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RESIDUAL VALUES COMPLICATE GMAC SALE

As potential suitors conduct due diligence on **General Motors Acceptance Corp.**, residual values have surfaced as a sticking point for at least one group of bidders.

The proposal from a group led by private equity firm **Kohlberg Kravis Roberts & Co.**, which recently bid \$11 billion to \$12.5 billion for a 51% stake in GMAC, offers \$4 billion in notes to cover lease-residual liabilities. But KKR has said it will not assume the residuals outright, for fear of loss if parent company **General Motors Corp.** declares bankruptcy, according to a March 15 article in the *Wall Street Journal*.



Alex Kurkin
Pathman Lewis

A lease residual represents the expected worth of a car at lease-end, as determined by the lessor upon origination. GM had \$1.45 billion of leases outstanding at yearend 2004, according to *Auto Finance Big Wheels* 2005. The captive has delayed filing its 2005 financials.

In the case of a manufacturer that files for bankruptcy, consumers often lose confidence in the brand, lowering vehicle values.

"When the person turns in the lease, they're going to be much less likely to exercise their lease-end purchase option," said Alex Kurkin, a partner at **Pathman Lewis LLP**, a Miami-based law firm. "So GMAC would be stuck with vehicles that would be worth less than what they had anticipated."

Often, consumers question whether they will be able to get their car serviced or whether

Continued on page 3

REGIONAL WINDS DOWN NETWORK-EXPANSION JOB

Auto lender **Regional Acceptance Corp.** expects to wrap up a project by month's end to revamp its telecommunication and computer networks.

The initiative, begun six months ago with telecom **AT&T Corp.**, includes the design and installation of a series of routers, switches, and servers, said **Brian House**, senior vice president of management information systems and technology for the Greenville, N.C.-based company.

Terms of the deal were undisclosed.

Regional Acceptance hopes the network expansion will position the company for increased market exposure and, subsequently, higher loan volume, House said.

"Regional Acceptance is a rapidly growing finance company with a goal of growing nationwide," House said. "We currently have a 20% annual growth rate, but the goal is to become the premier finance company in the nation."

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GM PREPS FOR LOWER LEASE VALUES

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their dealership will remain open throughout the bankruptcy, Kurkin said.

Compounding the problem is the fact that an increased supply of off-lease vehicles would further compress vehicle values, said **Rene Abdalah**, a vice president at Stamford, Conn.-based **RVI Group**, a provider of residual value insurance for the auto and commercial real estate businesses.

GM faced a similar situation when it phased out its Oldsmobile line a few years ago, Kurkin said. Even today, residual values continue to slide for Oldsmobiles. For example, a 2004 Oldsmobile Alero GX Coupe, valued new at \$18,825, was projected to retain only 31%, or \$5,836, of its value by 2007, according to **Kelly**

Blue Book data. In general, a 48-month leased car is estimated to be worth about 40% of its original value at the end of a 48-month lease, Abdalah said. In the late 1990s, that percentage would have been around 55% or 60%.

However, the news is not all doom and gloom, Abdalah said. Because manufacturers have generally been conservative in their estimates, the effects of inaccurate residuals might not be too severe, he added.

"Right now, if anything, anybody's portfolio of the last three years of originations is the most conservative," Abdalah said. "It's not as dramatic of a red flag as it would appear, because they have been conservative."

The extent of the production cuts GM will have to make will also factor into the severity of the decline in residual values, Abdalah said. Even halving production would do little to reduce the number of used cars available. And with cars continuing to come off lease, the supply of used vehicles will increase and demand will have dropped significantly, Abdalah said.

GM has stated it would prefer that a buyer assume most of its liabilities.

—PATRICIA CHURPAKOVICH

AT&T UPDATES LENDER'S NETWORK

Continued from page 1

Better network security should result in lower company costs overall, he added.

Regional currently operates eight branches that handle loan origination in 13 states: Delaware, Florida, Georgia, Kentucky, Maryland, Michigan, North Carolina, Oklahoma, Ohio, South Carolina, Tennessee, Texas, and Virginia. The company also runs a disaster-recovery facility in Ashburn, Va.

The network expansion, consisting primarily of **Cisco Systems Inc.** routers and switches, is expected to increase market exposure by giving customers access to Regional Acceptance's products in areas where there is no physical address, House said.

Regional Acceptance chose AT&T because the vendor's recent merger with **SBC Communications Inc.** gives it a significant fiber-optic network, which is responsible for ensuring quality service, House said.

