

Credit Availability for Sub-Prime Automobile Dealers

With the remarkably negative reports coming from Wall Street and Washington, it might be hard to imagine that anyone would be willing to lend to a business that services the sub-prime market. The client in this market has been the victim of poor decisions permitted by misguided regulations and lending recommendations on a scale that has pervaded nearly every single large commercial banking institution in the nation, under the radar of mainstream America; and the majority of America is upset- understandably so.

Clearly, the most heavily affected entities are the publicly traded ones. These stalwarts of financial stability face unparalleled credit crisis challenges and liquidity issues. Even private companies that depend on securitizations for new originations are frozen by the irrational panic on Wall Street. Any market that depends on public markets for credit availability has effectively frozen in place. This is of course pending government or regulatory action on the part of the FDIC, Treasury Department, Congress or White House; but considering the Presidential election- the financial thaw may be especially late this year, or decade.

Fortunately, the United States economy does not entirely depend on Wall Street. Private enterprises contribute a great deal to the economy even though they don't necessarily make it to the front page- in fact, in 2000 at the height of the previous Wall Street boom, small businesses with less than 500 employees contributed 49.9 percent of the GDP of the United States- that's over \$4.83 Trillion in value creation off Wall Street per year, 8 years ago- the GDP of America is remarkably stronger today.

Vehicle Acceptance Corporation and competitors legitimately in the sub-prime finance market understand what Wall Street struggles with. They realize that the typical used car dealer actually knows how to keep a sub-prime customer paying. It involves not overselling the customer- keep them in a vehicle that is aligned with their budget. They need to make a strong down payment so they have 'skin in the game'. If the typical sub-prime customer has ZERO equity in the transaction, there is very little incentive to not walk away from a stressful obligation if their situation changes.

And most importantly, this customer is not driving their own vehicle- they are driving the dealer's vehicle as a result of their payment obligations. The customer has learned from their other situations that they need to push the lender to the limit. With that in mind, VAC actively informs the dealer of the condition of each note they are servicing for the dealer. Activating Starter Interrupt Devices or repossessing the vehicle are not options- they are obligations. Vehicle Acceptance Corporation is an industry expert in maintaining portfolios for dealers in both advantageous and difficult market conditions; they have been doing it extraordinarily effectively for nearly 20 years.

In conclusion, liquidity is available for the BPHH or sub-prime used car dealer with VAC. Vehicle Acceptance does not have book value limitations, every contract that is written and sent to VAC is approved, and funding is completed in minutes electronically. With raising capital using traditional sources becoming increasingly difficult, it's time to consider a private company that is unaffected by astonishingly volatile public market conditions.

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