



Subprime Lender Uses Technology to Minimize Loan Risk

As the nation has endured economic upheavals the last few years, the negative impact on consumer credit is undeniable. Credit scores are dropping faster than cherry blossoms in April and while this presents challenges to consumers it creates opportunities for auto dealers and lenders specializing in this segment of the loan market.

John Troxell, the Vice President and Chief Operating Officer of **Ace Motor Acceptance** in Matthews, NC knows this market inside and out. He started out in the finance business in 1981 and got into the subprime market a few years later. Ace formed in 1998 now services dealers from Delaware to South Carolina and across to Tennessee.

It was while he worked with the Ugly Duckling organization in South Florida that he saw firsthand how challenging the repossession part of the business can be. Starter interrupt devices were first coming on the scene and some dealerships and their method of doing business gave the industry and this new technology a bad reputation. John however saw that these devices helped the bottom line and reduced repossession volumes in the South Florida market.

Buy Here Pay Here dealers and subprime lenders have been searching for ways to mitigate their loss risk. Before technology offered solutions they relied on larger down payments, income verification, and lots of personal references which could be called upon when trying to repossess the collateral. While these helped somewhat they did not have the impact of the vehicle devices.

About ten years ago **Ace Motor Acceptance** wanted to incorporate these devices into the vehicles they financed for their dealer network. After exploring the many products in the market they selected **Passtime** as their vendor of choice. The **Passtime** devices have performed well and worked to curb the default rate of consumers with loans through AMAC.

Consumer acceptance has been good, and most recognize these devices help them get loans on vehicles they may not have qualified for previously. John did share that some dealers have fought use of these vehicles, but once a certain "old school" dealer tried

them, he admitted that, “you can teach an old dog new tricks.” He then followed up with, “I wish I started using these things a few years earlier.”

Passtime provides two solutions to **Ace Motor Acceptance**. They offer the non-wireless that is hard wired into the vehicle with a monthly schedule programmed into the system. When it’s time for a payment the unit gives the consumer a reminder chime. Once the payment is made the consumer enters a code that recycles the unit for the payment next month.

The wireless unit works over the T-Mobile network and incorporates a GPS in to the system. When payments are received a code can be wirelessly sent to the unit, so it is transparent to the consumer driving the vehicle. The GPS also helps to locate the vehicle if it has to be repossessed. Reports generated by the unit relay information that could indicate the vehicle has been parked in the same location for a number of days, possibly indicating the driver dropped it off and is “walking away” from the vehicle and the loan.

AMAC is also happy that they can re-use these units in different vehicles once the loans are paid in full. Dealer also benefit because the units are paid for by **Ace Motor Acceptance** and dealers are only responsible for the installation. AMAC and **Passtime** provide training and support for the dealers to insure the units are installed and removed properly.

Even though it is not required in some states, AMAC has every loan customer sign a disclosure form indicating they are aware the device is in their vehicle. This avoids any surprises and helps to protect both the dealer and the lender from potential litigation related to having the device in the vehicle.

Ace’s lending program was so successful in their market they expanded to servicing Buy Here Pay Dealers two years ago and now have a total of 420 active dealers which includes, new and used dealerships as well as the BHPH dealers.

John confirmed that having these **Passtime** devices has helped expand their business loan volume, brought on new dealers and helped thousands of consumers get loans for reliable transportation.

For more information on [Ace Motor Acceptance](#) and [PasstimeUSA](#) products you can visit their websites.