

# [Will Remarketing Challenges Hamstring Credit Unions?](#)

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## **Auto Lending News Reports:**

Credit unions have been steadily increasing their share of the [auto finance](#) pie, picking up originations as finance companies and captives battle capital issues. But along with that higher origination volume come higher defaults, and the latest data reveals that credit unions may have a hard time keeping repossession-related losses in check.

CUNA recently surveyed 535 credit union executives about liquidation of repossessed vehicles and found that it takes credit unions 46 days to sell repossessed vehicles through retail channels, and 32 days to sell repossessions through wholesale channels. In some cases, though, credit unions hold on to vehicles for 100 to 120 days.

Here are some other findings from the survey:

- 78% of credit unions rarely, if ever, have a credit union employee attend the vehicle auction.
- Credit unions spend 29 hours per month to process repossessed vehicles sold through retail channels and 42 hours per month to process repossessed vehicles sold through wholesale channels.
- Credit unions sell an average of 23 vehicles per month, a number that increases as CU asset size increases.

A big part of the issue is that the number of repossessions has increased, yet many credit unions are not hiring new staff, said Lance Gartner, CEO of Repo Remarketing, the liquidation solutions provider that commissioned the study. Because credit unions in the past have had low repossession rates, they are not experienced at handling the growing amount of repossessions, he said.

I've talked to a number of credit unions — especially those in geographic regions with above-average unemployment levels — that admit that delinquencies are still climbing. And repossession rates, too, are higher than normal. The question I wonder about is whether some of these credit unions might get stung by high remarketing losses. Might CUs face loss severity in the \$10,000-per-vehicle range, like some of the captives did on their off-lease portfolios?

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