With just a couple weeks left of the process, AT&T is beginning to wrap up its work for the nonprime lender.

"The expansion of the Regional network consist of two phases, the clean-up phase and the lessons-learned phase, which is a process of going back and looking at the project from all angles to make sure we have met all the client's requirements," said **Edward McClusky**, engagement manager for AT&T. "The first two weeks of April are dedicated to cleaning up any loose ends and making recommendations to the client to make the project more efficient."

Initially, AT&T analyzed the scalability and resilience of Regional Acceptance's network before establishing a game plan, McClusky said. Most important to consider was the issue of minimal disturbance of normal company operations while the expansion was taking place. "We have to meet with the client in order to make sure there will be zero disruption of the client's activity,"

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ON BOARD

TRIAD RENEWS DEAL WITH ACS

Starting next month, nonprime auto lender **Triad Financial Corp.** will process loans six nights a week as part of a renewed information-technology contract with service provider **Affiliated Computer Services Inc.**

Aside from processing loans on Saturdays, the contract will remain essentially unchanged, said **Dan Leonard**, Triad's senior vice president of portfolio management.

ACS has provided Triad with loan servicing, collection management, and data processing, in addition to customer support and application systems for the past seven years.

The new three-year contract, worth \$16.9 million, is Triad's third such deal with the Dallas-based outsource-service provider.

Triad opted to renew its contract without seeking bids from other service providers.

"In this case, we pretty much knew we were going to renew," Leonard said. "Once you've developed the interfaces, changes are not easy to accomplish. We've had a very successful relationship with ACS." —AARON JOHNSON

Continued from page 3

McClusky said. "We guarantee that the client can be online and operating all the time."

Regional Acceptance's parent, **BB&T Corp.**, acquired auto-loan-portfolio purchaser **FSB Financial Ltd.** for an undisclosed sum on March 1. —ROCHELLE RICE

CAPTIVES

GM'S FINANCE ARM STILL SAFE FROM S&P DOWNGRADE

Despite the delay in the sale of a majority stake in **General Motors Acceptance Corp.**, ratings agency **Standard & Poor's** still considers the sale a possibility and will not yet lower GMAC's credit rating.

Similarly, **General Motors Corp.**'s announcement last month that it would delay filing of its annual report and restate earnings for the past five years will not immediately affect the automaker's ratings, S&P said.

The New York-based ratings agency maintains GMAC's current rating at "double-B," a notch higher than GM's rating. If the sale falls through, S&P has said it will then downgrade GMAC to the rating of its parent company. But that move is still down the road, S&P analysts said.

"As far as timing, we have to continue to believe there is a transaction being worked on," said **Robert Schulz**, an auto industry analyst in S&P's corporate ratings division, during a March 14 conference call.

While Schulz would not offer a timeframe for a possible downgrade, he said S&P "wouldn't wait forever." Still, "it's a qualitative judgment as to what defines progress," he added.

Similar to other rating agencies, S&P also announced that it would view less favorably a buyout from a company other than a highly rated bank, Schulz said. Currently, GM is considering a \$12.5 billion and \$13 billion bid from a group led by private equity firm **Kohlberg Kravis Roberts & Co.** and one from

a group led by private equity firm **Cerberus Capital Management** for at least \$11 billion.

As for the manufacturer, S&P does not foresee a bright future for 2006. "We do not see any dramatic reversals for the better," Schulz said. "There is potential for lower ratings."

The marketshare erosion that will likely continue for GM and rival **Ford Motor Co.** should abate within the next five years, said **J.D. Power and Associates** Chief Economist **Robert Schnorbus**. —P.C.

OPTECH

LENDERS NEED TO SIMPLIFY STRUCTURE FOR EFFICIENCY

ORLANDO, Fla. — Improving efficiency in an auto-finance operation takes industrialization: differentiation on the outside and simplification on the inside.

That was the take-home message for lenders at the **Consumer Bankers Association's** auto finance conference last month from **Stephen Schwarzbach**, a partner at **Accenture**, a consultancy based in New York.

Many organizations today operate with structures that are too complex, Schwarzbach said. A combination of consolidations — in which many companies stop short of integration — and a plethora of banking products has many banks operating on a "patchwork-quilt" infrastructure that requires management of a large number of systems and

databases, Schwarzbach said.

