

4 TIPS

FOR MANAGING

RISK

BEYOND YOUR
SCORECARD

Improve your overall risk mitigation strategy
and rein in commonly overlooked risks that
you won't find on your scorecards



Managing Risk Beyond Your Scorecard

THE CANADIAN ASSET-BASED FINANCE INDUSTRY IS HUGE!

\$314 billion
AND GROWING!

\$107 billion
NEW business in 2013

INCREASED
Volume =  **RISK**

“ Many of us are not aware of the peripheral factors that can impact losses in the event of default. **These risk factors are not typically found on risk scorecards and therefore, they don't get measured by lenders.** - Richard Evans, VP and Head of Collateral Management Solutions for D+H ”

To help you improve your overall risk mitigation strategy, we have identified **4 TIPS that can help you rein in commonly overlooked risks that you won't find on your scorecards.**

1 Strengthen your liens with PMSI status



Further strengthen your lien against third-party challenges through the acquisition of Purchase Money Security Interest (PMSI) status. When a lien is properly perfected, the addition of a PMSI **helps you to leapfrog other creditors in cases of repossession or bankruptcy.**

2 Ensure information is accurate



To ensure a perfected lien, it is important that accurate borrower and asset information is received from your lending channels. If inaccuracies are discovered on a registered lien, amend them immediately – this can **strengthen your case in litigation scenarios.**

3 Respect regional registry requirements



Registration protocols vary greatly by jurisdiction. The most common example is the proper formatting of the registered borrower's name. Aligning your processes to accurately capture data within these jurisdictional variances **helps protect your secured creditor status.**

4 Include a "title retention clause"



Even when confronted with "super priority" liens through government institutions, such as the Canada Revenue Agency a "title retention clause" in lending agreements **helps you maintain control over assets.**

Learn how to further reduce risk in your asset based lending

Email our Collateral Management Experts at CMSteam@dhltd.com



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