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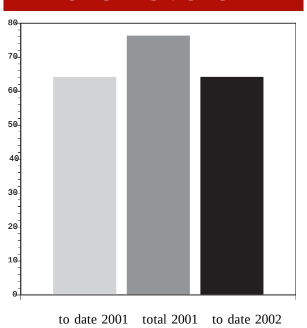

in billions as of 10/08

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"PREFERRED" LENDERS GRAB 35% OF ALL ASBURY LOANS

Since launching its "preferred lender" program less than 12 months ago, Asbury Automotive Group Inc. is now funneling more than 35% of its loans to a select group of finance companies in an effort to secure more favorable terms for itself and its customers, said Thomas McCollum, vice president of finance and insurance at the company.

"When you tend to give between $15 million and $20 million of paper to a small group of lenders, and they know they're going to get that business consistently, they're going to take good care of you," said Robert Carey, director of finance at Gray Daniels Auto Family, a collection of Asbury dealerships in Mississippi. "Working closely with them, you develop synergies, and they are very responsive to your needs, such as offering a quick turnaround time."

Stamford, Conn.-based Asbury has 127 franchises at 91 locations in 11 states, mostly in the southern U.S. It generates 100,000 auto loans annually. With a reported $150 million in annual sales, Asbury is one of the largest public dealership groups in the U.S., according to Hoover's Inc., a researcher based in Austin, Texas.

Under a preferred lender program, dealerships are required to use either the captive finance companies of the auto manufacturers, or a specific lender designated by the company to indirectly originate the auto loans. Should a finance manager at an Asbury dealership want to use another lender, that manager must first get approval from the corporate level.

Continued on page 16

COMINGS & GOINGS

- Keith Wilton departs Wells Fargo leasing.
- Asbury Auto creates new senior legal position.
- CarMax appoints Sharp chairman, Ligon CEO.
- Harrison steps down at Manheim.

see page 12

CHRYSLER TRIMS ITS 0% FINANCING PROGRAMS

Even as the 0% financing battle rages, officials at DaimlerChrysler Corp., the U.S.-based division of DaimlerChrysler AG, said it is curtailing some of its no-interest financing offerings.

Chrysler officials have been vocal about their reluctance to use no-interest financing since it was introduced last year, but have continually renewed the programs to stay competitive with rival automakers. Reducing some of its expensive 0% programs makes sense at a time when Chrysler is in the midst of a three-year cost-cutting campaign.

"Will we be the biggest spender on incentives?" asked Gary Dilts, senior vice president, sales, DaimlerChrysler Corp. "Probably not. But we will always remain competitive and use incentives where they make sense."

Chrysler's decision to tone down its 0% activity perhaps drew some inspiration from the increase in September sales of cars and trucks — up 17.6% from a year ago and outpacing its Big 3 competitors, whose sales both slumped. Ford Motor Co. announced a 5% drop-off in sales from 2001. General Motors Corp. reported a decline of 13%. Ford is offering five-year, 0% financing on nearly its entire line of 2003 Ford-brand trucks and sport-utility vehicles through Jan. 2, while GM is offering 0%, 60-month deals on many of its 2002 and 2003 passenger cars and minivans.

Ford extended its incentives programs twice in a single week to keep up with GM's 60-month

Continued on page 15

TRI-ARC

Full

Page

Four

Color

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Analysis

AMERICREDIT CRISIS AVERTED, BUT FULL RECOVERY STILL AHEAD

Nonprime lending giant AmeriCredit Corp. may have stabilized, closing its liquidity gap with a $500 million stock sale last month, but many analysts expect it will be some time before the embattled lender works its way back into the good graces of investors on Wall Street.

"A half a billion dollars goes a long way," said Moshe Orenbuch, an analyst who tracks AmeriCredit for Credit Suisse First Boston Corp. "If their business model remains the same, including slower growth, and all signs are it will, I don't see a liquidity problem ahead."

For the last couple of years, AmeriCredit had been a stock watcher's darling as it reported high origination growth every quarter. Grumbling started last year as analysts began to question the lender as its delinquency and default rates rose.

SLOWING ORIGINATIONS GROWTH

The company began slowing originations by 25% last quarter and expects to throttle down that volume to 15% by the end of this year, said John Hoffmann, an AmeriCredit spokesman. During its fiscal year ending June 30 this year, AmeriCredit originated some $8.9 billion of mostly nonprime loans to borrowers with less-than-perfect credit.

The money AmeriCredit raised from the equity offering is an attempt to assuage these concerns by bolstering its capital reserves. But many investors worry the current fundraising won't be adequate. If the economy continues to falter, AmeriCredit's default-related losses could mount.

"They are so scrutinized by the Street, that every time the market coughs, AmeriCredit's stock price coughs," said Robert McMillan, an analyst at Standard & Poor's Corp., a division of McGraw-Hill Companies Inc.

AmeriCredit's stock slumped to slightly over $6 a share from around $15 last month on the news that it was seeking to improve its liquidity with the stock sale, and was trading at $6.90 at press time, well below its 52-week high of $46.93 per share hit in April, 2002.