"Industrialization allows you to decide how you want to be different," he said.

It entails projecting an image that is unique from other financial institutions, while maintaining a simpler operational system, Schwarzbach said.

For industrialization to be successful, lenders need to adopt a horizontal organization structure, in which a single platform is used for numerous product types. For example, a bank would employ only one servicing platform for



Robert Schulz
Standard & Poor's

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all its products, including mortgages, auto loans, credit cards, and the like.

As well, lenders should reevaluate their product set, weeding out any unprofitable or unmanageable offerings, Schwarzbach said.

And technology, while not the ultimate answer, will help drive the industrialization process, Schwarzbach said. Technology gains will automate and eliminate some process steps, he added.

• • •

E-CONTRACTING FUTURE REMAINS CLOUDY

As the push toward electronic contracting continues, lenders are questioning several aspects of the implementation process, such as how to change business practices and which software to choose.

In an attempt to hash out the issues surrounding e-contracting, executives from DealerTrack Inc., RouteOne LLC, and Bankers

Integration Group participated in a panel discussion at the CBA's auto finance conference last month.

One thing all participants agreed on was that lenders — especially the captive finance companies — have to convince dealers to adopt e-contracting. "When they go and make a concerted effort to push the process, I think it's going to push it over the hump," said Michael Jurecki, president and chief executive of Farmington Hills, Mich.-based RouteOne.

Aside from persuading dealers, another roadblock to implementation lies with improving lenders' comfort with the legal aspects of e-contracting.

"I think the issue that we're dealing with is changing the process," said Michael Dunn, chairman and CEO of Bankers Integration Group, Laguna Niguel, Calif. Further efforts will have to be made to educate dealers on the process to ensure that turnover of finance and insurance managers at franchise dealerships will not interrupt e-contract originations.

Looking down the road, even the developers of e-contracting software disagreed as to where the industry is headed. Specifically, conference attendees questioned whether the three players would eventually consolidate. While both Jurecki and Dunn agreed that the industry could — and would likely — support more than one e-contracting system, DealerTrack's president took a different stance.

"Will there be more than one e-contracting platform? I don't think so," said Vincent Passione, president of the Lake Success, N.Y.-based company. "The dealer isn't going to have two [electronic signature] pads on the desk. If we're not building that way, then shame on us." —P.C.

This article on operations and technology issues is part of a series being published in anticipation of Auto Finance News's inaugural OpTech 2006: Auto Finance Operations & Technology Summit, to be held May 10-12 in Boston. For more information, visit www.RoyalMedia.com.

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IN BRIEF

RMG TAPS RAND FOR MARKETING

Nancy Rand, a veteran marketing executive, has joined **Royal Media Group** as its marketing director.

Royal Media Group, a media company focused on the financial services industry, publishes *Auto Finance News*.

Rand joins Royal Media Group from **Interactive Media Consulting**, a marketing consultancy she started seven years ago. The firm has done work for **American Benefits Resources Inc.**, **Taco Bell**, and **Salmon River Software Inc.**, among other companies.

Previously, Rand was director of marketing at **Robert C. Owen Publishers Inc.**, a producer of children's books and teachers' aids. She has also worked in advertising and new product development at **The New York Times Co.**

In her new position, Rand will be responsible for all marketing initiatives for Royal Media Group's three business lines: publishing, event production, and online publishing.

Nancy Rand can be reached at nrand@royalmedia.com or 212-564-8972 ext 112.

FRONT LINES

FLEET SALES SQUEEZE LOAN VOLUME IN TEXAS, DEALERS SAY

Rising fleet sales and lingering hurricane effects are propping up vehicle-registration figures at the expense of loan volume in the Lone Star State, Texas lenders and dealers told *Auto Finance News*.

In December 2005, 103,842 vehicles were financed and 41,111 were registered, according to Casselberry, Fla.-based **AutoCount Inc.** and Southfield, Mich.-based **R.L. Polk & Co.**, respectively. That compares with 197,065 — nearly twice as many — vehicles financed in December 2004, and 39,669 — 3.6% fewer — vehicles registered in the state that month, according to the data providers.

Fleet sales, which usually total 18% to 20% of business at **Sewell Ford**, accounted for roughly 60% of sales at the in Odessa, Texas, dealership in December, said Finance Director **Christopher Garrett**. The bulk of fleet purchases are paid for in cash, which may have increased the number of vehicles registered in state without boosting finance volume, he added.

