



Indirect Retail Lending

Business Sectors

HVAC

Oil Burners

Funeral

Cosmetic Surgery

Dental Surgery

Furniture

Appliances

Home remodeling

Windows

Garage Doors

Flooring

Boat, RV, "Toys"

Jewelry

Weddings

Pools

Playground Equipment

Hot Tubs

Because the auto indirect market has once again become highly competitive and the mortgage market has continued to be in turmoil, many lenders are looking for new opportunities. Lately there has been a lot of industry buzz about non-securitized consumer lending. It is called by many names such as retail lending, merchant lending, point-of-sale finance, leisure lending or lifestyle lending. Most lenders during the "boom years" weren't interested in diversifying their portfolios beyond traditional auto indirect lending because they had all the loan volume they could handle, but that's not descriptive of today's marketplace. There's a "new economy" out there and now is the time to look for new opportunities.

Why diversify now?

Most of our customers are highly reliant on auto indirect lending, but for the past two years this marketplace has been highly volatile. The government keeps changing the rules – GMAC is out of the market, no it's getting back in and lending at 0%; cash for clunkers and so forth. More people are unemployed and the numbers remain high. The long awaited return of auto sales volume although improving just doesn't seem to materialize. Therefore, you may want a new opportunity where you can earn a fair interest rate spread on your deposits.

Where's the new opportunity?

There are plenty of local merchants who need a local financing source for local consumers for products such as:

HVAC: I need a new heater or a/c unit today!

Dentists: WOW! \$20,000 for bridge work? Where can I come up with that amount of money?

Funerals: The money is tied up and not available yet

You get the idea. Many of these business people have lending sources, but they are expensive. My dentist's finance source charges him 9% of the loan amount (free first year to the consumer) and the consumer pays year two and beyond at a 20%+ interest rate on the loan balance. Your other competition in this area is credit cards with their

sky high interest rates. But, credit card companies are cutting back on lines of credit! Home equity lines are being cut too! Therefore, there is an opportunity for you to help the community- local savings being invested locally- sounds like a credit union charter.

Where do I start?

With the phone book! Call some of the sources we mentioned on our side bar and ask them how their customers are financing their products and services. Then decide what specific areas look promising as loan sources. You want reliable, established merchants who provide good warranty service. You're not in the business of reconciling disputes between consumers and providers. Also, you want to be the merchants' exclusive loan source. Sign a contract with them so that other lenders don't piggy back on your hard work by making lower offers. Call Barry Kirby 800-443-9349 for a check off sheet (business plan) to help you enter this marketplace.

Here are some of the benefits that we see for your credit union:

- Obtain new members
- Ability to establish your own lending standards and not be forced to take what the marketplace dictates
- Less competition for loan sources
- Great interest rate spreads
- Portfolio diversification

What is TCI's product like?

Many of you already utilize DecisionLender:Indirect for your auto indirect lending and some of you are on DecisionLender:Direct so you're familiar with our reliability and outstanding customer support. DecisionLender:Retail is simple to use because it is an internet based, Software as a Service (SAAS), Loan Origination System (LOS) that works like our DecisionLender:Indirect solution. The easiest way to learn about our consumer indirect lending product, DecisionLender:Retail, is to see a live demo of our product. Call Barry Kirby at 800-443-9349.

Using DecisionLender:Retail, your Point-of-Sale loan source logs on to the system and submits the loan application. You receive the loan application; the credit report is automatically pulled; and, the loan request is processed according to your lending criteria. Therefore, a decision by your loan officer can be made in minutes. For approved loans, a complete loan package can be printed at the lending source office. Great customer service!

Remember, it's important that you control the entire retail lending relationship. TCI's DecisionLender:Retail allows you to close the loan at a lending source that works exclusively with you. As the economy continues to be unsettled, let's not wait for business to improve, but let's make our own opportunities. It costs you less than an hour of your time to see the potential that retail financing can mean to your organization. Call Barry Kirby at 800-443-9349 for a personal demo.