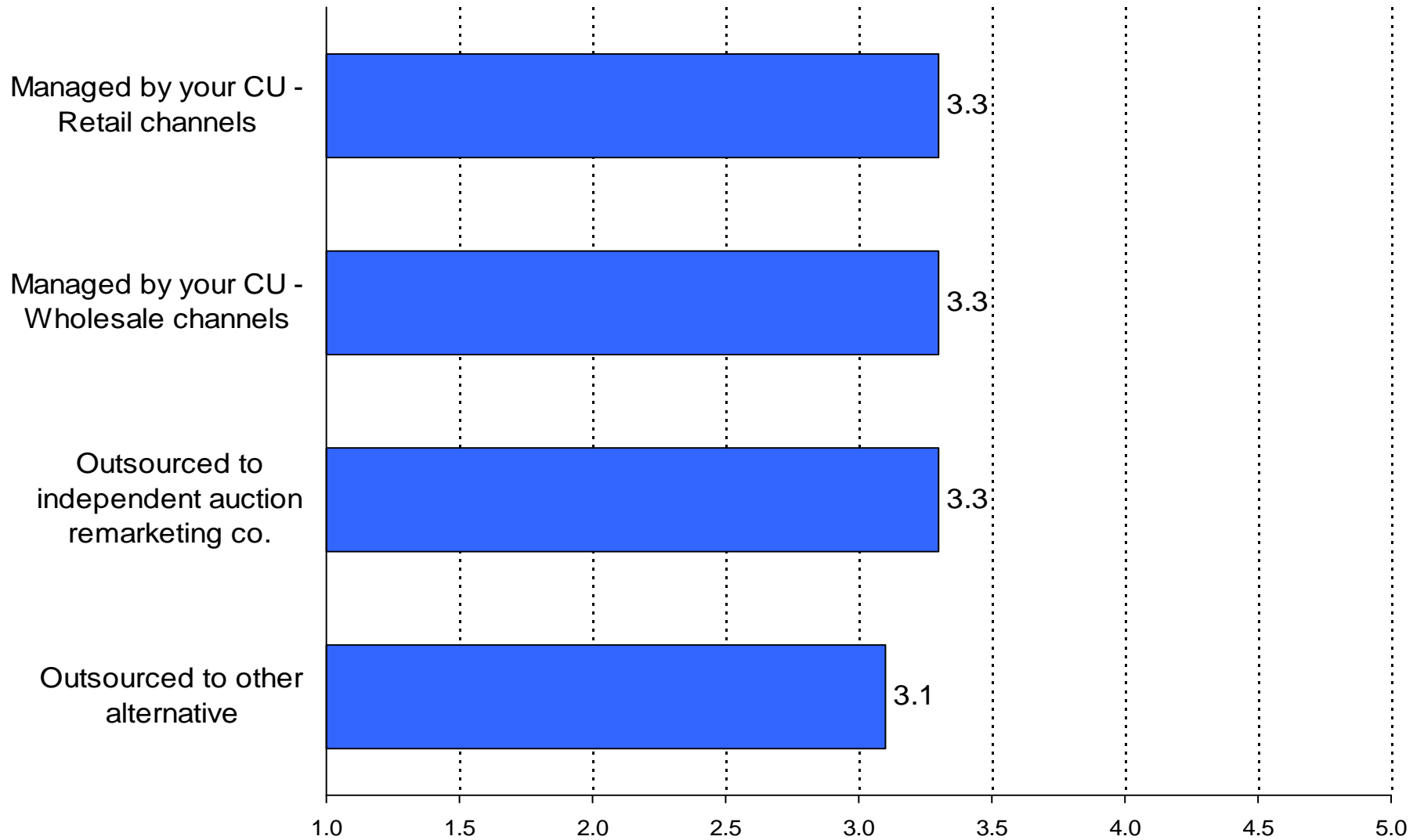


Figure 4:
Satisfaction With Vendor Services And Sales
Prices by Method Used



Average scores are based on a 4-point scale, where 4.0 represents "very satisfied" and 1.0 represents "very dissatisfied."

Figure 5: Satisfaction Levels With Vendor Services and Sales Prices By Method Used

