



Auto Loans Made Easy

The National Automobile Dealers Association is forecasting new and used car sales to remain on the strong course they have followed in recent years. Credit unions now have a unique opportunity to corner this market through the new *LEVERAGE* partner, Credit Union Loan Source (CULS).

CULS' deep experience and expertise in the auto lending industry offers investing credit unions the chance to increase revenue by taking advantage of indirect auto loan participations originated through a network of franchise dealers across eight states. Loans are underwritten to uniform credit guidelines for prime loans (640 FICO and above) and are designed to maximize net yields while maintaining acceptable levels of credit risk and loss performance. CULS expertise, state of the art systems and nimble culture offer an attractive option for investing credit unions to grow their loan portfolio with assets that target net yields of 425+ bps inclusive of losses.

Funded loans are pooled together and sold monthly to investing credit unions and due diligence is easily performed by accessing the CULS loan origination system where all the originating documentation including the loan agreements and credit reports are available for review.

Although CULS is a finance company, it benchmarks itself against credit unions for delinquency and loss purposes and is right in line with credit union performance.

The advantages to those participating are clear:

- Operational excellence: Industry expertise, uniform credit guidelines, loan documentation, performance analytics
- Investors share in the risks and rewards: Each credit union owns a portion of every loan in the pool
- Portfolio Diversification: Geographic diversification from 8 states as well as asset class
- Lower risk loans: Prime lending program, nothing subprime (640+ FICO scores)
- Transparency: Regulator-friendly program with a long track record
- Profitability: CULS targets a net yield of 4.25%+ (inclusive of losses)

For more information about how CULS can assist credit unions, email consult@myleverage.com.

LEVERAGE
www.myleverage.com

FAQs - Credit Union Loan Source

Q: Who can participate in the program?

A: State chartered Credit Unions as well as banks can participate in CULS pools.

Q: What approvals are required to participate in the program? (NCUA, Board, underwriting?)

A: Each credit union is required to obtain regulatory approval from the NCUA and, depending on the state, may need to seek approval from their state regulator as well. The credit union may also need to take a formal vote to their Board.

Q: What are the minimum commitments?

A: The minimum monthly commitment amount is \$250,000. We do require that investors sign a 6 month Commitment to Purchase and provide a 12 month Intent to Purchase.

Q: Can we change our commitment?

A: We try to be as flexible as possible, we can make adjustments to commitments with 30 days' notice prior to commencement of a pool.

Q: Who originates and services the loans?

A: CULS controls the entire lifecycle of the loan, from origination to serving and collections.

Q: How frequently are pools sold?

A: Loan pools are originated on a monthly basis. Each month, a pool closes and there is a settlement of all loans that were purchased that month.

Q: How does the credit union perform due diligence on the pool of loans?

A: There is a structured process by which each credit union is able to perform audits on each monthly pool. During the onboarding process, you will be given access to the Defi Loan Origination System as well as a file sharing site called ShareFile. ShareFile contains all of the reporting and information needed to conduct monthly audits.

Q: Are these carried as loans or investments on the credit union's books?

A: Investment in CULS pools are carried as loans. They are recorded on the Participation Loan line on the credit union's call report.