

Turning Your Charge-offs Into Cash

Presenters:

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Making The Decision to Sell Your Debt

- **Selling debt rationale**
 - Accelerated cash proceeds
 - Reduction of long term collection costs
- **Account portfolio sale methods**
 - Bulk Sales-grouped pools of accounts
 - Forward Flow Agreements- set price over an extended period of time
 - Pooled or 'League' selling method
- **Due Diligence and the Bidding Process**
 - Buyer diligence is critical to minimize issues
 - Direct deal or broker managed deal
- **Certification Program**
 - Identify a wide net of buyers
 - Understand rules of engagement

Making The Decision to Sell Your Debt

- Financial benefit of selling; proceeds of sales reinvest in business
- When to Sell Your Accounts in the Default Process
 - Bulk Sales
 - Forward Flow Agreements
- Determining Due Diligence and the Bidding Process
- Certification Program: How to identify a wide net of buyers

Selecting Which Accounts to Sell

- Auto
 - Secured
 - Unsecured (aka Deficiency Balance)
 - Lease Return
- Recreational Vehicles
 - Marine
 - Recreational Vehicles
 - Motorcycles, Jet Skis, Snowmobiles
- What not to sell

Portfolio Pricing Factors

- Asset Type
 - Auto, RV, Truck etc.
 - Year Make and Model (Luxury vs. Standard)
 - Secured/Unsecured/Lease
 - Deficiency Balance or Still on Street
- Borrower Type
 - Consumer vs Business
 - Credit Grade (A-D)
 - Demographics (Age, location)
 - Repeat Buyer
- Account Balance
 - Principal
 - Interest/Fees
 - Forgiveness
 - Other

Portfolio Pricing Factors

- Age of Account at Point of Sale
- Collection Treatment
 - Collection Treatment Flow Chart
 - Percentage of Skips
 - Amount of Asset Verification
 - Any Accounts Litigated, Settled or Judgements Obtained
 - What was Communicated to the Consumer at Time of Vehicle Repo (Voluntary and Involuntary)?
- Account Integrity
 - Quality of Documentation
 - Accuracy of Balances
 - Detailed Payment History

How the CFPB Has Changed the Process

- Due Diligence - Due Diligence - Due Diligence
- Documentation
- Data Elements
- Vendor Management
 - Dispute management process
- UDAAP

Documentation Requirements

- FTE need to Support Process
- Documentation Provided Upfront or on a Per Request Basis
- Cost of the Documentation Process

Delete Determining the Price of a Portfolio

- Auto Secured
 - Year, make and model
 - Originator/Agency Internal Impound Processes
 - Post Delinquency Practices
 - Balances & Other Pertinent Demographic Values
 - Repossession Department or Outsource
 - Minimal Documentation Delivery (contract, application & Title)
- Secondary Factors that Dictate Portfolio Value
 - Collateral Condition
 - Tangible Asset to Recover
 - Percentage of Skips

Determining the Price of a Portfolio *(cont'd)*

- Auto Unsecured

Documentation is one of the key drivers of value!

- Contract
- Notice of Intent to Sell Collateral
- Notice of Deficiency (Proper Disclosures)
- Green Card Receipts (Do you have them?)
- Access to Payment History

Alternative Portfolio Sales

- Recreational Vehicles
 - Documentation similar to auto
- Judgments
 - Benefits to Your Buyer
 - Drawbacks to Your Buyer
- Other

Selecting Debt Buyers to Bid

- Reputational Risk
- Best Practices and Industry Standards
- Certified Companies
- Large vs. Small Buyers – Local / Regional / National

The Latest in Purchase and Sale Agreements

- Representative and Warranty Clauses
- Guidance on Work Standards
- Guidance on Legal Strategy
- Guidance on Post-Sale Communication Requirements
 - Correspondence Exchange
 - Training Payments
 - Regular Audits

Vendor Management Policies and Procedures

- What Happens to your Accounts after Sale
- Resale – To Certified Companies
- Insuring Data Security
- Post Sale Support (Media / Direct Payments / Correspondence)

Q&A Discussion

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