



BE YOUR MEMBERS' HERO
SAY 'YES' TO MORE CREDIT-CHALLENGED MEMBERS!



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Peter Vehko

VP, Business
Development Integrated
Lending Technologies



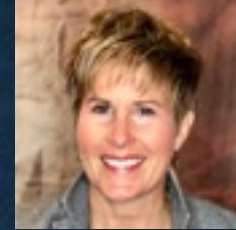
Trent Taylor

VP of Indirect Lending
Leaders
Credit Union



Spencer Pratt

Executive VP
Leaders
Credit Union



Julie Nielsen

VP, Channel Partnerships
at Open Lending, LLC



	Credit Scores 600 - 639		
Year	4/1/13 - 3/31/16	4/1/16 - 3/31/19	INCREASE
Number Loan Booked	387	828	114%
Total Amount Financed	\$6,795,171	\$19,071,372	181%
Average Contract	\$17,558	\$23,033	31%
Applications	6756	7460	10%
Approvals/Counters	1822	4507	147%
Approvals/Counters %	27%	60%	124%
Look to Book %	6%	11%	94%

Performance Indicators

Average FICO Score 640

Average LTV 115-120%

Average Term 66 mos

Average ROA 2.6%



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The Keys to Lenders Protection

PROPRIETARY UNDERWRITING ENGINE

- Rules developed from 18 years of underwriting experience
- Data analysis in near and non-prime lending
- Underwriting decisions in seconds

RISK-BASED PRICING MODEL

- Lender specific costs and ROA targets by risk
- Decrease subsidies across credit risk tiers
- Provide competitive rates to all borrowers
- ROA targets higher than prime portfolio

MANAGED DEFAULT RISK

- Default protection from AM Best "A" rated insurers
- Continuous evaluation of credit risk and loss trend



Where Lenders Protection Fits

Retail LTV	≤ 75%	≤ 80%	≤ 85%	≤ 90%	≤ 95%	≤ 100%	≤ 105%	≤ 110%	≤ 115%	≤ 120%	≤ 125%	≤ 130%	Approval Rates
Trade LTV	≤ 90%	≤ 95%	≤ 100%	≤ 105%	≤ 110%	≤ 115%	≤ 120%	≤ 125%	≤ 130%	≤ 135%	≤ 140%	≤ 145%	
750 +													90.6%
700 - 749													78.5%
680 - 699													78.2%
660 - 679													77.7%
640 - 659													71.3%
620 - 639													68.9%
600 - 619													67.7%
580 - 599													66.9%
560 - 579													62.4%

Average Financial Institution Advance

Additional Advance with Lenders Protection

Policy pays difference between loan balance at default and greater of:

- 80% of wholesale trade value of repossessed vehicle at default
- OR amount received from sale of repossessed vehicle

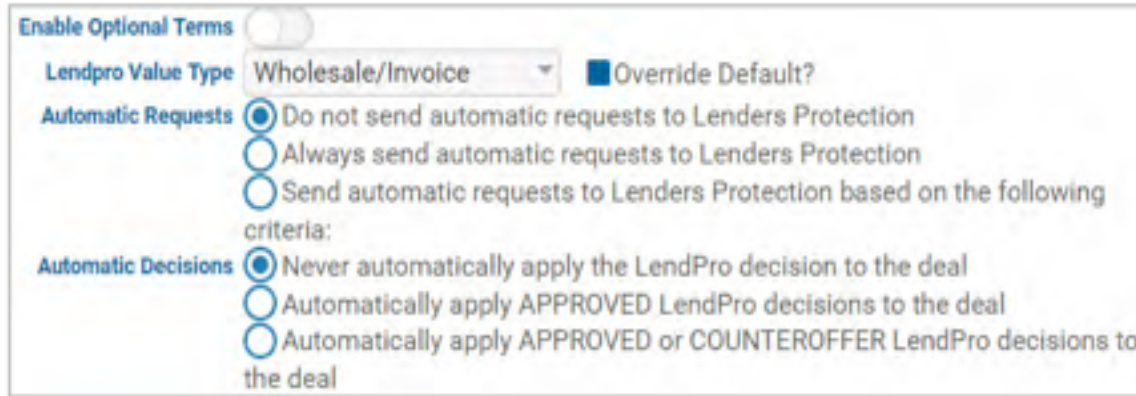
	Reps sold ABOVE 80% book value	Reps sold BELOW 80% book value
LOAN BALANCE AT TIME OF DEFAULT	\$20,000	\$20,000
VEHICLE VALUE AT TIME OF DEFAULT	\$10,000	\$10,000
Greater of: (A) Amount realized from sale of vehicle (B) 80% NADA Trade or KBB Wholesale	\$9,000 A=Sale Amount	\$7,000 A=Sale Amount
	\$8,000 B=80%	\$8,000 B=80%
Financial Institution Loss without Lenders Protection	\$11,000	\$13,000
Claim Payment (Plus 60 days interest)	\$11,000	\$12,000
Financial Institution Loss with Lenders Protection	\$0	\$1,000*

