Risk Checklist

Financial Institution

Mitigate Recovery and Repossession Risk

Financial institutions are facing many risk challenges for their auto loan portfolio. Repossession moratoriums, fluctuating vehicle demand, reduced number of recovery agencies, and uncertain delinquency situations pose additional challenges for mitigating auto loan risk.

Follow this checklist to help overcome these challenges and improve your risk mitigation while maintaining compliance in your auto loan servicing.

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Checklist for Mitigating Recovery and Repossession Risk

- ☐ Collaborate with a remarketing provider to build a custom program.
- ☐ Implement skip tracing to enhance location findings.
- ☐ Leverage recovery technology like license plate recognition.
- ☐ Assign vehicles out to a repo agent as early as possible.
- ☐ Provide comprehensive information to repo agents.
- ☐ Leverage a forwarding agent's volume and resources.
- ☐ Protect sustainability of repo agents by offering compensation that equates to importance or complexity of jobs.
- ☐ Keep proof that vehicles were sold for fair-market prices.
- ☐ Identify damage and, when possible, file insurance claims to optimize recoveries.
- ☐ Document and respond to repossession complaints.
- ☐ Implement a process for handling refunds on ancillary products attached to a repossessed vehicle.
- ☐ Consider outsourcing collection activity to aggregate volume with other financial institutions.
- ☐ Utilize insurance tracking technology to reduce operational efficiencies associated with incorrect borrower and insurance information.

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