Last month, 44 of the central Texas dealership's 116 customers were commercial clients, purchasing mostly trucks and sport-utility vehicles, Garrett said. While retail sales fell throughout much of the U.S. in the fourth quarter, Texas's oil-rich economy may have contributed to that sales spike.

"This is cowboy country, and the oil pricing has been a huge economic resource in Odessa and Midland," Garrett said. "A lot of oil fields and blue-collar businesses and companies we never had have started to pop up, [so] we're seeing a lot more fleet business than we are retail."

Out-of-state buyers have propped up business, too, at dealerships like **Helfman River Oaks Chrysler Jeep**, in Houston.

"We've seen a lot of fleet sales recently, but we've also seen a lot of Louisiana folks come

out to buy in Texas because their inventory was shot" from hurricanes last year, said **Trey Munoz**, a finance manager at Helfman. Houston is more than 100 miles from the Louisiana border.

Munoz now keeps Louisiana vehicle registration forms alongside Texas's in his desk.

Dealers and lenders alike blame the sharp decline in vehicles financed on factors ranging from poor weather, to a depressed economy, to high fuel costs. But the consensus is that midyear employee discount incentives from the Big Three created a shift in the buying cycle.

"There are a lot of things that contribute to it, but there was a big surge in June and July that kind of sucked people out early and that trended through fall," said **Chuck Smith**, first vice president of lending at **San Antonio Federal Credit Union**.



Chuck Smith
San Antonio Federal Credit Union

Customers who, in past years, would have waited for end-of-year clearance sales to kick in, decided to take advantage of the special pricing, which began in June and lasted into September, Smith added.

Several lenders cited a late-December surge that was not accounted for until January, when financial data was finalized, as one reason numbers appeared lower than normal. —A.J.

TECHNOLOGY

MORTGAGESERV EXPANDS TO HANDLE AUTO LOANS

Fiserv Lending Solutions's MortgageServ product is no longer just for mortgage and home equity lenders.

Brookfield, Wis.-based Fiserv has expanded its web-based loan-servicing platform for lenders that originate a variety of loan products.

By midyear, MortgageServ will accommodate servicing of open- and closed-end auto loans and leases. The product, originally designed for the real estate sector, enables

Continued on page 7

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lenders to service loans online in a real-time setting.

"There are no common servicing platforms that do mortgage, auto, consumer, and everything in between," said **Thomas Gorman**, MortgageServ's president. "As we talked to more and more lenders in the marketplace, they were looking for something to consolidate operations, and we saw a clear opportunity."

The platform's auto-finance-servicing capabilities are geared toward indirect lenders and lessors. The product is being marketed — and developed — in conjunction with LeaseMaster and LoanMaster, two web-based indirect lending tools created by Fiserv unit **LeMans**. It can also integrate with internet software providers **DealerTrack Inc.** and **RouteOne LLC**.

MortgageServ already services open- and close-ended real estate loans in real-time, so the auto-loan servicing functionality will integrate seamlessly, Gorman said.

"The architecture is already there, that's why we decided to expand," he said. "It's very easy to integrate into full-service architecture."

MortgageServ also allows for automation of default management, cashiering, escrow, and investor accounting. It will be capable of servicing all consumer loans and lines of credit — including federally-backed Parent Loans for Undergraduate Students — by the fourth quarter. —A.J.

INDUSTRY RESEARCH

STUDY: AUTO CREDIT TRENDS IMPROVE IN 2005

ORLANDO, Fla. — Amid steadily increasing origination volume, auto finance loan performance has been on the mend, according to preliminary results from the **Consumer Bankers Association's** annual auto finance study.

The study, conducted by Atlanta-based **BenchMark Consulting International**, tracks statistics and trends in

the auto finance industry. The study is based on information gathered from 25 banks. The preliminary results do not include data from captives.

Among respondents, average chargeoff rates dropped across the board last year. On new vehicles, loan chargeoffs dropped to 0.81% of lenders' portfolios from 1.34% in 2004. On used vehicles, chargeoffs fell to 1.31% from 2.39% during the same period.

Meanwhile, delinquencies on new-vehicle loans stabilized, hovering at 1.16%. Late payments on used cars rose to 2.57% from 2.1% in 2004.

Origination volume was up 7% in 2005, to \$50.5 billion, from \$47.2 billion in the prior year, according to the study. The number of accounts originated increased 5% to 3.7 million, from 3.6 million in the prior-year period.

