



CASE STUDY

Asset Recovery Rates with LoanPlus CMS:

First Castle Federal Credit Union
Experiences 100% Improvement.



Marketplace Challenges

Meeting Members' Needs While Reducing Risk.

In today's still struggling economy, increasing numbers of credit union members confront credit challenges. Yet, these members still deserve access to loan products that allow them to make critical purchases, including vehicle purchases. To meet the needs of credit-challenged borrowers, credit unions must find creative solutions for offering special financing.

The challenge comes in the increased risks typically inherent in special financing, as well as the increased burden and costs to credit unions' collection departments. Collection staff spend countless hours attempting to reach delinquent customers to collect late payments, often with false information leading them in the wrong direction. Credit unions pay hefty costs outsourcing to repossession agents and skip-trace professionals needed to locate customers and recover vehicles — usually a slow process that impacts member relationships.

In an attempt to address these costly challenges while providing high quality member services, some credit unions began turning to early collateral management tools that proved to be limited in scope and difficult to implement. Many of these early systems included cumbersome, non-automated and ineffective methods for reminding members of due payments. And while some of these collateral management systems employed GPS technology, they offered no way to disable the vehicle once it was located to simplify and speed-up vehicle recovery.

The credit union industry was in obvious need of a more advanced solution for effective collateral management and member communication. This solution needed to support and strengthen member relationship while simplifying and accelerating the collection and recovery process.



Credit Unions are looking to successfully meet all of their members vehicle finance needs while improving collections, reducing repossessions costs, and minimizing the inherent risks of servicing sub prime consumers.

Background

How First Castle FCU Improved Vehicle Recovery While Helping Members Improve Their Credit Ratings.

Lionel Vead is a busy man, running a busy department. Vead is the Collections Department Manager at First Castle Federal Credit Union, the nation's second oldest federally chartered credit union serving residents of St. Tammany Parish in Louisiana. As the Collections Manager, Vead is responsible for strengthening member relationships by helping First Castle's members protect and rebuild their credit with regular on-time payments. Up until December 2009, this task was proving to be a significant drain on his department's efficiencies, productivity and resources.

"In the past, when a member defaulted on a vehicle loan, locating the delinquent asset was our biggest challenge," recalls Vead. "We would have to call in repossession agents and skip tracing professionals to track down the assets, as well as make multiple home visits. The process was time-consuming, inefficient and costly — and not the way we ideally wanted to interact with members struggling to make payments."

These challenges led Vead to LoanPlus CMS, the collateral management system developed by Spireon, a leading provider of Mobile Resource Management (MRM) and Business Intelligence Solutions used by organizations to maximize the mobile assets and workforces. LoanPlus CMS provides a simple, scalable and effective way for automotive lenders, including credit unions, to better manage their collateral, expand their loan portfolios, and reduce risk while supporting member services by helping people repair and rebuild their credit.



First Castle improved their asset recovery success rate by 100% with LoanPlus CMS. It provided a simple, scalable and effective way to better manage their collateral, expand their loan portfolios, and reduce risk while supporting member services by helping people repair and rebuild their credit.



"Members with credit issues are now contacting us more frequently to make payment arrangements. We've also see more voluntary repossessions than involuntary, reducing those related costs by \$2,000 per repossessed asset."

-Lionel Vead
Collections Department Manager
First Castle Federal Credit Union

Solution

LoanPlus CMS: Maximize Resources, Streamline Operations, Strengthen Relationships.



Combining GPS and SaaS (Software as a Service) technology, LoanPlus CMS equipped First Castle with a simple web-based information platform the collections staff could easily use to track and instantly locate assets.

Combining GPS and SaaS (Software as a Service) technology, LoanPlus CMS equipped First Castle with a simple web-based information platform the collections staff could easily use to track and instantly locate assets while interacting more effectively with members. With no complex hardware or software to install or manage, LoanPlus CMS was quickly embraced by the Collections Department.

"We encountered no early adoption barriers or struggles with LoanPlus CMS," confirms Vead. "The solution has been easy to use from day one."

LoanPlus CMS connected First Castle to the benefits of effective, efficient and affordable automated collateral management with:

- A secure, dedicated web-based portable that enables collection departments to enhance communications with members, promote timely payments, and expand loan portfolios to meet more members' needs.
- Immediate and automatic activation at the dealer level.
- A professional staff to train on the LoanPlus CMS and its software interface.

