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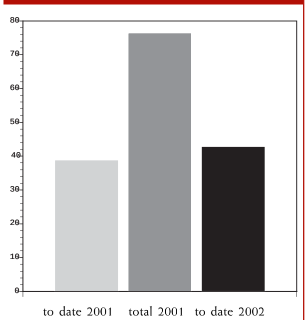
NEWS INDEX

AUTO ABS VOLUME



in billions as of 7/12

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AUTO EXECS TO FOCUS ON CREDIT QUALITY THROUGH '02

Executives at some of the leading U.S. auto finance companies expect the sector to continue battling stagnating credit quality for the rest of 2002. And while they say credit losses won't be nearly as bad as they were during the first quarter, they're still tightening underwriting and/or reinforcing risk management practices to brace for a bumpy ride.

A stumbling economy, rising unemployment and record levels of bankruptcy filings have driven increased delinquencies and escalating credit losses in the last 12 months, adversely affecting the performance of auto lender's loan portfolios — especially those lenders that provide loans to borrowers with less-than-perfect credit.

Second-quarter statistics on delinquencies aren't available yet, but in the first quarter direct auto-loan delinquencies climbed to 2.29% from 2.27% in the fourth quarter of last year, while delinquencies for indirect auto loans fell to 1.98% from 2.35%., according to the **American Bankers Association.** Meanwhile, the **Consumer Bankers Association**'s recently released 2002 *Auto Finance Survey* showed that so far this year the gross loss rate on new cars rose to 1.2%, from 0.8% in last year's study. The rate on used cars jumped to 3.9% from 1.4% in 2001, the CBA reported.

Tony Langan, senior vice president at **Chase Auto Finance**, the auto lending arm of **Chase Manhattan Corp.** and the largest non-captive lender in the U.S., said his company is one of the many auto finance companies that will have to more aggressively manage risk during the second half of 2002 to protect credit quality.

Continued on page 8

COMINGS & GOINGS

- ***AFN* EXCLUSIVE: Wells Fargo** selects new auto finance head: **Lou Cosso**.
- **RouteOne** appoints its core management team.
- Top executives named at **Autodaq** following its **AutoTradeCenter.com** merger.

see page 3

'INCENTIVE FATIGUE' HITS AUTO FINANCE SECTOR

Offers of low-interest financing and cash rebates are not boosting car sales as they did last year when such programs reinvigorated a sagging auto industry in the wake of the Sept. 11 terrorist attacks.

Auto industry analysts and car dealers say a case of "incentive fatigue" has set in following the unprecedented run last year of special financing deals that pushed annual car sales to the second highest level in history. That's bad news for automakers, who were counting on the cut-rate incentive programs to bolster sales, which have tapered off in recent months.

Automakers are finding that consumers are slow to respond to their incentives this time around for a variety of reasons. The economy has not recovered as fast as economists expected. Most recent second-quarter Department of Labor statistics place the unemployment rate at 5.9%, up from 5.6% in the first quarter. The decline of consumer confidence in July to its lowest level since November 2001 and the continued stock market declines have chipped away at the consumer's desire and ability to spend.

Even the return of 0% financing, which grabbed the American public's attention last year and propelled the industry to its second best year in sales ever — 17.1 million — has failed to stimulate much interest among potential car buyers.

Undaunted, some automakers have extended low-interest financing programs. Many initially switched to a variety of cash-back incentives

Continued on page 7

Rates

CALENDAR

Sept. 8-10
The Consumer Bankers Association will hold its annual Fair Lending Conference at the Marriott Crystal Gateway Hotel in Arlington, Va.
www.cbanet.org

Sept. 18-20
The Institute for International Research offers "Introduction to Securitization, A Beginner's Guide to ABS" at multiple venues.
888-670-8200 *or*
www.iir.com

To have your event listed, email detailed information to cmcguire @lendingintelligence.com.

REGIONAL AND NATIONAL AUTO LOAN RATES

Rates are for 60-month loans on 2001-2002 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 Bob Johnston at Informa Research Services Inc. at 800-848-0218 x291.

