



Partner Michael Benoit presents Auto Finance Risk Summit webinar

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On August 5, Partner Michael Benoit co-presented a "Regulatory Risk Roundup" webinar for the first virtual Auto Finance Risk Summit. Michael noted that because the COVID-19 pandemic brought a surge of payment assistance programs in March and April that helped customers for a few months, it's important for lenders to be clear with customers how payments will be applied during deferral and the terms of their extensions. Creditors will need to decide how long to continue granting extensions, a choice that isn't easy given continued high unemployment rates due to the pandemic.

"I think the thing that the institutions are painfully aware of, is the collateral backing a loan is a depreciating asset. So, the deeper into the hole the customer gets, the bigger that deficiency is going to be, and the less value there's going to be in the asset to cover that deficiency," Michael said. "It's a very difficult place to be ... but economics are amoral, and the institutions have to be concerned about their own safety and soundness, their own survival." Michael noted that it is crucial for lenders to have a process in place for such decisions and to make those processes equal across all customers in similar situations.

Michael advises banks, sales finance companies, auto dealers, leasing companies, mortgage lenders, and other creditors and technology providers on a wide range of consumer financial services law, and provides federal legislative and regulatory advice and support to financial services trade associations. His practice includes consumer credit, electronic commerce, privacy, telemarketing, personal property financing and leasing, as well as creditor-based collection practices. He assists CFPB-regulated clients in preparing for supervisory exams, and represents clients in investigation and enforcement matters involving the FTC and the CFPB.

A summary of the webinar can be found on the [Auto Finance News website](#).

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