Our Program

Much of a financial institution’s automotive loan application flow results in lost opportunities due to less than favorable counter-offers or denials.

The Lenders Protection™ program increases opportunities from a financial institution’s existing application flow. Lenders Protection™ allows an institution to expand their loan offerings with lower credit scores (560 minimum), higher loan advances (up to 145% of wholesale/trade values), longer loan terms (up to 78 months), and competitive interest rates that result in more affordable loan payments.

The Lenders Protection™ platform is interfaced in point-of-sales and loan origination systems. This means that the loan and the insurance process is delivered seamlessly through our program’s proprietary software, eliminating the need to re-key application information.

Through our pricing tool, financial institutions customize their yield targets and operating costs resulting in the lowest interest rate possible for each loan that will achieve the financial institution’s objectives.
The goal of **Lenders Protection™** is to allow our financial institutions to book 20–30% more automotive loans from their existing application flow at higher returns than their prime lending programs with minimal increased risk or cost.

Our risk analysis and risk-based interest rate pricing are data driven. The basis of our risk assessments is driven by actuarial analysis of our extensive database of loan origination attributes and loan-life performance history.
## PRICING TOOL MATRIX

<table>
<thead>
<tr>
<th>Min FICO</th>
<th>Cost of Funds</th>
<th>Servicing Cost</th>
<th>Target ROA</th>
<th>Target Yield</th>
<th>Est. Sale</th>
<th>Repo Fees</th>
<th>Origination Fees</th>
<th>Origination Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>750</td>
<td>1.00%</td>
<td>080%</td>
<td>1.80%</td>
<td>3.60%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>700</td>
<td>1.00%</td>
<td>0.80%</td>
<td>2.00%</td>
<td>3.80%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>680</td>
<td>1.00%</td>
<td>0.90%</td>
<td>2.20%</td>
<td>4.10%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>660</td>
<td>1.00%</td>
<td>1.00%</td>
<td>2.40%</td>
<td>4.40%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>640</td>
<td>1.00%</td>
<td>1.10%</td>
<td>2.60%</td>
<td>4.70%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>620</td>
<td>1.00%</td>
<td>1.15%</td>
<td>3.00%</td>
<td>5.15%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>600</td>
<td>1.00%</td>
<td>1.20%</td>
<td>3.10%</td>
<td>5.30%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>580</td>
<td>1.00%</td>
<td>1.25%</td>
<td>3.20%</td>
<td>5.45%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
<tr>
<td>560</td>
<td>1.00%</td>
<td>1.30%</td>
<td>3.30%</td>
<td>5.60%</td>
<td>70.00%</td>
<td>$750</td>
<td>$0</td>
<td>2.00%</td>
</tr>
</tbody>
</table>
**EXECUTIVE SUMMARY**

- Default insurance is available to the financial institution on **EACH LOAN**, mitigating risk of loss and enhancing the credit quality.

- Proceeds from the default insurance coverage and incremental interest priced into each loan are set to cover all projected losses for the financial institution.

- There is **NO COST** for the Lenders Protection™ program until a loan is booked and insured. The institution will incur the cost of an additional credit report pulled under the financial institution’s subscriber code.

- For each insured loan, the **financial institution pays a Program Fee** which is 3% of the loan amount. This fee is billed equally over the first 12 months of the loan: ($20,000 LOAN X 3% = $600, PAID EQUALLY OVER FIRST 12 MONTHS = $50 PER MONTH). If the loan pays off or defaults within the first 12 months, any unbilled program fee is waived.

- Insurance premiums vary with the **level of risk** and can be paid as an upfront single premium or monthly premium paid from the interest income received on each insured loan (the obligation to pay premium terminates if a loan prepays or defaults).

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**EXAMPLE:** breakdown of interest on a 66 month, $19,000 loan at 13.40% (if the loan defaults or prepays Lenders’ obligation to pay remaining insurance premium and LP program fee is terminated)

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### Highlights

- **Default insurance** is available to the financial institution on **EACH LOAN**, mitigating risk of loss and enhancing the credit quality.

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Coverage

- Insurance policy is issued directly to the financial institution
- No disclosure to consumer other than the contract interest rate
- Insurance is provided by multiple "A" rated carriers (A.M. Best)
- Claim payment is calculated as: the deficiency loan balance less, the greater of, net repossession proceeds OR 80% of vehicle value (without reduction for physical damage)

A wholly owned subsidiary of Open Lending is the third-party administrator that adjudicates claims and remits claim payments on behalf of the insurance carriers.

### CLAIM SCENARIOS

<table>
<thead>
<tr>
<th>Loan Balance at Time of Default</th>
<th>Repossess and Sell the Vehicle ABOVE 80% Book Value</th>
<th>Repossess and Sell the Vehicle BELOW 80% Book Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Value at Time of Default</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td></td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Greater of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) Amount realized from sale of vehicle</td>
<td>$9,000 A=Sale Amount</td>
<td>$8,000 B=80%</td>
</tr>
<tr>
<td>(B) 80% NADA Trade or KBB Wholesale</td>
<td>$8,000 A=Sale Amount</td>
<td>$7,000 A=Sale Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$8,000 B=80%</td>
</tr>
<tr>
<td>Financial Institution loss without Lenders Protection™</td>
<td>$11,000</td>
<td>$13,000</td>
</tr>
<tr>
<td>Claim Payment (Plus 60 Days Interest)</td>
<td>$11,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Financial Institution uninsured loss with Lenders Protection™</td>
<td>$0</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.50%</td>
<td>Projected return on assets (ROA)</td>
<td>2.50%</td>
<td><strong>$18,872</strong></td>
</tr>
<tr>
<td>11%</td>
<td>Average interest rate (9% for direct and 12% for indirect)</td>
<td>11%</td>
<td><strong>643</strong></td>
</tr>
<tr>
<td>60%</td>
<td>Portfolio make up for indirect loans</td>
<td>60%</td>
<td><strong>116%</strong></td>
</tr>
<tr>
<td>87%</td>
<td>Portfolio make up for used vehicles</td>
<td>87%</td>
<td><strong>67 months</strong></td>
</tr>
<tr>
<td>80%</td>
<td>Average wholesale value realized from sale of repossessed vehicle</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

### Guidelines

- Personal use autos up to 9 model years from current year are eligible
- Loan-to-value maximum of 145% of wholesale trade + back-ends of 20% of vehicle value to a maximum of $5,000
- Mileage limits: Up to 100,000 miles qualifies for 78 month term; up to 125,000 miles qualifies for 60 month term; up to 150,000 miles qualifies for 48 month term
- Discharged Bankruptcy eligible; dismissed must be older than 24 months
- Maximum loan amount of $55,000+ up to $5,000 of back-ends
- Maximum DTI (debt-to-income) 50% (varies by credit score)
- Maximum PTI (payment-to-income) 20% (varies by credit score)
- Automatic counter-offer if loan cannot be approved as submitted