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Time to look at your lender list

by Gil Van Over

The news from the lending institutions has been relentless, fast and furious the last couple of weeks.

Some of the captive lessors are getting out of the leasing business. Others are severely limiting the types of vehicles they will provide leasing for.

Some independent prime lenders are cutting out SUVs and trucks from consideration.

Some subprime lenders are getting out of the market while others are shedding their façade of being full-spectrum lenders and getting back to their core competency.

What's a dealer to do?

Determine your needs

You know your clientele. You know if you need strong lessors, or do mostly prime retail or rely upon the subprime lenders to support your credit-challenged customers.

Your advertising message in the market, and to an extent, the product you sell brings your clientele to your dealership.

You need to match your lender list to your clientele.

Figure out what your options are

Many dealers remain loyal to a select list of lenders. Some call it a preferred lender list, some call it staying with the manufacturer.

In normal times, this works. This, unfortunately, is not normal times.

If the lender or lenders that you have been loyal to drops out of the market or a segment of the market, your loyalty has not been rewarded. Imagine having a high leasing percentage with the captive and now the captive now says "I ain't doing any more leases."

To survive, you must seek out new sources. There are plenty of quality sources in the marketplace within each segment of the credit spectrum. Now is the time to reconfigure your preferred lender list.

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