NEW AUTOMOBILE RATES

	A+	A	B	C	Nat'l Avg.
Northeast	5.23	5.37	6.19	7.99	6.19
Southeast	5.39	5.54	6.51	8.32	6.44
Central Midwest	5.54	5.54	6.52	8.95	6.64
TX & Southwest	5.73	5.98	7.35	9.92	7.25
Western	5.61	5.68	6.69	8.83	6.70
Northwest	6.37	6.67	7.84	9.64	7.63
Tier Avg. Rate	5.64	5.80	6.85	8.94	6.81

USED AUTOMOBILE RATES

	A+	A	B	C	Nat'l Avg.
Northeast	5.40	5.48	6.28	8.11	6.32
Southeast	5.60	5.73	6.72	8.56	6.65
Central Midwest	5.76	5.76	6.62	9.22	6.84
TX & Southwest	5.88	6.19	7.53	10.04	7.41
Western	5.80	5.88	6.91	8.94	6.88
Northwest	6.38	6.68	7.87	9.65	7.65
Tier Avg. Rate	5.80	5.96	6.99	9.09	6.96

Source: Informa Research Services Inc., 800-848-0218 *as of 7/12

Comings & Goings

AFN EXCLUSIVE: WELLS FARGO TAPS REPLACEMENT FOR SCHLIESMANN

San Francisco-based **Wells Fargo & Co.** has named **Lou Cosso** to replace **Richard T. Schliesmann**, who stepped down in April after more than a decade as the company's auto finance chief.

Details of the appointment were not immediately available at press time. However, a spokesman for the bank said Cosso is being promoted from within, moving over from Wells Fargo's wholesale banking department.

Cosso has large shoes to fill. He will inherit control of the $15 billion auto finance portfolio, which Schliesmann grew from $656 million when he assumed control of it in 1988.

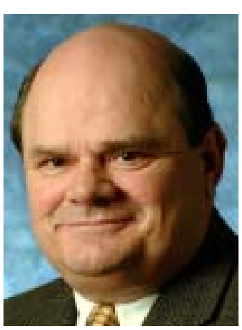
Schliesmann also controlled the company's $7.2 student loan portfolio, though it was unclear if that business will now also fall under Cosso's command.

Cosso will most likely report to **Mike James**, a group executive vice president, and Schliesmann's former boss.

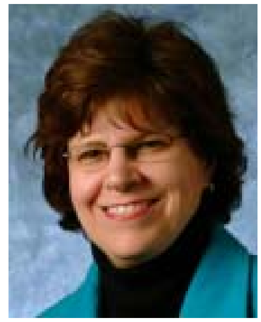
In an April interview with *AFN*, Schliesmann said since leaving Wells Fargo that he had been talking with a number of companies, possibly to do some consulting or charity work. Since then, Schliesmann was appointed to the industry advisory board for **Perceptant Corp.**, a software provider to the banking and consumer finance industries.

ROUTEONE VENTURE ASSEMBLES CORE EXEC MANAGEMENT TEAM

Southfield, Mich.-based **RouteOne Inc.**, the joint venture created to develop an online credit-application management system, has named its core executive team.


Michael Webster, RouteOne

The team includes **Michael P. Webster,** chief operating officer; **Mary C. Cunningham**, chief financial officer; **Joel R. Gruber**, chief information officer; and **Daniel J. Doman**, general counsel.


Mary Cunningham, RouteOne

RouteOne, which was launched at the beginning of this year, plans to release its system sometime in early 2003. The company is jointly owned by **DaimlerChrysler Services, Ford Motor Credit Company**, **General Motors Acceptance Corp.** and **Toyota Financial Services Corp.** All partners have a 30% equity stake in the venture, except for Toyota, which has a 10% share.


Mike Jurecki, RouteOne

Mike Jurecki was previously named the company's chief executive.

OFFICERS IN PLACE FOLLOWING AUTODAQ/AUTOTRADE MERGER

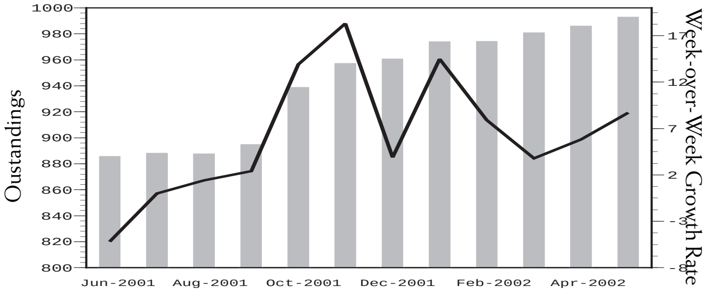
Having inked a merger deal on July 1, the combined entity formed by combining **Autodaq Corp.** and **AutoTradeCenter.com Inc.** recently announced its team of executive managers.