*Uninsured losses can be priced for using our Custom Risk Based Pricing Tool

The Allegro Lending Suite Integration

To access the following settings go to: **Administration > Details > Lenders Protection**

When Lenders Protection is first activated, the following default settings will be in place



The screenshot shows a settings panel for Lenders Protection. At the top, there is a toggle for 'Enable Optional Terms' which is currently turned off. Below this is a 'Lendpro Value Type' dropdown menu set to 'Wholesale/Invoice', followed by a blue square checkbox labeled 'Override Default?'. Under the heading 'Automatic Requests', there are three radio button options: 'Do not send automatic requests to Lenders Protection' (selected), 'Always send automatic requests to Lenders Protection', and 'Send automatic requests to Lenders Protection based on the following criteria:'. Under the heading 'Automatic Decisions', there are three radio button options: 'Never automatically apply the LendPro decision to the deal' (selected), 'Automatically apply APPROVED LendPro decisions to the deal', and 'Automatically apply APPROVED or COUNTEROFFER LendPro decisions to the deal'.



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- Automatic Requests**
- Do not send automatic requests to Lenders Protection
 - Always send automatic requests to Lenders Protection
 - Send automatic requests to Lenders Protection based on the following criteria:

	Min	Max
<input checked="" type="checkbox"/> Credit Score	<input type="text" value="600"/>	<input type="text" value="639"/>
Credit Score Type	<input style="width: 100%;" type="text" value="Higher Score of Primary & Joint"/>	
<input checked="" type="checkbox"/> Loan Term	<input type="text" value="0"/>	<input type="text" value="84"/>
<input checked="" type="checkbox"/> Loan Amount	<input type="text" value="\$0.00"/>	<input type="text" value="\$45,000.00"/>
<input checked="" type="checkbox"/> Vehicle Age	<input type="text" value="0"/>	<input type="text" value="10"/>
<input checked="" type="checkbox"/> Debt to Income	<input type="text"/>	<input type="text" value="50.00%"/>
<input checked="" type="checkbox"/> LTV by Credit Score		

Credit Score		Min LTV	
Min	Max	Retail/MSRP	Wholesale/Invoice
<input type="text" value="600"/>	<input type="text" value="610"/>	<input type="text" value="100.00%"/>	<input type="text" value="100.00%"/>
<input type="text" value="611"/>	<input type="text" value="639"/>	<input type="text" value="105.00%"/>	<input type="text" value="105.00%"/>

Request	Response	Status
02/11/19 5:47 PM MT Applicant 1: Abha Advitest Applicant 2: bob test	02/11/19 5:47 PM MT	APPROVED

The application has been **APPROVED**, and is ready for acceptance and validation.

Loan Terms

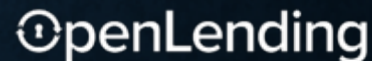
	Approved
Rate:	5.9%
Term	72
Vehicle Value Trade	\$50,000.00
Loan Amount	\$43,474.00
Back-ends	
GAP	\$0.00
Service Contracts	\$0.00
Credit Life	\$0.00
Credit Disability	\$0.00
Total Back-ends	\$0.00
Total Loan Amount	\$43,474.00
Monthly Payment (Est.)	\$718.44
Back-end Allowance	\$5,000.00

Callback Information

Term	<-85%	<-90%	<-95%	<-100%	<-105%	<-110%	<-115%	<-120%	<-125%	<-130%	Front-end Max Loan	Front-end Max LTV
60	6.5%	6.5%									\$45,000.00	90.0%



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How Open Lending & Allegro Partnership Benefits CUs

- ✓ Technical integration shortens response time to dealers
- ✓ Improves dealer relationship and strengthens dealer loyalty
- ✓ Enables CU to buy lower grade paper without increasing default risk
- ✓ Able to add more members than otherwise possible
- ✓ Builds member loyalty by enabling credit challenged members to get auto loan from the CU of their choice



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Thank you for your attendance!

For more information please contact

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