As well, auto financiers saw a jump in the average used vehicle buyer's credit score, while the score distribution for new vehicles stayed relatively flat.

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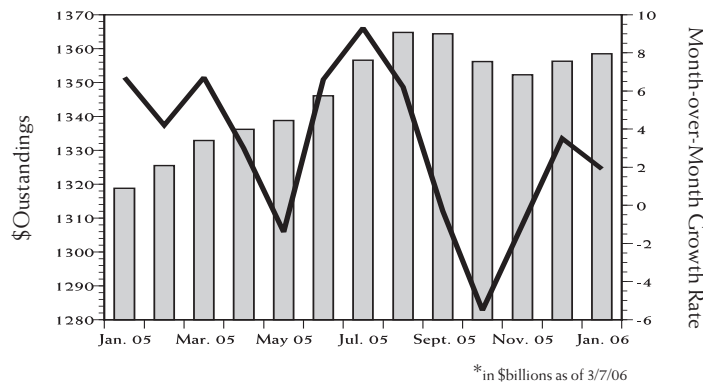
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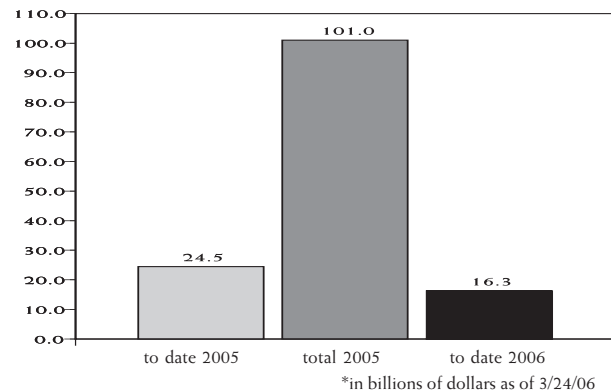
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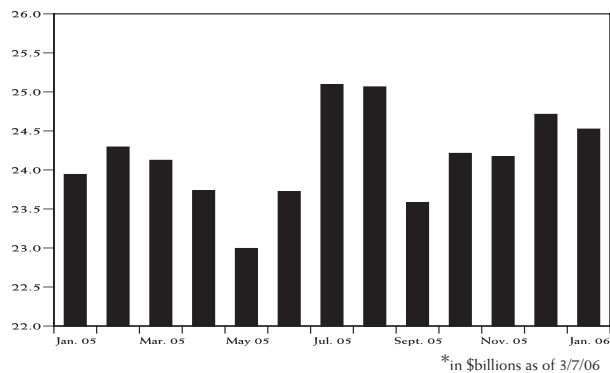
FIXED-RATE OUTSTANDINGS AT BANKS*



AUTO ABS VOLUME*



LENDING VOLUME AT AUTO FINANCE COMPANIES*



NEW AUTO LENDING AT FINANCE COMPANIES*

Average Maturity*					
Q2	Q3	Q4	Nov.	Dec.	Jan.
59.5	60.2	61.1	60.6	61.2	62.6
* in months					
Average Loan-to-Value Ratio					
Q2	Q3	Q4	Nov.	Dec.	Jan.
88	88	89	88	88	88

Source: Federal Reserve Board

SECURITIZATION MONITOR

Date	Seller/Servicer	Lead Manager	Amount (\$M)	Enhancement
3/21	Consumer Portfolio Services Inc.	UBS	245.0	FSA Gty
3/21	Honda Motor Finance	Barclays Capital Group/Citigroup	1,303.5	Senior-Sub
3/21	Dollar Thrifty Automotive Group Inc.	Deutsche Bank/J.P. Morgan	600.0*	AMBAC Gty
3/14	Hann Financial Services Corp.	J.P. Morgan	311.9**	N/A
3/7	Hyundai Motor Acceptance Corp.	J.P. Morgan/Deutsche Bank	921.4	Senior-Sub