The new, as-yet-unnamed company will provide a host of services for the marketing, management and redistribution of pre-owned vehicles, catering to manufacturers, leasing, rental and fleet companies, as well as wholesalers and retailers.

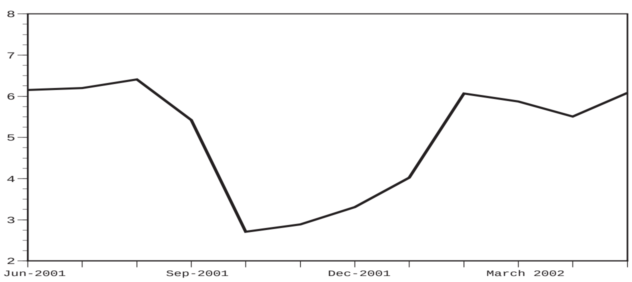
The senior management of both entities will remain with the combined entity. **Adam Boyden,** president and chief executive of Autodaq, will be the chief executive of the new entity, and **Roger Butterwick,** president of AutoTradeCenter.com, will be its chief financial officer.

MARKET MONITOR

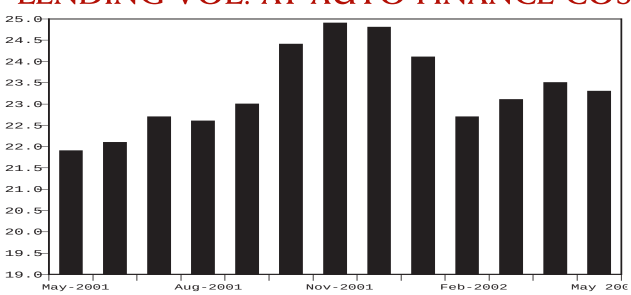
BANKS' NONREVOLVING LOAN OUT.*



AVG. INTEREST RATE AT FINANCE COS.♦

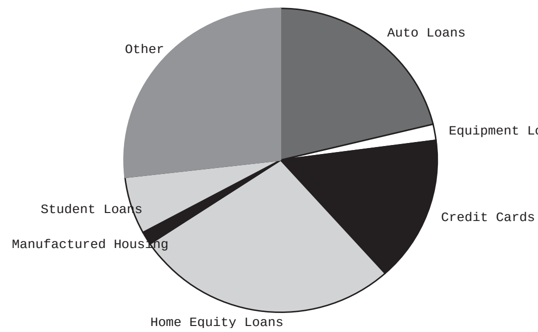


LENDING VOL. AT AUTO FINANCE COS.♦



*In $billions
♦Includes data from Ford Motor Co., General Motors Corp., and DaimlerChrysler AG.
Source: Federal Reserve Board

ASSET SECURITIZATION BY SECTOR



Type	'02 YTD (%)	'01 YTD (%)
Auto Loans	19.42	20.70
Equipment Loans	1.35	1.63
Credit Cards	17.56	22.12
Home Equity Loans	29.41	29.24
Manufactured Housing	1.58	1.36
Student Loans	4.94	2.93
Other	25.75	22.02

NEW CAR LENDING AT FINANCE COS.♦

Average Maturity*

Dec.	Jan.	Feb.	March	April	May
48.6	48.8	56.4	56.4	55.9	57

Average Loan-to-Value Ratio

Dec.	Jan.	Feb.	March	April	May
91	90	89	90	93	92

* in months
Source: Federal Reserve Board

SECURITIZATION SCOREBOARD

Date	Seller/Servicer	Lead Manager	Amount ($M)	Enhancement
7/9	OnyxAcceptance Corp.	Credit Suisse First Boston	450	MBIA
7/10	World Omni Financial Corp.	Banc of America Securities	837.3	senior-sub

*indicates private transaction

Collections

COLLECTOR COMPLAINTS CLIMB 13% IN 2001, FTC SAYS

For the third year in a row, complaints against third-party collectors related to the Fair Debt Collection Practices Act topped the list of grievances received by the **Federal Trade Commission** in 2001, with the number of grievances up 13.3%.

The FTC received 15,819 collection-related complaints last year, up from 13,962 in 2000.

The FDCPA was passed in 1977 to protect debtors from unfair collection practices. The FTC is required to annually submit to Congress a report summarizing the administrative and enforcement actions taken under the FDCPA in the prior year.