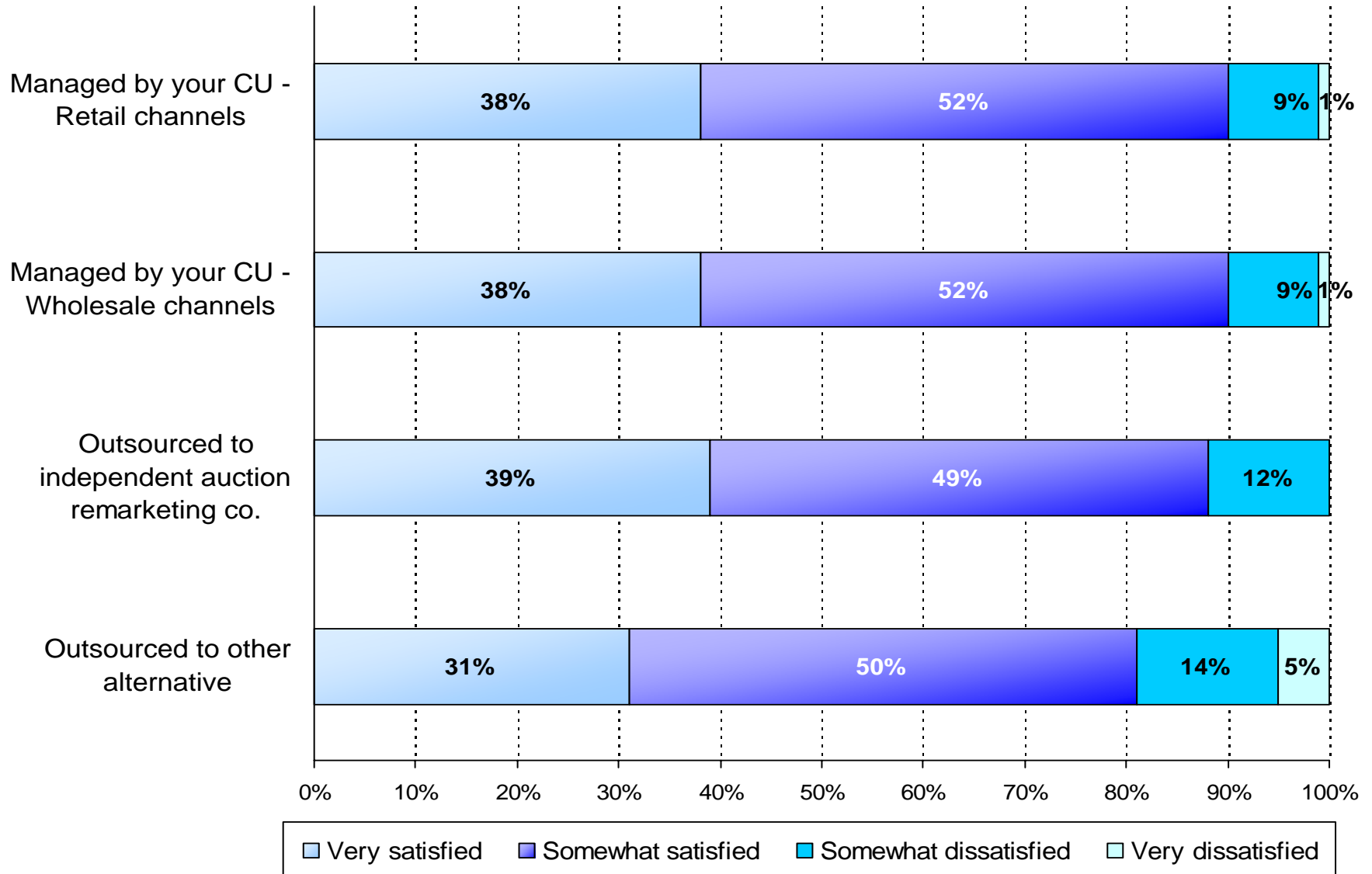


Figure 6:
Average Days (From Repossession) to Sell
Vehicle By Method Used

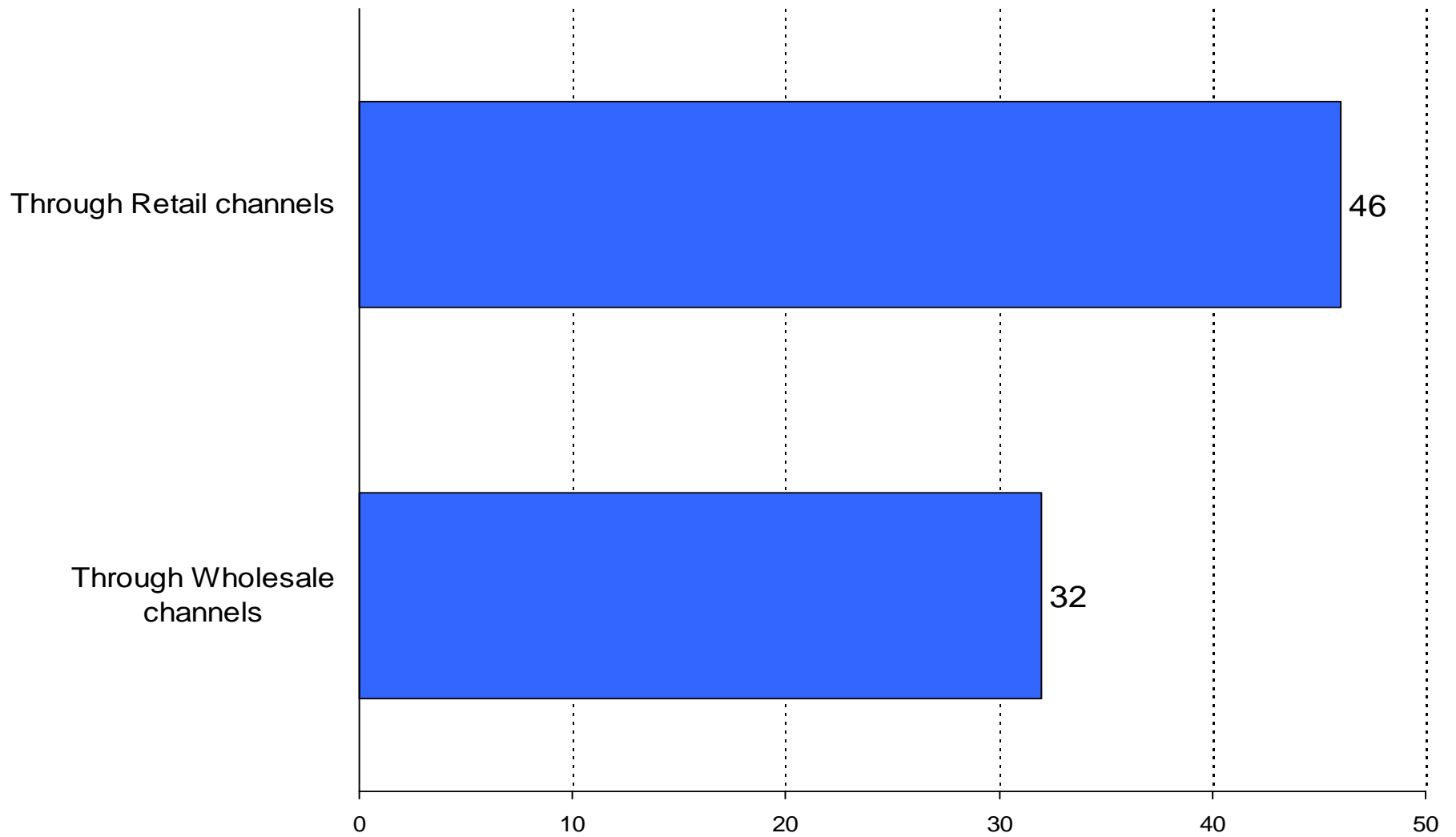


Figure 7:
Average Hours Per Month Spent Processing Repossessed
Vehicles By Method Used and Number Sold Per Month

