

Flagship Credit Acceptance Issues \$263.1 Million ABS

November 15 2017 | Chadds Ford, PA

Flagship Credit Acceptance issued its fourth securitization of 2017, this time to the tune of \$263.1 million, according to a pre-sale report by Kroll Bond Rating Agency.

Overall, the transaction is Flagship's 21st securitization in its seven-year history. The ABS is also the 10th transaction that includes loans originated by both Flagship Credit Acceptance and CarFinance Capital LLC.

The average Fico in the pool is 593, the lowest of the four securitizations so far this year (which ranged from 594 to 597). The weighted average original loan term is 71 months, with an average loan balance of \$20,556. Additionally, the pool consists of 34.3% new vehicles and 65.7% used.

Additionally, Chadds Ford, Pa.-based Flagship started to test out originating a small portion thin-file loans again — but to lower-risk borrowers this time — after the company halted those originations as one part of its strategy to lower losses, according to a pre-sale report. However, the thin-file loans make up less than 1% of originations, the company told *Auto Finance News*.

Flagship experienced an increase in losses in 2015 and 2016, due — in part — to an increase in full balance charge-offs related to an increase in skip accounts, according to the report.

In response to the increase in losses, Flagship made several changes to its underwriting including increased pricing on loans originated, reduced originations in the lowest quality indirect and direct tiers, and discontinued the military lending program. As a result, the company has experienced lower originations throughout 2017 compared to 2016.

Flagship maintains a separate loan origination system for its direct program. Direct loans are originated through CarFinance.com made via direct marketing to consumers and web aggregators, with 16% of loans representing new purchases and 84% representing refinancings as of Sept. 30.

About Flagship Credit Acceptance

Flagship Credit Acceptance LLC ("Flagship"), headquartered in Chadds Ford, Pennsylvania with offices in Irving, Texas, Phoenix, Arizona, Irvine, California and Indianapolis, Indiana, helps credit-challenged auto shoppers secure financing through partnerships with primarily franchised auto dealers and through its direct lending site, CarFinance.com. Flagship Credit has successfully grown its portfolio to \$2.9 billion in managed receivables. The Company currently purchases indirect auto contracts from a nationwide network of over 9,400 dealers and originates direct to consumers in 46 states.