Among consumers who voiced discontent about collection activity to the FTC last year, most complained of collector harassment in the form of repeated phone calls, yelling, racial slurs, and the use of obscenities. More specifically, 7,300 consumers alleged that they were harassed by collectors, up from 6,608 in 2001.

Collectors were also accused of sending improper notices and revealing consumers' debt information to other parties.

Nonetheless, not all complaints were the result of noncompliance with the FDCPA, the FTC notes in its report.

On the other hand, "the Commission continues to believe that the number of consumers who complain to the agency represents a relatively small percentage of the total number of consumers who actually encounter problems with debt collectors," the FTC said.

The number of consumers contacted by third-party collectors each year is "well into the millions," the FTC added.

AUTO LENDERS MAKING PUBLIC MORE EARNINGS INFO

Several public auto finance companies plan to release more detailed information on the various facets of their lending operations in upcoming earnings releases to ease any investor concerns and protect their stock's performance.

Investor relations professionals at lending companies say they, like their counterparts in other sectors, are now more sensitive to investor inquiries, in light of waning investor confidence, following the various accounting scandals — most notably involving **Enron**, and **WorldCom**.

By providing more information, companies hope to alleviate any investor misconceptions before they materialize to damage the performance of the company's stock.

"Dumping complex data on investors just doesn't work anymore," said a spokesman for **AmeriCredit Corp.**, Fort Worth, Tex., which will release second-quarter earnings Aug. 6. "For example, you can provide information on delinquencies, but if you don't provide the context on how delinquencies are managed, then investors may automatically translate delinquencies into rising levels of charge-offs, and that's not always the case."

Where previously some companies provided a minimal amount of data on overall lending operations, many now break out the numbers, explaining what each division does, using plain language that is more digestible for less lending-savvy investors.

For instance, whereas **Bank One Corp**. issued only six pages of data outlining its business lines in the first quarter of 2000, the earnings release for the first quarter this year included 18 pages. And, as spokesman **Tom Kelly** said, Bank One's second quarter release should contain even more data. (Bank One's earnings were released July 16, immediately after *AFN*'s deadline.)

"For example, in our lending operations, we provide more details on such things as credit quality, charge-off information, statistics on volume, and more," Kelly said. "On the retail side of the business, we now break down this data between auto loans and leases, small business, home equity, and personal loans."

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AUDI (2002 MODEL INCENTIVES)

Model	24 Mos.	30 Mos.	36 Mos.	60 Mos.
A4	1.9%	2.9%	3.9%	4.9%
A6	1.9%	2.9%	3.9%	4.9%
A8	1.9%	2.9%	3.9%	4.9%
S4	1.9%	2.9%	3.9%	4.9%
S6	1.9%	2.9%	3.9%	4.9%
S8	1.9%	2.9%	3.9%	4.9%
TT	1.9%	2.9%	3.9%	4.9%
Allroad Quattro	1.9%	2.9%	3.9%	4.9%

TOYOTA (2002 MODEL INCENTIVES)

Model	Cash Back	36 Mos.	48 Mos.	60 Mos.
4Runner	$1,300	1.9%	2.9%	3.9%
Avalon (2002)	$500	—	—	—
Avalon (2003)	$500	—	—	—
Camry	—	2.9%	3.9%	4.9%
Rav4	$350	—	—	—
Sienna	$1,000	1.9%	2.9%	3.9%
Solara	$750	1.9%	2.9%	3.9%
Tundra	$750	1.9%	2.9%	3.9%

SUZUKI

Model	24 Mos.	36 Mos.	48 Mos.	60 Mos.
Aerio	0.0%	0.0%	0.0%	0.0%
Esteem	0.0%	0.0%	0.0%	0.0%
Grand Vitara	0.0%	0.0%	0.0%	0.0%
Vitara	0.0%	0.0%	0.0%	0.0%
XL-7	0.0%	0.0%	0.0%	0.0%

FORD (2002 MODEL INCENTIVES)