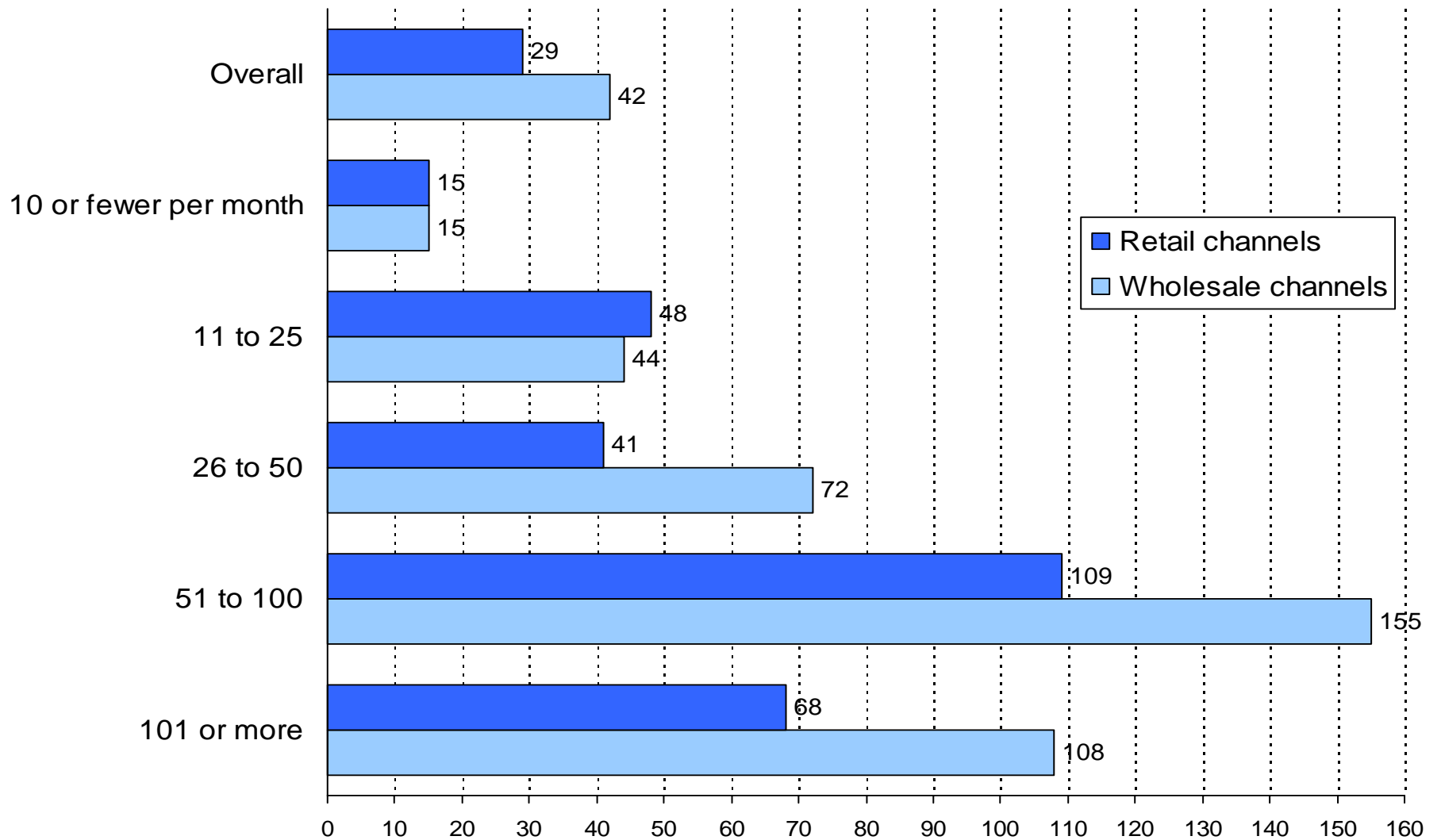
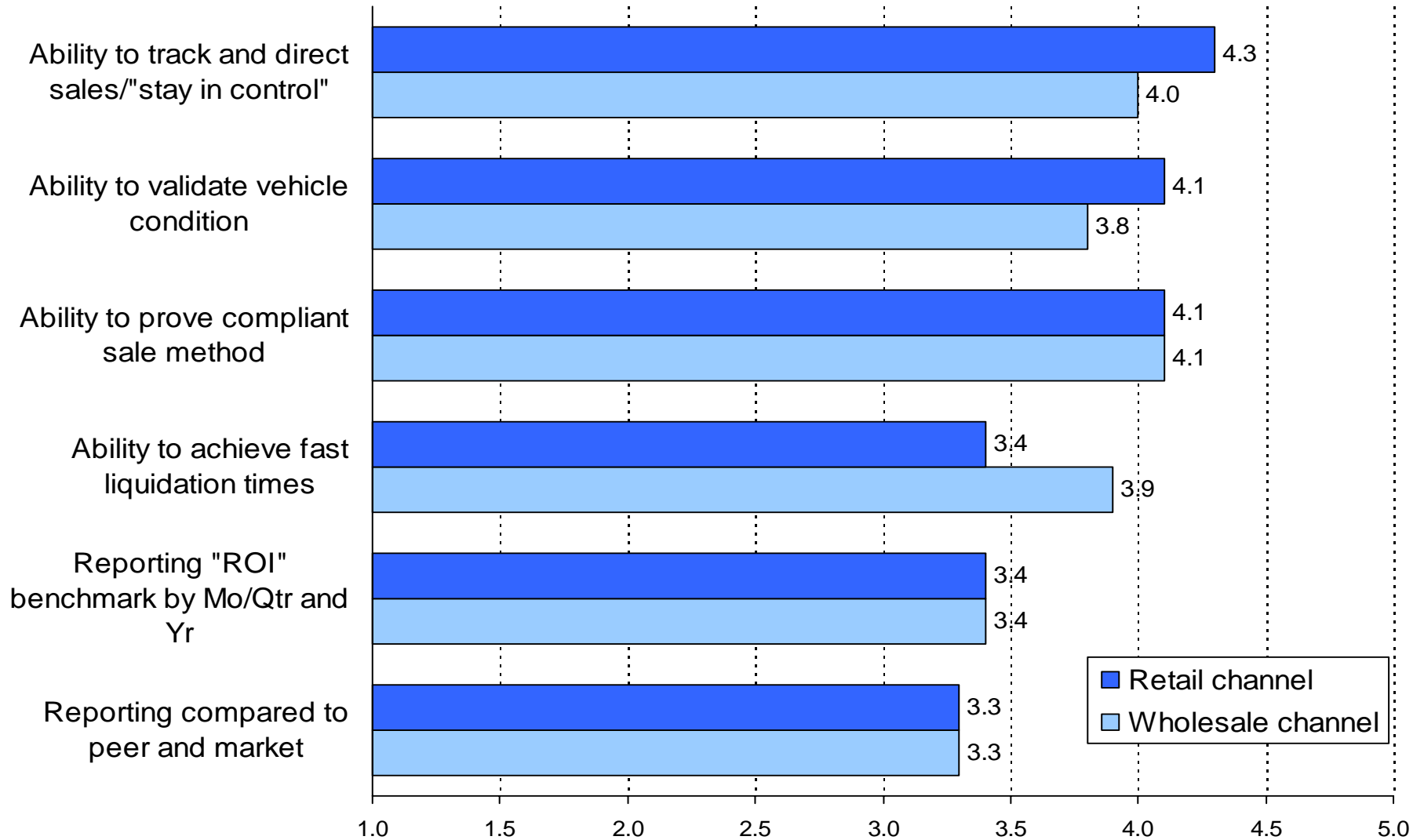


Figure 8:
Satisfaction With Sales Approach By Method Used



Average scores are based on a 5-point scale, where 5.0 represents "very satisfied" and 1.0 represents "not satisfied."

