

HOW BHPH DEALERS AND AUTO LENDERS BENEFIT FROM A GPS SOLUTION



Below-Prime: Lots of Market to Tap

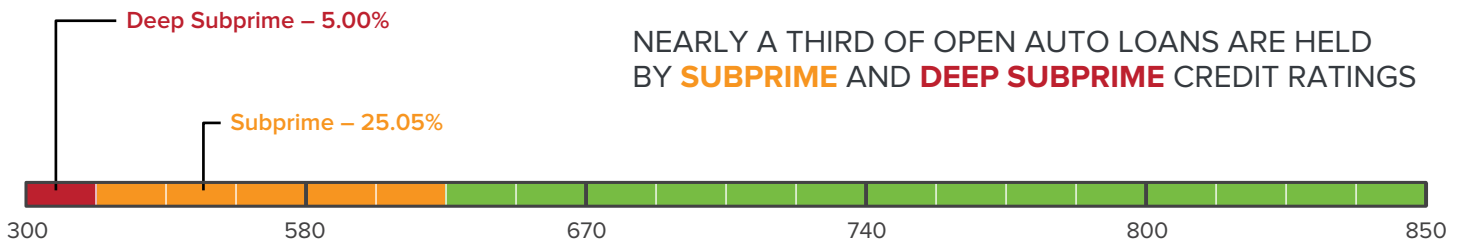
The below-prime market in automotive financing is expansive. When we look at used car loans that were extended to consumers not in the prime or super prime segments, it's more than half the market. The math is simple: the more of this segment you can serve — the majority of the market — the better.

Credit-challenged customers often cannot qualify for traditional auto financing, but at the end of the day, they still need vehicles. The BHPH dealer's unique task is to find ways to minimize the downside. An increasing number of dealerships and lenders have found safe ways to approve more subprime loans.

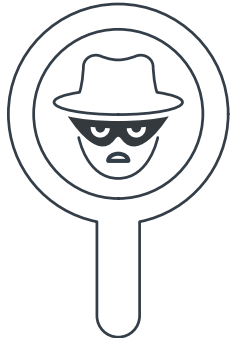
So, how can you reconcile the risk with the reward?

A Look Into the Data

According to [Experian data](#), non-prime, subprime, and deep subprime combined to account for 52.1 percent of the total used loan market. Subprime and deep subprime comprise nearly a third (30.05 percent) of the market. With an average of 612 units sold per dealer (BHPH) and \$10,935 financed per vehicle in 2017, that third of the market amounts to a healthy portion.

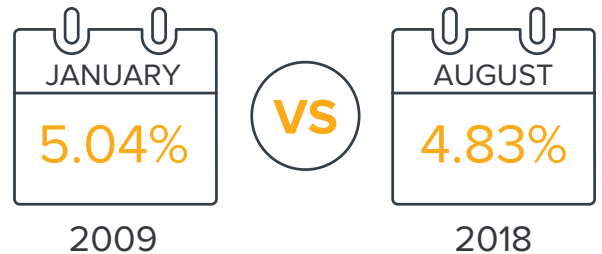


Despite the general recent prosperity of the U.S. economy, auto loan delinquency rates remain high. According to the [Fitch Ratings U.S. Auto Loan 60+ Delinquency Index](#), delinquency rates today nearly match those at the peak of the Great Recession in January of 2009.



DELINQUENCIES NEARLY MATCH THOSE FROM THE HEIGHT OF THE GREAT RECESSION WHILE CONTINUING TO RISE

Subprime delinquencies of 60 days or more:



This is a problem as higher delinquencies mean higher rates of default. Which leads to the question that should be asked: “How do I better manage my portfolio and risk for success?”