Model	Cash Back	36 Mo.	48 Mo.	60 Mo.
Windstar	$3,000	0.0%	0.0%	0.0%
F-150 (excl Super Crew)	$2,500	0.0%	1.9%	2.9%
F-150 Super Crew	$1,500	0.0%	1.9%	2.9%
F-Series Super Duty	$1,500	0.0%	2.9%	4.9%
Expedition	$2,500	0.0%	2.9%	3.9%
Explorer	$2,500	0.0%	1.9%	2.9%
Explorer Sport	$2,500	0.0%	1.9%	2.9%
Explorer Sport Trac	$1,500	0.0%	2.9%	4.9%
Escape	$1,000	2.9%	3.9%	4.9%
Taurus	$2,500	0.0%	0.0%	0.0%
Ranger	$2,500	0.0%	0.0%	0.0%
Excursion	$2,000	0.0%	2.9%	4.9%
Crown Victoria	$3,000	0.0%	0.0%	0.0%
Focus	$1,500	0.0%	0.0%	2.9%
Mustang	$1,500	0.0%	2.9%	4.9%

GENERAL MOTORS (2002 MODEL INCENTIVES)

Model	Cash Back	36 Mo.	48 Mo.	60 Mo.
Prizm	$3,000	0.0%	0.0%	0.0%
Cavalier	$3,000	0.0%	0.0%	0.0%
Sunfire	$3,000	0.0%	0.0%	0.0%
Camaro	$3,000	0.0%	0.0%	0.0%
Firebird	$3,000	0.0%	0.0%	0.0%
Corvette	$1,000	0.0%	1.9%	2.9%
Alero	$3,000	0.0%	0.0%	0.0%
Grand Am	$3,000	0.0%	0.0%	0.0%
Malibu	$3,000	0.0%	0.0%	0.0%
Impala	$2,500	0.0%	1.9%	2.9%
Century	$3,000	0.0%	0.0%	0.0%
Monte Carlo	$2,500	0.0%	1.9%	2.9%
Grand Prix	$3,000	0.0%	0.0%	0.0%
Intrigue	$3,000	0.0%	0.0%	0.0%
Regal	$3,000	0.0%	0.0%	0.0%
Bonneville	$3,000	0.0%	0.0%	0.0%
LeSabre	$3,000	0.0%	0.0%	0.0%
DeVille	$4,000	0.0%	0.0%	0.0%
Eldorado	$4,000	0.0%	0.0%	0.0%
Seville	$4,000	0.0%	0.0%	0.0%
Park Avenue	$3,000	0.0%	0.0%	0.0%
Park Avenue Ultra	$3,000	0.0%	0.0%	0.0%
Aurora	$3,000	0.0%	0.0%	0.0%
S-10 (all models)	$3,000	0.0%	0.0%	0.0%
Sonoma	$3,000	0.0%	0.0%	0.0%
Silverado	$2,500	0.0%	1.9%	2.9%
Sierra (all but crew)	$2,500	0.0%	1.9%	2.9%
Sierra crew cab	$2,500	0.0%	1.9%	2.9%
Avalanche	$2,500	0.0%	1.9%	2.9%
Escalade EXT	$2,500	0.0%	1.9%	2.9%
Tracker	$3,000	0.0%	0.0%	0.0%
Blazer (all models)	$3,000	0.0%	0.0%	0.0%
TrailBlazer	$2,500	0.0%	1.9%	2.9%
TrailBlazer EXT	$2,500	0.0%	1.9%	2.9%
Envoy (GMT360)	$2,500	0.0%	1.9%	2.9%
Envoy XL	$2,500	0.0%	1.9%	2.9%
Bravada	$1,000	0.0%	1.9%	2.9%
Aztek	$3,000	0.0%	0.0%	0.0%
Rendezvous	$3,000	0.0%	0.0%	0.0%

Incentives

0% FINANCING INTEREST WANES

continued from page 1

in May when economists expected an economic recovery would prompt the Federal Reserve Board to raise interest rates, thereby making low-interest financing cost prohibitive. Low-interest financing became viable again in early July after the Fed announced it would not raise interest rates.

On July 2, **General Motors Corp**. relaunched interest-free loans on most models after shelving the programs some 60 days before, while **Ford Motor Co.** announced it was offering 0% financing, but only on three models, the Crown Victoria car, Econoline van and F-Series Super Duty pickup.

0% NOT AS POPULAR THIS TIME

"One thing's for sure, this time around, [0% financing is] not raising nearly the excitement it did last year," said **Jim Hester,** finance manager at **Smith Chevrolet**, a dealership in San Antonio. "Right now it does not seem like it will make much of an impact on sales, either way. Then again, it's usually the last two weeks of the offer that brings the most people out."

GM's 0% financing programs, mostly on loans of 36 months, expires on Sept. 3.