Figure 9: Satisfaction Levels With Sales Approach By Method Used

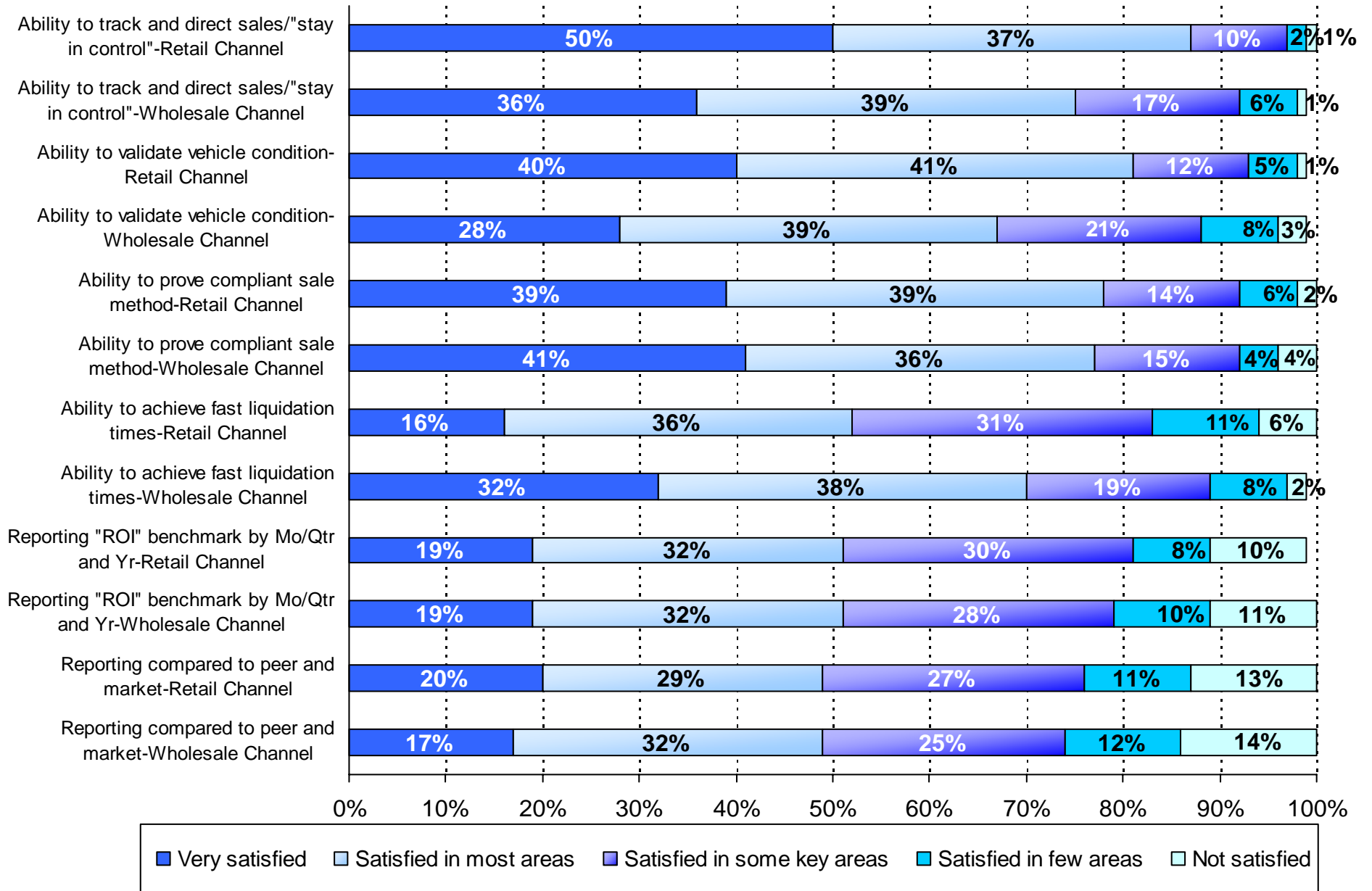
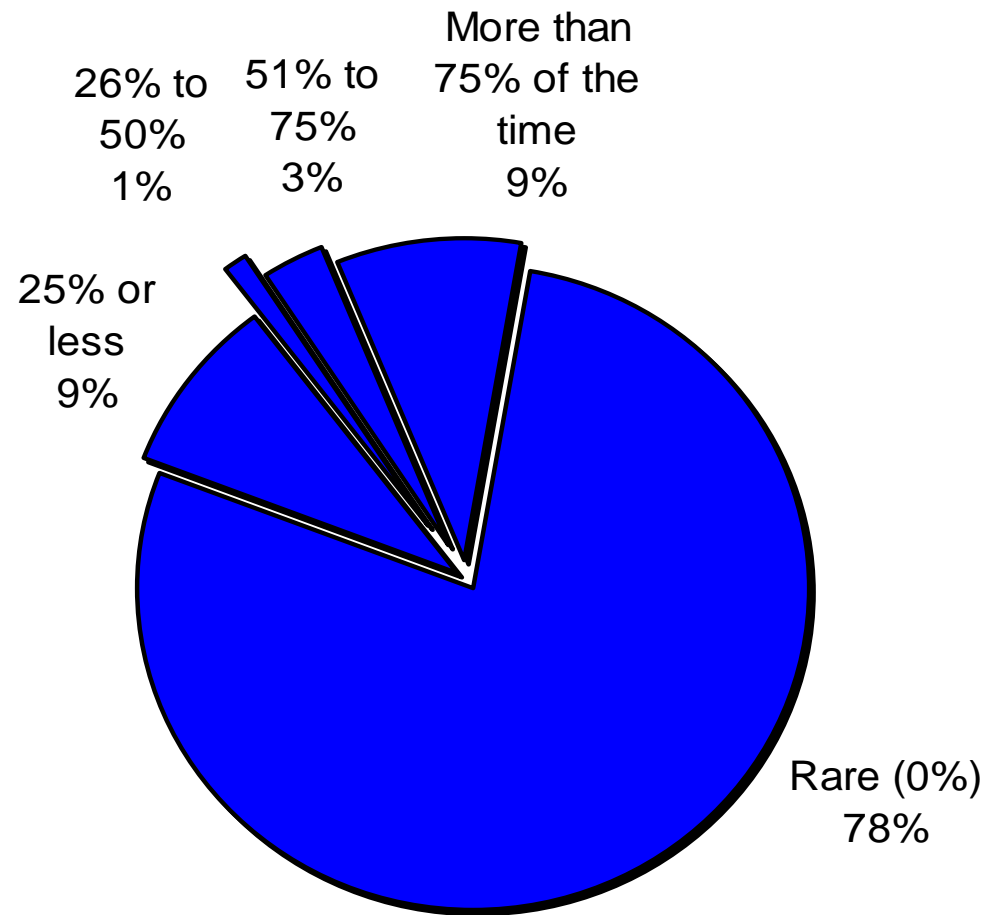


Figure 10:
How Often CU Employee Attends
Vehicle Auctions*



*Based on CUs that use vehicle auctions.