*Fleet leases **Auto leases

EQUITIES MONITOR

Company	Ticker	Price 3/23	Price 3/10	2-Wk Ch.(%)	P/E	52-Wk High	52-Wk Low	Shares Out.*	Market Cap.*	Average Volume
Independent Finance Companies										
AmeriCredit Corp.	ACF	30.77	29.97	2.67	16.5	30.95	21.31	129,020	3,969,945	1,267,260
Consumer Portfolio Services	CPSS	7.85	7.76	1.16	54.9	8.19	3.50	21,730	170,581	50,859
Nicholas Financial Inc.	NICK	11.98	11.40	5.09	12.6	13.25	9.74	9,880	118,362	30,787
United PanAm Financial	UPFC	28.27	27.99	1.00	19.8	30.72	19.55	17,200	486,244	32,331
Dealership Groups										
America's Car-Mart Inc.	CRMT	20.90	20.90	0.00	15.2	24.00	13.87	11,840	247,456	89,433
Asbury Automotive	ABG	20.22	19.80	2.12	10.9	20.49	13.52	32,830	663,823	78,895
AutoNation Inc.	AN	21.75	21.82	-0.32	11.7	22.90	17.91	262,520	5,709,810	1,150,380
CarMax Auto Superstores	KMX	35.14	31.12	12.92	27.2	36.40	24.64	104,850	3,684,429	897,510
Group 1 Automotive Inc.	GPI	46.89	40.00	17.23	21.0	47.08	24.04	24,040	1,127,236	190,952
Sonic Automotive Inc.	SAH	28.37	27.00	5.07	14.1	28.53	19.12	45,580	1,293,105	371,321
United Auto Group Inc.	UAG	42.82	43.00	-0.42	16.9	45.21	25.74	47,190	2,020,676	344,541

*in thousands; greatest gainer by percentage change in box

RATE MONITOR

REGIONAL AND NATIONAL AUTO LOAN RATES

NEW AUTOMOBILE RATES

	A+	A+	A	A	B	B	C	C	Nat'l Avg.	Nat'l Avg.
	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05
Northeast	5.91	4.82	6.05	4.94	6.56	5.68	7.17	6.42	6.42	5.47
Southeast	6.08	4.72	6.28	4.93	7.00	5.78	7.90	6.70	6.81	5.54
Central Midwest	5.94	4.76	6.09	4.79	6.83	5.53	7.65	6.48	6.63	5.39
TX & Southwest	6.30	5.14	6.47	5.25	7.59	6.56	8.57	7.77	7.23	6.18
Western	6.57	5.36	6.74	5.50	7.76	6.83	8.77	8.11	7.46	6.45
Northwest	6.06	5.42	7.06	5.71	8.11	7.02	8.93	8.45	7.69	6.65
Tier Avg. Rate	6.24	5.04	6.45	5.19	7.31	6.23	8.17	7.32	7.04	5.95

USED AUTOMOBILE RATES

	A+	A+	A	A	B	B	C	C	Nat'l Avg.	Nat'l Avg.
	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05	3/17/06	3/21/05
Northeast	6.01	4.89	6.13	5.01	6.69	5.78	7.32	6.64	6.54	5.58
Southeast	6.11	4.78	6.31	4.97	7.00	5.81	7.91	6.79	6.83	5.59
Central Midwest	6.01	4.81	6.16	4.84	6.97	5.63	7.92	6.72	6.76	5.50
TX & Southwest	6.33	5.08	6.52	5.19	7.64	6.55	8.72	7.81	7.30	6.16
Western	6.60	5.40	6.77	5.54	7.96	6.91	8.92	8.27	7.54	6.53
Northwest	6.68	5.45	7.08	5.74	8.13	7.05	8.96	8.48	7.71	6.68
Tier Avg. Rate	6.29	5.07	6.50	5.22	7.38	6.29	8.29	7.45	7.11	6.00

Source: Informa Research Services Inc.

Rates are for 60-month loans on 2005-2006 new autos and one-year-old used autos. For purposes of this survey, borrowers are considered to have A+ credit if their scores on auto-specific models of combined credit reporting bureaus exceeds 720; A if their scores fall between 680 and 719; B, 650 and 679; and C, 625 and 649. For lender-specific rate and fee information, contact Brian Richards at Informa Research Services Inc. at 800-848-0218 x290.

JOIN THE DIALOGUE

Do you have questions, comments, even criticisms about stories in *Auto Finance News*? Or is there information you'd like to see us publish? We want to hear from you.

Give us a shout if you have news you want published, a recent hire you want to tout, or you have put in place a new business strategy. Associate Editor **Patricia Churpakovich** can be reached at 212-564-8972 x119 or pchurpakovich@royalmedia.com.



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After dipping to 687 in 2004 from 710 in the year prior, lenders reported an average 714 credit score on used-vehicle loans last year, according to the survey results.