While 0% may have lost the novelty it had when first introduced, manufacturers still expect that it will be attractive enough to prop up sliding sales, said **Richard Schnorbus,** chief economist at Agora, Calif.-based research group **J.D. Power & Associates**. Despite sluggish May sales, the industry is still on pace to hit the 16.5 million annual figure that most analysts had expected.

Even so, dealers are not altogether optimistic sales will stay at this pace. **Rene Morelli,** finance manager at **Metro Ford**, Chicago, said that increased 0% financing deals and higher cash-back incentives this year have led many consumers to make purchases earlier at his dealership than they probably would have, which he said will adversely impact sales next year.

Whether or not incentives can revive the auto sector, they are here to stay. They have become an integral and entrenched part of the auto finance business, said **Tony Langan,** senior vice president at **Chase Auto Finance,** the auto lending arm of **Chase Manhattan Corp.**

"They have become a part of doing business, moving from car to car, brand to brand, and they are not going away," said Langan. "They are part of the American lexicon now, with most buyers asking what incentives are available. Moreover, it is now as much a marketing technique to get consumers into the dealerships as anything else."

In the nonprime segment of the auto finance market, incentive programs are bringing with them certain indirect benefits.

"Whatever the offer — 0%, 1.9% — the fact is, members of our customer base, the [nonprime] borrowers, are not going to qualify," said **Tom Wolfe,** president and chief executive of **WFS Financial Inc**., Irvine, Calif. "So they are drawing more consumers out into the market, which normally gives us a lift."

USED CAR PRICES HIT

However, discount financing has another dark side for auto lenders.

"0% financing, as we're seeing, is already causing a negative blow to used car pricing," said **P.K. Chatterjee,** executive vice president of consumer lending **AmSouth Bancorp**, Birmingham, Ala. "That hurts us when we repossess and try to sell a car for a certain value, and lose money when the car sells for hundreds below that particular price. Those losses add up."

Generally, incentives on new cars always impact used car pricing negatively, said **Tom Kontos**, vice president of analytical services at **Adesa Corp**., Indianapolis. According to Adesa statistics, incentives actually drove used car prices down in June by 4.5 %, as compared with June 2001, on models newer than seven years old. Adesa stats show used car prices had been creeping up after a record 5.2% decline in pricing was reported last October when 0% financing was introduced.

0% PROMPTS AMERICREDIT DOWNGRADE

While it may be popular with carbuyers, 0% financing programs relaunched by **General Motors Corp**. and **Ford Motor Co.** prompted some analysts to downgrade their recommendations on at least one auto finance company.

Earlier this month, **Wachovia Securities Inc.** analysts downgraded the investment rating of **AmeriCredit Corp.**, Fort Worth, Tex., to "Hold" from "Strong Buy," directly attributing the downgrade to the fact that Ford and GM reintroduced 0% incentives.

"In the recent past, 0% financing incentives on new cars have led to weakness in used car pricing," stated the Wachovia report. "Weakness in used car pricing has a direct impact on loss rates for AmeriCredit. Specifically, lower used car prices lead to lower recovery rates for repossessed autos at auction, resulting in higher loss severity."

AmeriCredit representatives said, adhering to company policy, that they do not comment on analyst reports.

Credit Quality

AAA SIGNS LENDER

The **American Automobile Association,** a national organization comprised of over 70 independent associations serving some 44 million motorists, is now providing auto financing services through **PeopleFirst Finance LLC,** a wholly owned subsidiary of **Capital One Financial Corp.**

Scott Denman, managing director of AAA Financial Services, said AAA currently facilitates the origination of an estimated 20,000 auto loans annually for members. While he would not provide loan averages, according to a **Consumer Bankers Association** study, the average new auto loan size increased from $19,705 to $20,656, a 5% jump.

For some years, **PNC Financial Services Group Inc.** had provided loan origination services for AAA, though was eventually replaced by **M&I Bank FSB.**

While Denman confirmed that both PeopleFirst and M&I Bank are currently under contract with AAA to provide lending services to its members, he would not detail how they coexist under the AAA umbrella.

Each of the almost 70 AAA entities in the U.S. independently determine how they offer loan services, either through the national organization's programs, and/or through local banks and lending companies.

'02 SECOND HALF FORECAST

continued from page 1

"The focus now must be on risk management, and that may mean staffing up and adding technology, if companies want to outperform a market that's not recovering as quickly as many initially thought," said Langan.