Figure 11:
Vehicle Pricing Guide Used Most

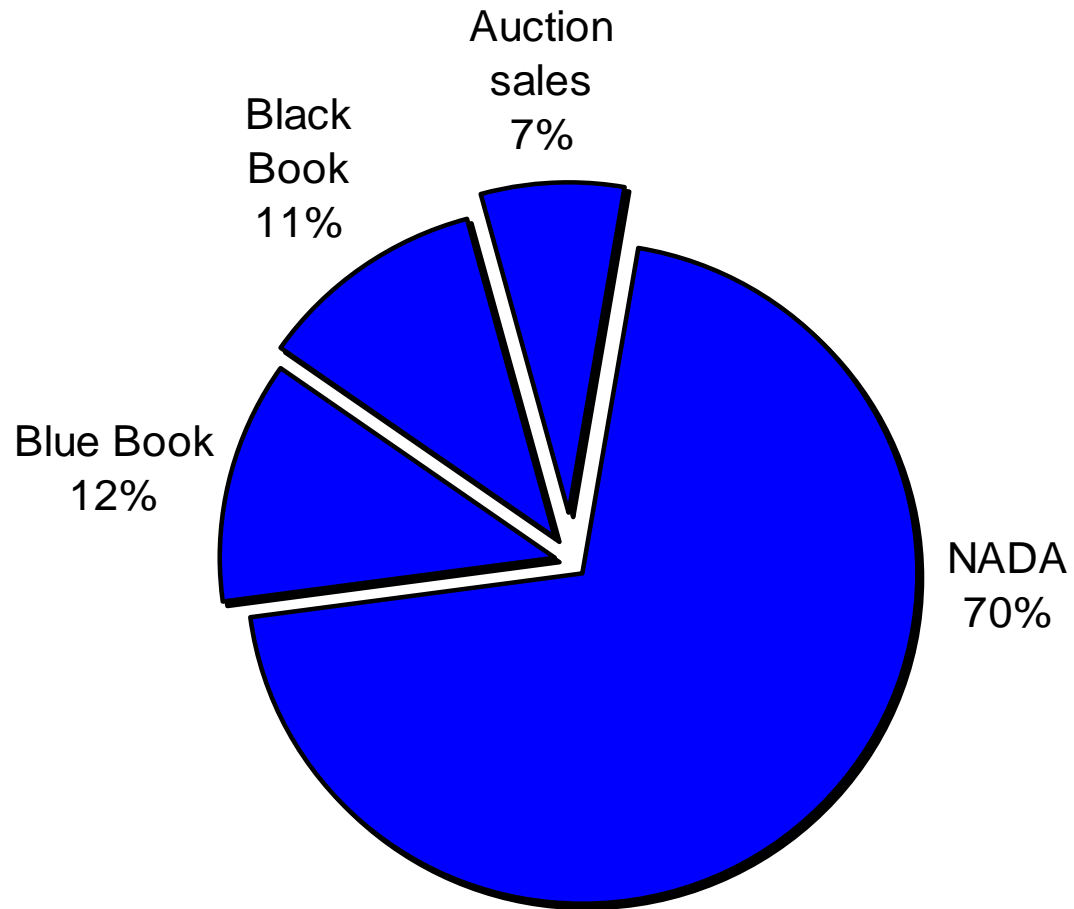


Figure 12:
Year to Date Average Return (Sales Price Into Guide Value)
By Guide

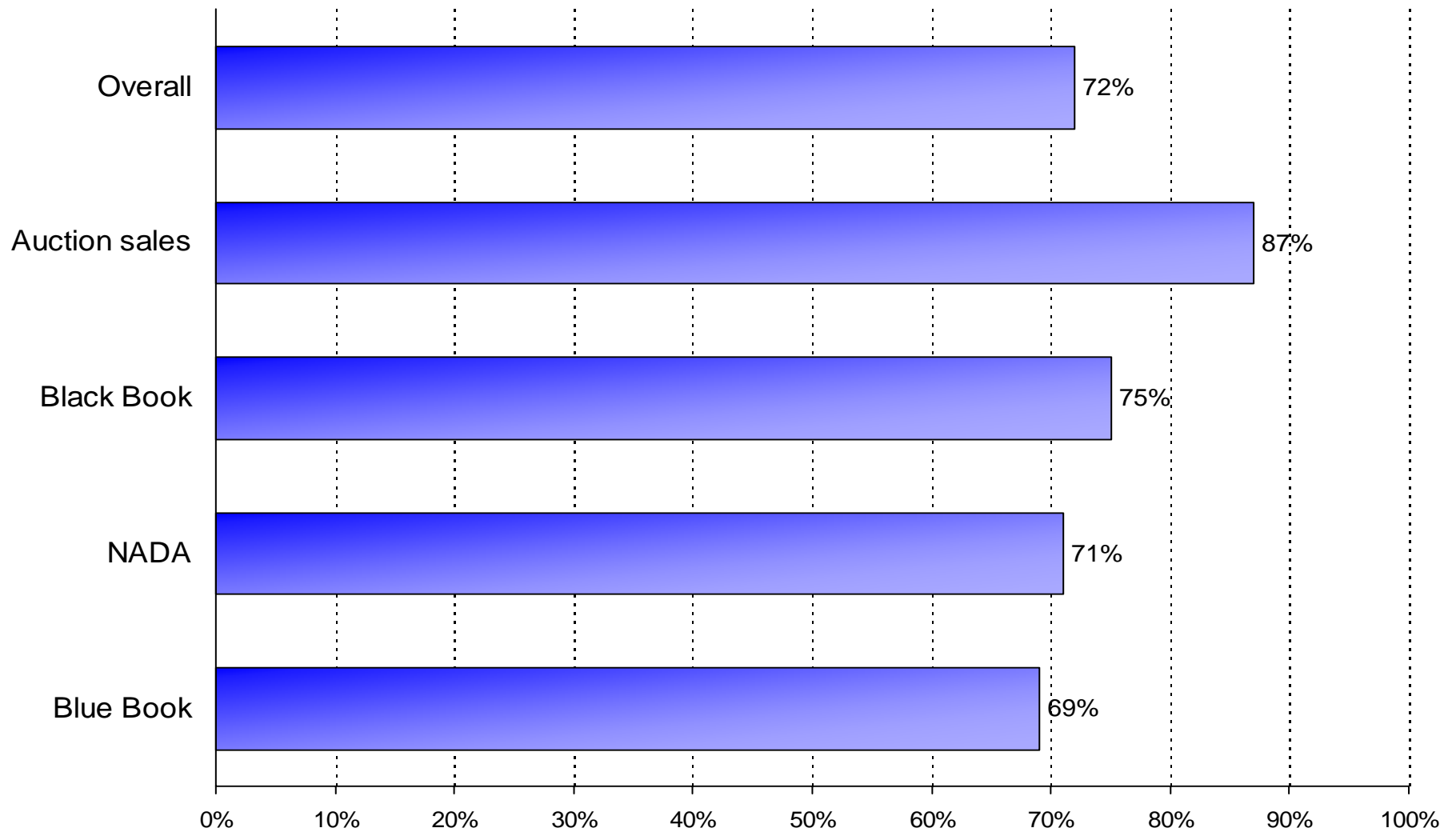


Figure 13:
