

Return to Lender

Credit Union Journal | Monday, April 26, 2010

CITRUS HEIGHTS, Calif.-Credit unions selling repossessed vehicles through auto auctions are getting greater returns than liquidating cars through other wholesale channels.

That's the finding of a recent CUNA Vehicle Repossession Liquidation Survey that indicates auctions deliver 12% to 18% greater returns than other wholesale approaches, such as working directly with dealers or selling through a repossession agent. Auctions also move cars faster than retail liquidation-32 days compared with 46, according to the survey.

According to [Lance Gartner](#), CEO of [Repo Remarketing](#), credit unions simply need to get their assets to the top buyer. "That means a competitive bidding auction. You will pick up another 7% to 8% if you take cars to a local auction."

Go to a larger regional auction and expect another 7% to 8%, [Gartner](#) said. "A small local auction might have 300 cars and maybe 300 buyers. Get your cars to a large regional auction and you may have 2,000 cars offered for sale and 1,000 buyers, plus another 500 buyers participating through simulcast."

According to Gartner, credit unions often don't have the time or resources to pay proper attention to selling the car at an auction. Some simply rely on the reports from the repo agent who picked up the vehicle and the condition report. "They are not looking at the car, determining its true value, and then making sure it gets the right attention and sale price at an auction. "Overall, based on numbers from the CUNA survey, credit unions that use Repo Remarketing have outperformed the wholesale liquidation market by over 8% and saved more than 1.75 staff hours per wholesale unit."

The advantage of using a company like Repo Remarketing, Gartner asserted, is that the CU not only streamlines the selling of cars at an auction, they have on-site representation. "They are putting their cars in the hands of people who know the automobile industry and how auctions work."

Repo Remarketing charges on average \$150 per car. Once the car is repossessed, the credit union electronically transfers the necessary data to Repo Remarketing. "We have field staff, office clerical support, and analysts that handle the entire process. We analyze the car, market it, call it up for sale, and make sure the credit union gets its money."

[Lois Baker](#), AVP collections and insurance at the \$1.5-billion SAFE CU in North Highlands, Calif., has been using Repo Remarketing for several years and said it saves the collections team time and gets a good sale price. She said that last month SAFE averaged 104.5% of adjusted [Kelley Blue Book](#) price on its repos sold. "We do not have the staff or time to be at the auto auctions, and companies such as Repo Remarketing gives the cars the attention they need. Their volume of vehicles also gets the cars in the best lanes at the auction."

Baker acknowledged that SAFE is averaging about 60 days per car sold, and has about 80 cars on the market at any time. She said she expects that the time it takes to sell a repo will drop to near 40 days when SAFE does a better job of moving on cars following repossession.