CREDIT LOSSES COULD RISE

Others, such as **AmeriCredit Corp.,** Fort Worth, also expect a few speed bumps ahead.

"We've been forecasting that credit losses would lift through the middle part of 2002, peaking either in the June (second) or September (third) quarters," said **Kim Pulliam,** AmeriCredit's senior vice president of investor relations. Those expectations are based on a number of factors, including a seasonal downturn in car buying during the second half and the still struggling economy, said Pulliam.

AmeriCredit's annualized credit losses of 4.8% for the last quarter could peak this year in the low 5% range, as compared with the company's credit losses of the second quarter of 2001, which at 3.6% were its lowest ever, she said.

To solve its credit loss problems, AmeriCredit was among many companies in the sector to have tightened its underwriting standards at the beginning of the year.

P.K. Chatterjee, the executive vice president of consumer lending **AmSouth Bancorp.,** Birmingham, Ala., said his company raised its underwriting standards not just once, but several times late last year and early this year to position itself for the second half of 2002.

"For the last several years, there has been a seasonality that has involved rising [credit] losses in the first and fourth quarters," said Chatterjee. "Losses came down in the second quarter, but I would guess that delinquencies and charge-offs will be a bit higher in the third, mainly because the economy has been so slow to recover."

Chatterjee added AmSouth not only raised credit standards across the board — including elevating the various minimum FICO scores it accepts [the **Fair, Isaac & Co.** credit risk score is an industry standard used to determine a borrower's ability to repay] — but also implemented a new custom-credit scorecard to reinforce underwriting.

MORE CREDIT TIGHTENING AHEAD?

However, some say should the economy not improve, including a significantly better unemployment picture, there may be additional credit tightening ahead.

"The industry is cyclical," said **Tom Wolfe,** president and chief executive of **WFS Financial Inc.**, Irvine, Calif. WFS has some 6,000 dealer relationships nationwide, a portfolio of over $8.4 billion, and claims to be the nation's largest non-captive securitizer of automobile contracts.

"When you get great interest-rate drops [the Federal Reserve Board cut its federal funds target 11 times last year for a total of 425 basis points to 1.75%], you get wider margins in auto finance, which are offset by higher delinquencies," said Wolfe, adding that WFS did not raise its credit standards this year. Those wider margins, he said, result when the rates at which lenders borrow fall faster than the rates at which they lend, leaving them a profit margin.

"That doesn't mean I don't think we might see further credit tightening at other companies soon, because that is a very real possibility."

Going forward, **David Stevens,** senior vice president and head of the auto finance division of **Wachovia Bank N.A.,** said auto finance companies are not only going to increase credit standards but also rethink the way they evaluate customers.

"Everyone's concerned with booking top quality now, and the industry as a whole is looking for outstanding quality," said Stevens. "That means increasing credit standards and looking at the mix of business. We're beefing up numbers in the risk management area, and through our merger [Wachovia Corp. and First Union Corp. completed a merger in Sept. last year], we are tapping into other analytical areas, and not just (auto) financial risk people, to strengthen our risk ability."

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EQUITIES MONITOR

RECENT PERFORMANCE OF PUBLICLY TRADED AUTO FINANCE COMPANIES

Company	Ticker	Price 7/16	Price 6/28	2-Wk% Ch.	P/E	52-Wk Hi	52-Wk Lo	Shrs.Out.*	Mkt.Cap.*	Avg Vol*
AmeriCredit Corp.	ACF	20.910	26.940	-22.4	5.8	64.900	14.000	85,500	1,787,805	2,115
Asbury Automotive Group	ABG	12.720	14.070	-9.6	13.7	22.450	12.200	34,000	825,692	153
AutoNation Inc.	AN	13.020	14.650	-11.1	15.6	18.730	7.750	321,500	4,185,930	1,602
CarMax Group	KMX	18.350	22.200	-17.3	21.6	34.000	9.200	37,000	678,950	899
Consumer Portfolio Services	**CPSS**	**1.650**	**2.320**	**-28.9**	**2.1**	**3.810**	**1.010**	**19,400**	**32,010**	**27**
Credit Acceptance Corp.	CACC	10.980	11.550	-4.9	16.3	14.950	7.120	42,500	466,650	50
FirstCity Financial Corp.	FCFC	1.250	1.290	-3.1	n/a	2.000	0.740	8,380	10,475	4
First Investors Fin'l Svcs.	**FIFS**	**3.400**	**3.380**	**0.6**	**n/a**	**3.950**	**2.000**	**5,400**	**18,360**	**7**
Household International Inc.	HI	46.400	49.750	-6.7	10.7	69.490	42.690	456,500	21,181,600	3,191
Nicholas Financial Inc.	NICK	4.750	5.000	-5.0	6.3	6.250	3.125	5,000	23,750	4
Onyx Acceptance Corp.	ONYX	3.810	4.350	-12.4	5.1	7.360	3.500	5,090	19,392	9
TFC Enterprises Inc.	TFCE	1.370	1.530	-10.5	3.6	2.880	1.020	11,500	15,755	13
Union Acceptance Corp.	UACA	4.590	5.400	-15.0	n/a	9.450	3.900	31,000	142,290	30
United PanAm Financial	UPFC	7.050	7.680	-8.2	13.8	8.000	4.000	15,600	109,980	21
WFS Financial Inc.	WFSI	21.360	27.830	-23.2	12.6	32.500	14.920	41,000	875,760	52