DEALERS & LENDERS CAN USE GPS SOLUTIONS TO SECURE THEIR FINANCES AND PREVENT HIGH-DOLLAR LOSSES





Controlling the Risk With a GPS Solution

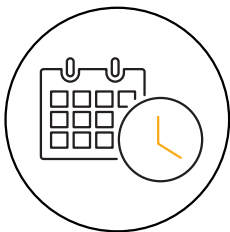
As subprime auto lending continues to gain momentum and loans dive deeper, the associated risks continue to rise. Dealerships and lenders who offer subprime auto finance should be prepared for an increase in delinquencies, defaults, repossessions, collection staff time and resources — all of which come with significant costs that cut into profitability.

The facts tell us that subprime and BHPH auto lending will always be a risky endeavor, with 25 percent to 30 percent of BHPH deals ending in repossession and an average transaction time of two years. In California, at least one in eight used car dealers sold a vehicle at least three or more times due to the previous borrower's inability to afford the vehicle.

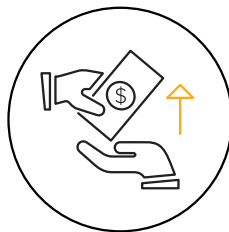
What does this mean for dealerships and lenders? Finding and implementing solutions to mitigate risk.

BHPH dealers and lenders commonly use a GPS solution as a smart business strategy to cut costs and mitigate risk.

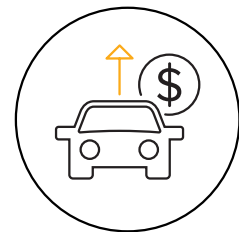
New Risks in the New Lending Cycle:



Longer Loan
Terms



Increased Loan
Amounts



Increased Financing
of Used Cars



What Is a GPS Solution?

A GPS solution enables dealerships and lenders to track the location, movement, and status of high-risk vehicle collateral in real time, making recovery and repossession of delinquent assets faster, easier, and more cost-effective.

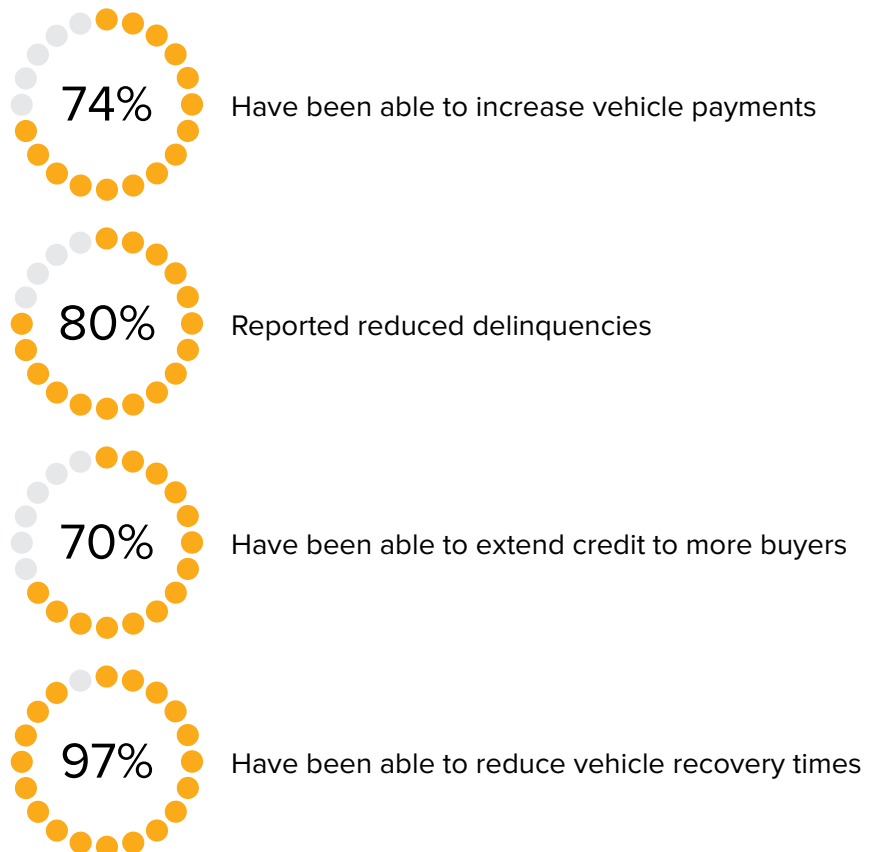
More advanced GPS solutions include additional features such as payment reminders, starter disablers, and alerts triggered when vehicles enter or leave specific geographic boundaries and are stopped for extended periods (called geofences or geozones). These features further reduce repossession costs, while also promoting on-time payments that help customers stay in their vehicles and rebuild their credit.