Whether Guide Value is Adjusted for Vehicle
Damages or Reconditioning by Guide

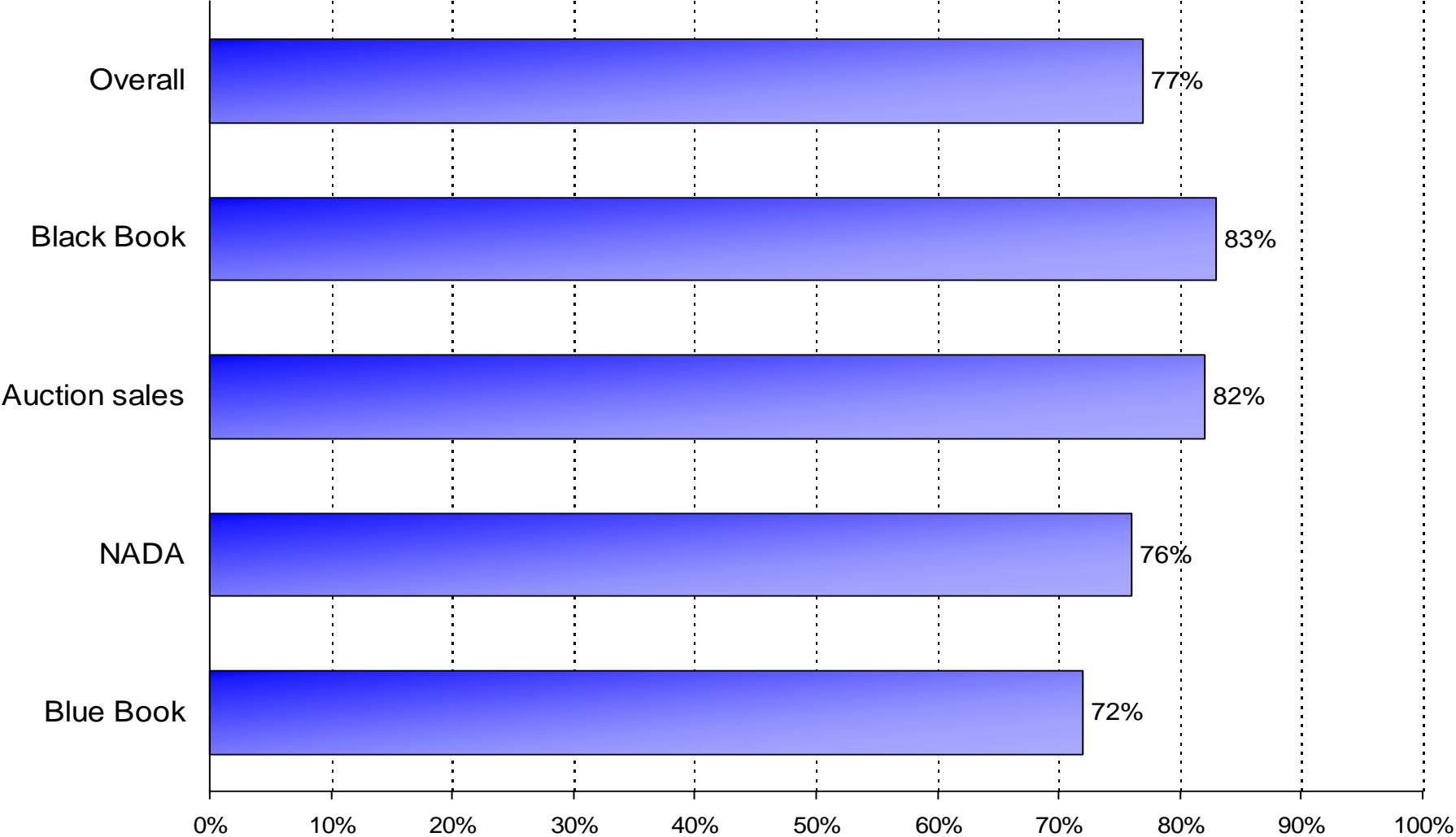


Figure 14:
 Familiarity With Independent Auction Remarketing
 Company Benefits and Advantages By CU Asset Size

