

Car Capital scores \$150 million in backing for its instant car loan approval technology

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A large New York private equity firm is providing a \$150 million credit line over the next three years to a Grapevine, Texas startup that makes it easier for auto dealers to make instant vehicle loans, regardless of credit

history.

Car Capital announced the "milestone transaction" Tuesday with affiliates of Fortress Investment Group. Fortress also is investing over \$6 million in the company.

The equity and debt investments will let Car Capital fund more dealers and "underserved consumers" wanting to buy vehicles, according to the company. Its proprietary Dealer Electronic Auto Loan System allows dealerships to instantly approve 100% of customers.

"We are very pleased to partner with Fortress, [which] has a long history of providing capital to fintech and automotive companies," Car Capital co-founder and CEO Justin Tisler said in a statement.

Fortress Investment Group, founded in 1998, had more than \$54 billion in assets under management as of Sept. 30, 2021. It works with 1,800 institutional clients and private investors worldwide.

Car Capital last year received a \$20 million credit line from Medalist Partners. It operates as a subsidiary of Car Capital Technologies, which has raised over \$190 million in six funding rounds, according to tracking site Crunchbase.

Consumer Reports and True Car estimate that 20% to 25% of all car loans fall in the subprime category, with buyers holding poor credit scores often paying higher interest rates. That's more than 5 million car loans per year.

Even though car prices soared during the pandemic, the average rejection rate on auto loans fell by 4.2 percentage points to 3.7% in 2021, according to the latest report from the Federal Reserve Bank of New York.

North Texas is a major automotive lending market. Dallas-based subprime lender Santander Consumer USA, Plano-based Capital One and Fort Worth-based GM Financial are among the nation's biggest auto finance companies.

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