Dealerships and lenders using advanced GPS solutions have reported significant savings. In fact, Spireon vehicle finance customers reported an increase in their return on capital by as much as 87 percent. Last year alone, Spireon saved customers \$6.3 billion in asset recoveries.



Delivering Results

According to customers, these are the top four benefits of the Goldstar GPS solution.





The Next Level GPS Device

Dispatching a GPS solution can lead to a significant boost to the bottom line for lenders offering subprime auto financing. However, those results depend largely on the quality of the solution — not just the software and interface, but the actual GPS devices used with the system.

The most advanced GPS devices in the used car industry include constant innovation and refinement over a number of years that meets the evolving need of the market.

4G/LTE CONNECTIVITY:

Ultra-reliable 4G/LTE networks will provide faster data speeds and are future-proofed.

TAMPER-RESISTANT:

Devices with a small footprint, sleek profile, and are built to resemble part of the original equipment inside the vehicle deter tampering or removal.

SMART DESIGN:

Ultrasonically welded and sealed build quality provides a high degree of durability.

SUPREME SCALABILITY:

A highly scalable platform allows for additional features and functionality based on any user's specific business needs.

EASE OF INSTALLATION:

Installation should be fast and simple.

RESETTABLE INTERNAL FUSE:

An automatically resettable internal fuse will prevent connection loss from a blown fuse.

BATTERY PERFORMANCE:

Devices with enhanced battery performance are useful longer.

Quality Over Quantity

The most cost-effective GPS solutions on the market utilize materials that meet and exceed performance standards and expectations. Devices with PTCRB-certification meet the standards of multiple major wireless carriers in North America. Hardware that features a quad-band GSM receiver continue to function in Canada and Mexico, with future reach potential into Central America and South America.

Devices with CDMA and LTE wireless technology ensure the widest coverage today and into the years ahead.

Many GPS solution providers lack a depth of experience in the industry, which is reflected in their small install base. Reputable providers ship more than a million units each year and provide exceptional white-glove customer service.

When comparing GPS solutions, it's also important to look at the device, the platform, ease of use, and the reputation of the company standing behind it all.

7 Must-Haves in a GPS Solution

1. A positive track record with a history of innovation in the industry
2. Rigorous privacy controls for data security and compliance
3. Reliable tracking that expedites vehicle recovery
4. An intuitive user interface that lets you to track, manage, and get on with your day
5. A responsive provider that takes dealer feedback and adds new features accordingly
6. Reports and alerts that can be customized by dealer
7. A national network of GPS experts who can install at your location in 24-48 hours

To find out more about implementing a GPS Solution for your BHPH dealership, call

800-557-1449 or visit spireon.com/goldstar.

GPS Solution Checklist

- What generation GPS tracking device is this?
- What network does the GPS device run on?
- What is the longevity of the device technology?
- Has the device been tested to withstand extreme heat, cold, moisture and humidity? Ask to see those numbers.
- Can the device be easily pried apart? Is it sealed?
- Can you easily and quickly add the features and functionality I want without having to build a new device?
- Will the devices grow with your dealership and change in technology?
- Does the device have protection in the case of a power surge?
- Do you offer certified installation services?
- Is my data and my customers' data secure?
- How long is the battery life and what are you doing to extend it?
- What licenses and certifications does the device have?
- How many devices have you sold to date? How many do you ship in a day?
- What is the return rate for your devices?
- What is your resolution rate for device issues?
- How quickly will my devices get shipped to me?
- If I have a question or concern, will I be able to reach someone immediately?