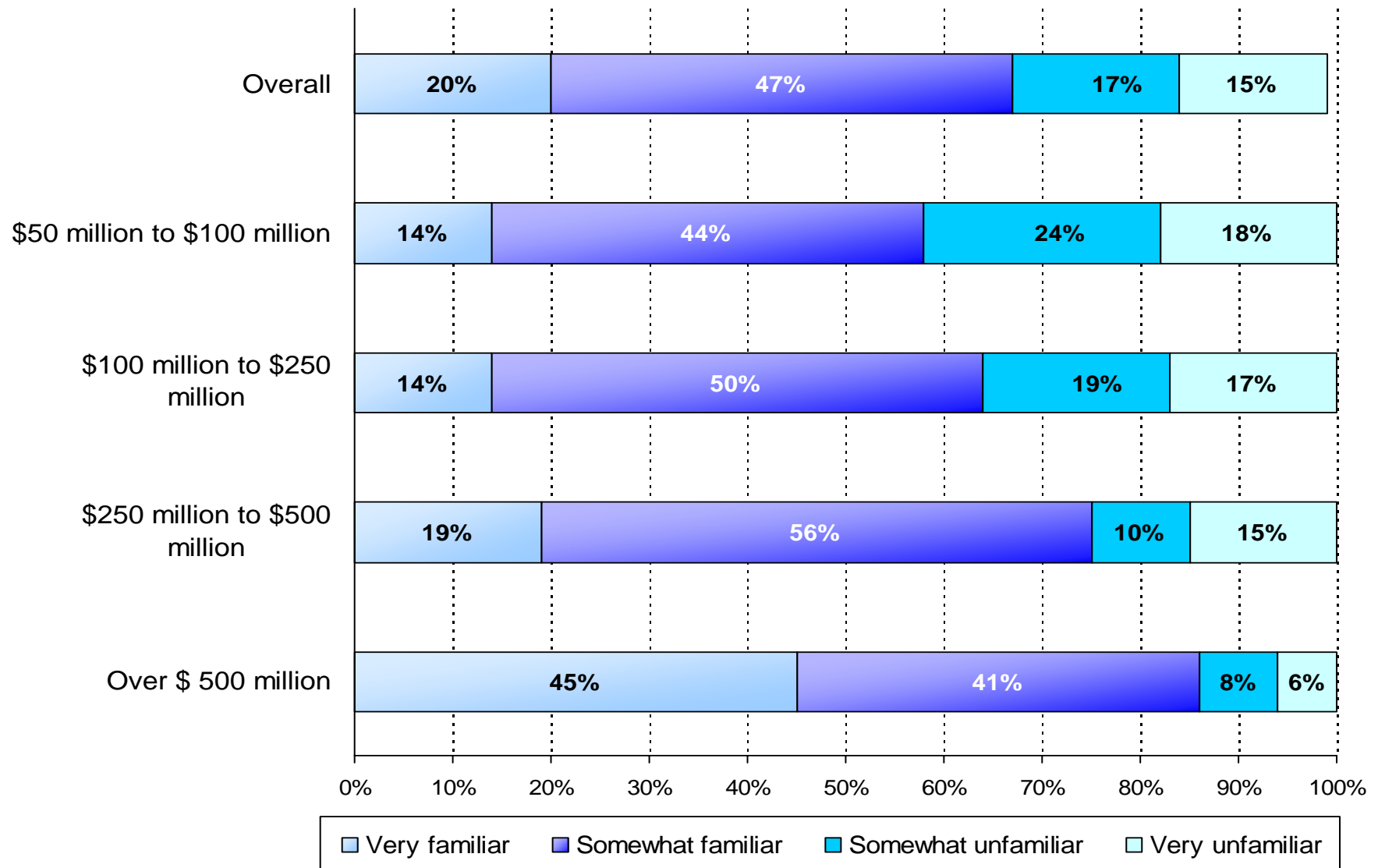
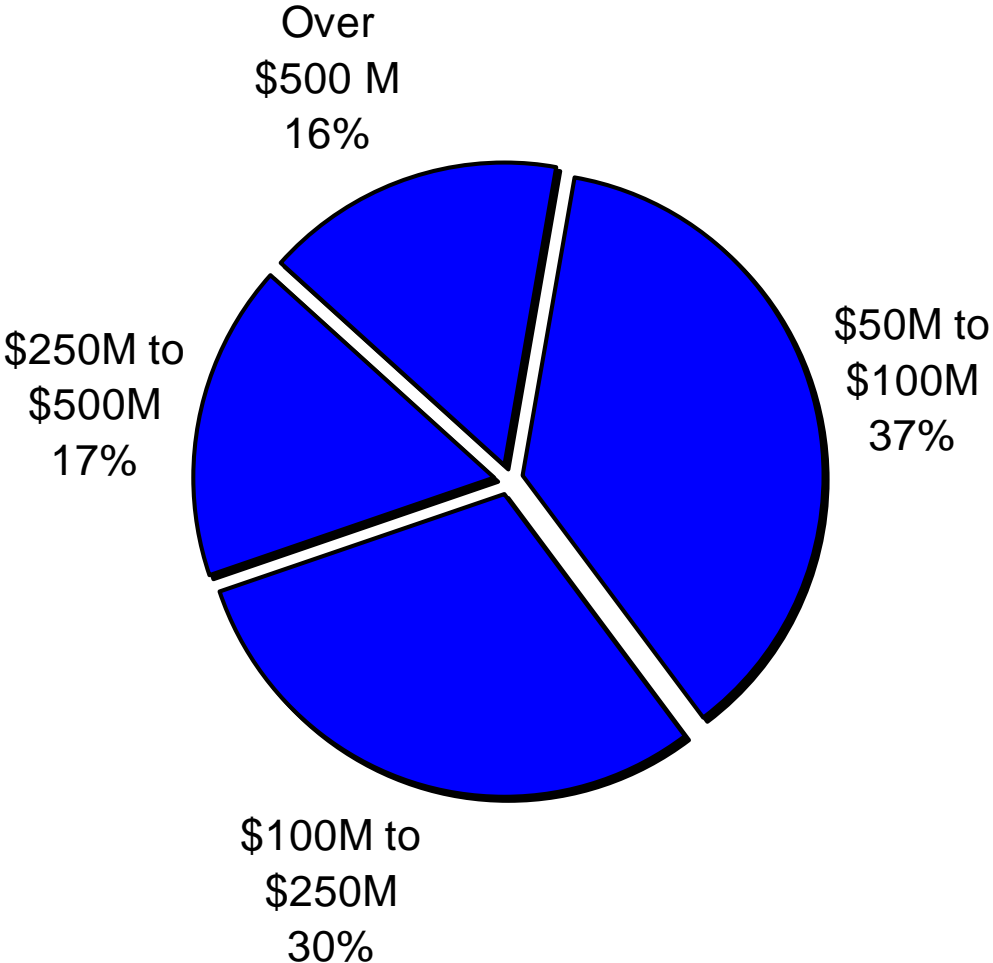


Figure 15:
Credit Union Asset Size



Appendix A

Open-End Responses

Q.9: What improvement(s) related to your CU's vehicle repossession liquidation activities would you most like to see?

- Increased prices.
- Already reorganized method to a remarketing agency.
- Higher quality (local) Repo Agent that is reasonably priced & gets results.
- Quicker turnaround time on condition reports & photos.
- Greater return.
- More best practical comparisons of large credit unions and large local banks.
- Quicker turnaround.
- Better return.
- To get a very reasonable sale amount.
- Improved sale prices.
- Lower recondition fees and better pricing.
- Efficiency in obtaining repossession titles.
- More contact information for national wide credit unions & what agencies are used.
- I would like to see a faster turn around and more money.
- Better marketing.
- Satisfied at this time.
- Higher return.
- More cash.
- More time to review condition report. More money!
- Automated results from the auction.
- Easier ability to determine value of collateral.
- A greater return.
- Get the most value for every car sold at retail and auction.
- I would like for sale prices to increase.