*In thousands **Greatest gainer and loser since June 5 in **boldface**

Rumblings

FAIR, ISSAC ADDS EXPERIAN, TRANSUNION TO SERVICE

Fair, Isaac & Co., the San Rafael, Calif.-based credit-scoring giant, will soon unveil a more inclusive version of its Score Power credit-score delivery service that will now be based on reports from credit bureaus **Experian** and **TransUnion LLC.**

In March 2001, Fair, Isaac, in partnership with credit bureau **Equifax Inc.**, Atlanta, Ga., launched the Score Power service allowing consumers to access their FICO credit-risk score for the first time. FICO credit-risk score is an industry standard to determine a borrower's ability to repay.

For an additional $12.95, consumers can also receive a copy of their credit history from Equifax. For $38.95, they can get an annual subscription to their credit report. When the new version is released, slated for later this summer, Score Power will include FICO scores based on reports from all three credit bureaus and offer updates for customers every time their credit history is changed.

The idea is that this product will eventually be used by consumers as a personal credit portfolio, allowing them to see who their creditors are at all times.

Fair, Isaac began tinkering with the Score Power service earlier this March, releasing a feature to www.myfico.com that allows consumers to see how credit scores affect the rates on 12 different loans.

Then in May it introduced a feature dubbed Score Simulator, allowing consumers to see how their credit-related actions would directly affect their score.

ROUTEONE VENTURE JOINS STAR

RouteOne Inc., the joint venture between **DaimlerChrysler Services**, **Ford Motor Credit Co.,** **General Motors Acceptance Corp**. and **Toyota Financial Services Corp.**, has joined the **STAR** (Standards for Technology in Automotive Retail) group, the IT standards body for the North American retail automotive industry.

RouteOne plans to launch a web-based system for dealers to send credit applications to, and receive credit decisions from, multiple financial sources.

By joining STAR, RouteOne could be seeking allies as it gears up for a battle with competitor **DealerTrack.com** when Routeone's system is launched early next year. DealerTrack caters primarily to the independent dealer community, a market segment RouteOne is eyeing.

While virtually all major automakers that operate in the U.S. are members of STAR, as well as the **National Automobile Dealers Association** and several technology companies in the auto sector, DealerTrack is not on the list.

ALG ENTERS EUROPEAN MARKET

Santa Barbara, Calif.-based **Automotive Lease Guide LLC** (ALG), a leading residual forecast company in the U.S. and Canada, recently bought a 50% stake in **Baehr & Fess Forecasts**, a leading automotive-residual forecasting company in Europe.

The deal immediately gives ALG a toehold in multiple European markets, including brand recognition as the name of the company has been changed to **ALG Baehr & Fess Forecasts.**

In the U.S., ALG provides services for virtually every financial institution and automobile manufacturer involved in leasing.

In addition to its benchmark residual setting business, which values the price of a vehicle as it depreciates over time , ALG offers consulting services, relating to content configuration, incentives and marketing, risk analysis, and more.

For its part, Baehr & Fess brings penetration into fourteen European nations, including insight into those markets that ALG would have had to expend significant time and resources to attain.

CORRECTION: The *Wall Street Journal* poll cited in last issue mistakenly stated economists expect the Federal Reserve Board to raise its federal funds rate to 2.25% from its present level of 1.75% by the end of 2001, when it should have stated, by the end of 2002.

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