On the other hand, average new-vehicle scores inched up in 2005 to 732, from 730 in 2004. The average score in 2003 was 721.

The 2006 CBA Automobile Finance Study will be released in May. —P.C.

EARNINGS

CARMAX RAISES 4Q, FULL-YEAR EXPECTATIONS

Higher vehicle sales volume and fewer nonprime loans have spurred vehicle retailer **CarMax Inc.** to raise its earnings-per-share expectations for the quarter and year ending Feb. 28.

On March 10 — three weeks shy of its earnings release — CarMax raised its EPS estimates for the quarter to

between \$0.37 and \$0.39, up from \$0.25 to \$0.31. For the year, EPS is expected to reach \$1.38 to \$1.40, compared with original estimates of \$1.27 to \$1.33. CarMax earned \$1.07 per share for the prior fiscal year.

For the quarter, nonprime loans made up 2% of volume at captive **CarMax Auto Finance**. In the prior-year quarter, nonprime loans comprised a 5% share.

Changes in underwriting criteria at CarMax's Dallas-based nonprime-

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INDUSTRY CALENDAR				
Date	Event	Producer	Location	Web Site
April 9-11	Independent Dealer Leadership Conference	Leedom and Associates LLC	Orlando, Fla.	www.twentygroups.com
May 10-12	OpTech: Auto Finance Operations & Technology Summit	Auto Finance News	Cambridge, Mass.	www.banknet360.com
June 7-10	Annual Conference & Exposition	National Vehicle Leasing Association	Grapevine, Texas	www.nvla.org
June 12-14	NAF Association's Annual Non-Prime Auto Financing Conference	NAF Association	Fort Worth, Texas	www.nafassociation.com

To have your event listed in the calendar, contact Patricia Churpakovich at (212) 564-8972 x119 or pchurpakovich@royalmedia.com.

Repo	APY	Euro	APY	Mutual Funds	APY	Notes
<\$100K	4.390	\$100K-\$1M	5.780	Municipal Reserves	5.940	* \$150 monthly maintenance fee
\$100K-\$1M	5.590	\$1M - \$5M	5.950	Government Reserves	6.100	* Target balance determined by your bank
		\$5M+	6.090	Cash Reserves	6.270	* Yields are monthly averages
					6.100	* Mutual Funds yields are 7 Day Annualized

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lending partner **Drive Financial Services** were primarily to blame for the discrepancy, said Spokeswoman **Dandy Barrett**. The modifications "produced restrictive changes as to who the loans will be given out to," Barrett said.

The reduced nonprime loan volume has improved CarMax's loss levels, further boosting expected profits, Barrett said. Aside from the finance-related changes, vehicle sales volume has also been climbing, Barrett added. She would not be more specific.

CarMax Auto Finance reported a 29.4% increase in fourth-quarter earnings, to \$25.5 million. Full-year profits jumped 26.1%, to \$104.3 million. —R.R.

DEALERSPEAK: TRENT STIVERS

DealerSpeak is intended to provide lenders and lessors with insights on how to enhance their relationships with dealer-clients.

For this issue, Auto Finance News spoke with **Trent Stivers**, special finance manager at **Bales Motor Co.**, in Jeffersonville, Ind.

AUTO FINANCE NEWS: What could your lenders improve?

TRENT STIVERS: Chase [Auto Finance] bought **Bank One Corp.**, and now they are getting so big and their territories are getting so wide, you are not seeing the reps as much as you used to. You lose a little bit of the personal touch on that end. We had one guy that was on the route for 20 years or so. We used to see him every week. Since [the acquisition], he is no longer with them. Now the rep we have is out of Indianapolis, and we just see her once every month or two.

AFN: What are the benefits of electronic contracting?

TS: The biggest advantage is you get your money right away. Plus, it eliminates contract errors and overnight mail expenses. You do the contract online, fax three or four sheets of paper, and a couple hours later it's funded.

I did two last night at 9:30 p.m., and they were both already funded this morning; there are times when they are funded before I can even get the paperwork upstairs.

PROFILE: Bales Motor Co.

Location: Jeffersonville, Ind.

Finance Manager: Trent Stivers

Cars Sold Per Month: 150-200

% Financed: 60%

% New: 65%

Lenders: Chase Auto Finance, DaimlerChrysler Financial Services, Nissan Motor Acceptance Corp.

Floorplan Providers: Chase, DaimlerChrysler, NMAC

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