- Faster condition report.
- None: now going thru auction.
- Higher sales price.
- Would like to increase recovery.
- More variety/options for liquidating repossessed vehicles.
- Higher price.
- CU on-line sales (posted on website).
- Determining value and increase sale price.
- Easy access to transporters so we don't have to hunt them up & having someone full time assigned to task (wish).
- Higher returns on sales in the wholesale market.
- Sales price.
- Quicker sales larger returns.
- Competition.
- Quicker turn around.
- Moving to various venues to find best price.
- Faster turnover & better sales price/wholesale has a terrible sales price.
- Add additional staff.
- Faster collection of vehicles. Shorter wait on sales.
- To be able to sell the vehicles quicker.
- State law on 3 bids.
- Faster turnaround in sale process.
- Higher sale proceeds to the credit union for same or less time spent by staff.
- Automation.
- Less of them.
- Changed from auto auction to remarketing comp.
- Faster turnaround time to sell, better pricing.
- Speed of liquidation from date of repossession.
- More value for sold vehicles.
- Full time staff.
- Get retail.
- Better contacts w/large auctions for bulk.
- So far I am fine with everything the way it is.
- I am satisfied w/the results we are having.
- Higher returns.
- A wider range of advertisement.
- None at this time.
- Information technology, more tools for our ability to track collateral.

- Better returns.
- Reporting compared to peer & market.
- Quicken sales.
- Repo agencies.
- So far things appear to be going well—we're always interested in new innovative ways to sell our vehicles.
- Extended retail advertisement/sales ability, used vehicle market increase in sales.
- Better sales price.
- More money for the vehicle—the longer it sits at auction, the lower price gets.
- Third party to handle everything.
- Improved sales price.
- Quicker sales at a reasonable offer.
- It seems to work well in conjunction to the market and economy.
- Quicker turn around time; better return on sales.
- Better market comparisons e.g., monthly auction sales report.
- Pictures of vehicle at auction.
- Faster turnover from repo company to auction company.
- Time to sell reduced to 45 days or less.
- Prices closer to wholesale value.
- Increase manpower.
- Increase on returns.
- Very satisfied.
- Everything is going very well right now.
- More options; better tracking software.
- Fewer repos.
- To be able to easily obtain FMV on vehicle—consistly.
- Quicker turnaround.
- Higher return from sale of repossessions.
- Reporting & remarketing.
- Faster resale.
- We have a very few number of repossessions—handled by one employee & within the credit union.
- Would like auction to provide pictures free of charge.
- Improvement on skip tracing and out of area recovery.
- More streamlined agent to auction.
- None—works fine.
- Quicker turnover from repo to sale.
- Less repos.
- Sale price.

- Ability to better inform public of vehicles to sell and to get more offers.
- Selling vehicle quicker—getting more \$\$ using less channels to sell.
- Condition reports are weak.
- Shorter liquidation time.
- Always feel we get less than vehicle is worth.
- Increased returns on liquidations.
- Someone other than a credit union employee/s handle repossession process from beginning to end.
- Some other company handling repos—start to finish.
- An outlet to receive more for our repos.
- More \$ in some cases would be good.
- Easier methods to handle out of state repossession & sales.
- Quicker verification on damage assigned to CUNA.
- Applications to be better filled out by the member at the dealership.
- More money \$\$ at auction.
- More automation of paperwork.
- Faster sales while still maintaining high sales prices.
- Resale amounts.
- Cost and overall loss per vehicle tracking more accurately.
- Larger net value returns.
- Know how much to spend on repairs and when to repair.
- The sales process.
- Better marketing.
- Reduced time spent.
- The actual number of bidders on particular vehicle, I just know the high bidder.
- Receive more for vehicles, of course.
- To receive a better price comparable to the value of the vehicle.
- Higher prices for vehicles sold.
- Using wholesales.
- Getting better price for vehicle.
- Improved sales price.
- Better price @ sale.
- Keep the sales separate from the collections.
- More \$ per sale.
- Less time getting vehicles ready to sell.

- Better value @ sales price.
- Getting full retail value.
- Faster selling time.
- Speed.
- Fewer repos.
- Faster liquidation.
- Better field agents.
- I have over 20 years experience in remarketing and spent 5 years with a captive fin. co. selling 1,000s of units per month. I believe we do a better job than most.
- Higher sale price.
- Faster sales time on retail units.
- We are happy with our current process. We do not have that many.
- Everything seems to be working great for us.
- Unknown—it is working very smoothly.
- Faster sale @ CU location.
- Only repo 1-2 cars.
- Larger return upon sale of vehicle.
- Title work.
- Sell auto faster.
- A program that combines RDN and auto IMS.
- I don't really see an improvement area. I would like to have access to ore whole sellers.
- Quicker sale of vehicles once repossessed.
- We are trying to move it more local.
- More help in the overall department.
- Increase sales prices.
- Greater returns on our repossessions.
- No more repos.
- Use more sources....such as newspapers, ebay, etc. more marketing.
- Comparison of what others autos are going for—w/other credit unions.
- Higher returns.
- Foster way to gain more profit.
- Get more for the repo.
- Less paperwork.
- Higher returns on sale.
- Higher sale amounts.
- Higher return.
- Returns.
- More money for the vehicles being sold.

- Less staff involvement, higher prices on sale, less time to remarket, online service.
- Increased sale prices.
- Sell at retail.
- Better prices at auctions.
- We recently are having our repo agent sell on their lot for us instead of the dealer auction—to try to get closer to retail price.
- For the auction to send pictures.
- We are satisfied with our process.
- Better skip tracing.
- Don't have enough activity—minimal activity in this area.
- Shorter turnaround for sales, greater return.
- More retail sales.
- We are doing well in this area.
- Competent employees who are motivated to do their jobs!
- We have been fortunate & not getting many repos.
- Better organization: tracking of entire process.
- None at this time, satisfied with current services.
- Less hands-on involvement w/the sales process.
- Less deficiency balances.
- Tracking the vehicle could use improvement. Honesty in condition reports would help.
- Better sales for out of state, ability to market RVs, boats @ other locations than auction.
- Ability to sell to membership with online auction.
- Higher sale values than wholesale.
- Ability to outsource.
- Obtain higher return on the sales.
- Faster liquidation time.
- We can't control the market here—like other areas Ford Plant closings, dealers liquidations, costing floods market w/cars at auctions for 2 years now—worst values.