

Back-to-School with Teres University Helps Veridian Boost Loan Portfolio



As the saying goes, a dog may be too old to learn new tricks but not a credit union. Originally founded in 1934 as John Deere Employees Credit Union, Veridian Credit Union has always believed that ongoing learning and education is essential to helping it expand and increase productivity – even in tough times. Now with over 155,000 members, \$1.6 billion in assets and 24 branches, it's hard to argue that isn't the case. Lynn Widdel, Vice President of Lending with Veridian, couldn't agree more.

Ms. Widdel helped Veridian successfully navigate one of the stormiest times in lending history. Between 2008 and 2009, the credit union's monthly loan volume grew from \$12 million to \$24 million – without adding staff. Ms. Widdel gives credit for the success to her talented team and the help they received from Teres University in honing loan automation processes and dealer relationships.

"We are the #1 indirect lender in the State of Iowa. However, until three years ago, our entire loan program was handled manually through faxing and having staff review each and every loan application received from our network of more than 250 dealerships," said Ms. Widdel.

To keep growing, Veridian realized it would need a huge indirect lending department. However, bringing on the additional staff was not a cost-effective way to grow the lending department. Veridian decided it was time to invest in an indirect lending automation system.

"We looked at a number of loan automation systems, including Teres Solutions SAIL® (Software Application for Integrated Lending), Decision Lender, and Appro," said Ms. Widdel. "After

evaluating all the systems, we chose SAIL because of the great service provided by Teres Solutions and the simple user interface the system offers, which hooked our staff on day one."

Shortly after the smooth implementation of SAIL, Veridian was booking more loans than ever before. However, the promotion of a key lending manager to another department led to the hiring and training of a new manager and created an opportunity to review the system from a new perspective.

At the same time, the department was experiencing a flood of new loan applications brought on by the tightening credit markets and new government programs to spur auto sales. The straw that nearly broke the camel's back came when GM decided not make loans to anyone with less than a 700 credit score. Suddenly Veridian was receiving more applications than ever before.

Ms. Widdel knew Veridian needed to find a way to further increase efficiency and improve automation. She called her support representative at Teres Solutions

who recommended Veridian seek the help of Teres University – a group of experts dedicated to helping customers make the most of the SAIL system in their own environments.

Teres University experts got right to work and helped Ms. Widdel and her team review their loan processes and application automation procedures through a new lens. They determined that overall the organization was doing a great job automating its loan processes. They also identified some areas that needed help. One area identified was simply adjusting the way they handled auto-approvals of loan applications.



Efficiency & Growth

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“When we examined the auto-approval criteria we originally set up in SAIL, we discovered there were overlaps, which stopped many loans from being approved automatically. In fact, the system was sometimes looking at the same criteria three different ways. This was unnecessary and it resulted in the need for the manual review of loan applications that should have been automatically approved.”

The Teres University team explained that this is one of the most common problems loan departments face when setting up auto-decisioning for loan applications. In no time, Teres University experts were able to help Veridian reduce redundant loan approval criteria by 50 percent – all the while ensuring it met the goals the organization was looking to achieve with indirect lending.

“Not only were we able to achieve our goals, but we were also able to automate more processes because Teres University taught us how to efficiently use the criteria in the SAIL system. This included being able to automatically approve loan applications received after hours – a big advantage of having the right auto-decisioning rules in place. Now we achieve the results we want and get even more efficiency from lending automation,” added Ms. Widdel.

The experts at Teres University also helped Veridian with a particularly tricky aspect of loan automation – auto-denials. Historically, Veridian has been judicious in its use of auto-denials for loan applications because it wants every opportunity to fund as many loans as possible.

Teres University helped Veridian determine that many of the loan applications it was looking over manually could be automatically declined. This took several hundred manual loan application reviews off Veridian’s plate each month giving the staff more time to focus on the loans that really needed attention.

Going back to school at Teres University has clearly paid off for Veridian. In May 2009, the credit union booked \$22.9 million in new loans with four loan officers and two loan processors. In June Veridian boosted its loan volume to \$24.5 million.

“In just one month we increased our loan volume by more than a million dollars with the help of Teres University and the SAIL platform. What I think is even more important is that we’ve gone from \$12 million to \$24.5 in monthly loan volume in a year and we haven’t added staff.”

In addition to helping Veridian hone its loan application processes and approvals, Teres University also guided the organization in another very important area – dealer relations.

“One of this year’s big initiatives is to conduct a complete review of our dealer relationships. With the help of the experts at Teres University, we found out that the SAIL system can assist with a simple reporting feature called ‘Look to Book’.”

After running the report, Veridian discovered that some dealers were sending dozens of loan applications to the credit union on a monthly basis, but Veridian was only booking two or three loans.

“Some dealers were costing us more money than they brought in,” said Ms. Widdel. “So we learned how to use SAIL to manage our dealer relationships more effectively to make the relationships mutually profitable.”

The exercise turned out to be helpful in other ways by providing Veridian with a new way to communicate with dealers. Many dealers didn’t even know that they were sending over that many deals that were not getting funded.

With the month of June 2009 being the highest loan volume in history, Veridian is booking more loans from dealers than ever before. Summarizing the role Teres University played in helping, Ms. Widdel said:

“We’re proud of the success we’re having with indirect lending. It’s a wonderful year for us in spite of what’s happening in the economy. It just goes to show you that if you’re willing to go back to school every now and then with experts like the ones from Teres University, you can learn new tricks and reap the rewards they provide.”



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