Collateral Liquidation Solutions · Once It's Repossessed, We Take Care of the Rest! · www.RepoRemarketing.com
P.O. Box 7124 · Citrus Heights, CA 95621 · 916.725.2708 · FAX 916.725.2718

Remarketing your Repossessions

Best Practice #7: ====================================

Track and Benchmark your Results: Compare to industry standard guides… compare to the market … and compare to your peers…

If your boss suggested, "you may be missing $10k from your compensation last year", would anyone say, "AHHHH, I am okay, I don't need to compare records"?

Benchmarking is an essential element of pushing your credit union to success and profitability by mitigating losses. With historical data identified, tracked and compared to a timeline or to your peer, identify efficiencies to make smart business decisions. Data driven decisions will confirm venues, processes and practices. It is just business and good data drives smart decisions to capture more money for your credit union.

Why is it important to benchmark just 3+/- units a month? = $30,600+++: Let's do the math; assume the credit union sells 3 units a month at an average of $8,500 per unit. That equates to $25,500 sales per month or $306,000 per year. With a 10% variance, they'd gain or lose $30,600 per year (3 cars / month); that's worth the effort.

Line items to compare to identify efficiencies for bottom-line money:

1. **Sale Price: Are you getting market value?**
   a. Sale price to Venue i.e., auction, repo agents sale, retail sale, (make sure to net expenses and time of liquidations)
   b. Sale price to Guide book, i.e., N.A.D.A, Black Book, Kelley Blue Book,
   c. Sale price to Auction Sales (comparable sales for exact match units), i.e, PAR, MMR,
2. **Unit Condition: What type and condition is your collateral?**
   a. Average reconditioning estimate, (identifies condition of portfolio)
   b. Average year / make of Unit sold, (newer units = larger losses, more risk)
   c. Average mile of unit sold, (assists in comparing unit condition and overall sales prices)
3. **Efficiency of Sale: Is the venue supporting efficiency?**
   a. Cost of sale
   b. Time of Sale
   c. Average staff hours per unit sold
4. **Lending / Collection efficiencies: Collateral = Money and is the risk tolerable?**
   a. Sale price to Deficiency Balance, (overall risk from lending)
   b. Time of Sale, (from repo to liquidation & check in hand) Depreciation is 1-3% per month
   c. Repo date to loan date (maturity of risk)

Overview:

- Strategically monitor sale averages, totals and nets to identify efficiency opportunities for process improvements, great time to note trends.
- Don't forget to deduct sale costs, staff time and unit depreciation.
- Averages are good, but read between the lines and consider the source and review net sales too, not just the percentages.
- Always compare to several benchmarks, with and without estimated unit reconditioning estimations. Reconditioning adjusts for condition and damage. Ensure your vendor is using industry standard methods. NAAA, National Auto Auction Association member or like guidelines…
- Guide books, use the Commercial Edition NOT the Consumer Facing Edition (Public version)
- Depreciating collateral is best sold today, eliminate static time; complete inspections, transportation and other tasks during this dead time.

Have you looked at your reporting lately? It takes a little time but it pays!

*Submitted by **Repo Remarketing.** Repo Remarketing is an independent, customer focused, national collateral liquidation partnership that unites Credit Unions with deep industry standard solutions and breakthrough technologies. Repo Remarketing provides a trustworthy bridge to liquidate efficiently and profitably*