- Marketing and field-training support to sales team and dealer base.
- Two-way, Application Protocol Interface (API) that allows credit unions to integrate CMS data directly into their own portfolio-management systems.
- An option to require dealers to use a certified third-party installer of hardware to assure quality and consistency.
- 24/7 support for any issues that arise.



LoanPlus CMS has also equipped First Castle with a powerful tool for improving member services. The solution has allowed First Castle to broaden their lending to more members, while helping members make their payments and build their credit.

Results

Maximizing Resources, Minimizing Risk, Managing Member Relationships.

First Castle's Collection Department began seeing improvements in the collateral management process since day one after implementing LoanPlus CMS. "Since adopting LoanPlus CMS, we've seen 100% greater success rates in asset recovery," Vead says.

Vead credits this dramatic jump in recovery rates to LoanPlus CMS' real-time, on-demand asset tracking. Collections staff can now use LoanPlus CMS to instantly see where an asset is located, then quickly direct a repossession agent to the location. Collections staff can even receive notifications when a vehicle has been stopped for a specific period of time.

"Those members who do have credit issues are happy that we're able to approve them for vehicle loans because of LoanPlus CMS. The system has allowed us to broaden our lending, which is good for our members as well."

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LoanPlus CMS enables real-time, on-demand asset tracking. Now the Collections staff can instantly see where an asset is located, then quickly direct a repossession agent to the location.



First Castle FCU is the second oldest federally chartered credit union in the United States.

Setting the boundaries for more loans

The system also allows staff to set up geographic boundaries, called geofences, then receive alerts whenever a vehicle enters or leaves those boundaries. All of which make it faster for repossession agents to recover assets. This access to information has allowed collection staff members to manage 50% more loans.

Changing borrower's behavior

But perhaps the most effective feature of LoanPlus CMS has been the starter/disable. This feature allows collections staff to remotely disable a vehicle once it's stopped. "The disable feature has motivated members to be more conscious of making payments, in order to avoid their cars from being disabled," explains Vead.

Vead also says that First Castle has seen a significant increase in loan payments from credit-challenged members. Members appreciate the automated payment reminders built into LoanPlus CMS, which sends discrete notices when payments are pending or overdue.

"Members with credit issues are now contacting us more frequently to make payment arrangements," Vead adds. "We've also seen more voluntary repossessions than involuntary, reducing those related costs by \$2,000 per repossessed asset."

Vead points out that First Castle's credit-challenged members have largely viewed LoanPlus CMS as a helpful tool for them as well. "Those members who do have credit issues are happy that we're able to approve them for vehicle loans because of LoanPlus CMS," he explains. "The system has allowed us to broaden our lending, which is good for our members as well."

Going that extra mile

"We've even used LoanPlus CMS to track and recover two stolen vehicles," Vead says. "And some of our members use it as a way to get discounts on their insurance. So the benefits extend beyond being able to quickly recover vehicle assets."

More than an effective collateral management tool, LoanPlus CMS has proven to be a powerful tool to improve First Castle's member services and help more members reach their financial goals.



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Highlights

First Castle Federal Credit Union faced significant challenges in their Collections Department around improving operations while changing borrower's behavior. First Castle Federal Credit Union chose LoanPlus CMS by Spireon as its CMS solution.

Since implementation, LoanPlus CMS has enabled First Castle to:

- **Improve asset recovery success rates by 100%** since implementation of solution.
- Increase productivity by allowing each staff member to manage **50% more loans**.
- **Collect more loan payments** before default through the use of starter/disable feature.
- Significantly reduce repossessions costs by **\$2,000 on each repossessed asset**.
- **Improved member interaction** and relationship with First Castle with automated payment reminders.
- Help their customers **build and improve their credit**.
- **Build a stronger member relationship** with the ability to help in extraordinary circumstances like auto theft.
- **Extend their reach** by allowing to finance more members while reducing risks.
- **Reduce overhead and overall cost structure** with simple and easy implementation.
- **Improve loan performance** on vehicles that have GPS tracking installed.
- **Effectively control risk** with the use of real-time asset location.
- Make faster and **more profitable** business decisions overall.



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