At a time when many lenders are wrestling with borrowers who are reluctant or unable to pay their loans, many analysts said AmeriCredit's problems are further amplified because it originated too many loans too quickly.

"AmeriCredit's fate will be more closely tied to the fate of the economy than others, but even if there isn't that much improvement, I don't think they'll be the next Providian," said McMillan.

Providian Financial Corp., NextCard Inc., and Metris Companies Inc. all experienced severe problems last year under the weight of losses associated with subprime lending.

ANOTHER DOWNGRADE

Indeed, as a sign that AmeriCredit is not out of the woods yet, an analyst from Goldman Sachs & Co. recently became the latest to downgrade the lender, to "underperform," from "perform."

Net chargeoffs at AmeriCredit increased 40 basis points to 5.2% of total managed loans during the second quarter, while delinquencies rose at an even greater pace, climbing 50 basis points to 3.3% of all auto loans. AmeriCredit said it would need to raise at least $150 million and secure other financing sources, if it were to "fund its liquidity needs in fiscal 2003."

The company also issued warrants to cover the purchase of 1.3 million shares of AmeriCredit at a 20% premium to Financial Security Assurance, plus a 2.5 basis point insurance increase to avoid making cash payments to FSA, the insurance company that provides guarantees on AmeriCredit's bonds. FSA raised the Fort Worth, Texas-based lender's delinquency triggers by 100 basis points. This reduces the likelihood AmeriCredit will have to increase its bond insurance for its outstanding securitizations.

Meanwhile, McMillan of S&P said credit tightening at AmeriCredit earlier this year, such as raising credit score requirements, could result in lower delinquencies. He also expects the company's slower growth in originations to help relieve its fiscal strain.

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Rates

CALENDAR

Oct. 27-29: Royal Media Group will hold its "Auto Finance Summit, 2002" at the Venetian Resort Hotel Casino in Las Vegas. 800.320.4418 x106, lendingintelligence.com.

Nov. 19-20 Leedom & Associates sponsors "Buy Here/Pay Here Training School" at a location in Chicago to be announced. 800.966.8733.

To have your event listed, please send detailed info to: cmcguire@lroyalmedia.net.

REGIONAL AND NATIONAL AUTO LOAN RATES

Rates are for 60-month loans on 2002-2003 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	4.78	4.89	5.74	7.88	5.82
Southeast	4.95	5.08	6.22	8.29	6.13
Central Midwest	5.16	5.19	6.05	8.37	6.19
TX & Southwest	5.24	5.51	7.11	10.05	6.98
Western	4.90	5.12	6.28	8.40	6.17
Northwest	5.44	6.02	7.18	9.34	6.99
Tier Avg. Rate	5.08	5.30	6.43	8.72	6.38

USED AUTOMOBILE RATES

	A+	A	B	C	Nat'l Avg.
Northeast	4.88	4.99	5.85	8.05	5.94
Southeast	5.20	5.39	6.43	8.51	6.38
Central Midwest	5.37	5.37	6.16	8.64	6.39
TX & Southwest	5.47	5.79	7.32	10.19	7.19
Western	5.10	5.34	6.40	8.45	6.32
Northwest	5.51	6.05	7.24	9.43	7.06
Tier Avg. Rate	5.26	5.49	6.57	8.88	6.55

Source: Informa Research Services Inc. *as of 10/03/02

CHRYSLER SPENDS $50 MILLION ON NEW DIGS FOR FINANCE ARM

With the lease on the headquarters of captive finance arm DaimlerChrysler Services NA scheduled to run out this year, parent DaimlerChrysler AG had a decision to make last October — renegotiate another long-term lease or launch an expensive relocation.

One year and $50 million later, Daimler Chrysler Services recently announced it hung its shingle in front of a new North American headquarters in Farmington Hills, Mich., where more than 70% of its global portfolio, valued at some $112 billion, will now be serviced.

> The relocation comes just months after Chrysler launched a three-year plan to cut costs and grow sales.

The costly relocation comes the same year Chrysler launched a plan to cut costs and increase sales — a project that enabled the company to boost net income for the first half of 2002 to $3.7 billion from a $1.6 billion loss over the same time last year. Chrysler executives anticipate the carmaker will return to profitability, after having posted a nearly $2 billion loss in 2001.

However, James Ryan, a spokesman for Daimler Chrysler Services, said the large up-front expenditure made more fiscal sense for the company over the long run than committing to a long-term lease.

While the new locale for the nation's third-largest captive lender is situated just two miles up the road from its old haunt, it is a million miles away in terms of design.

"Where we had a lot of offices in the old building, this is a completely open layout and everyone has access to natural light," said Ryan, who insisted that the employees welcomed the opportunity to trade in their old offices for a more communal work experience.

"I had an office, and I don't even miss it," he added. "Really. I love it."

With the paint dry by mid-summer on the few walls the building does have, it was time to get the people in place, so Chrysler began the difficult task of relocating more than 1,200 employees in early August. Moving 250 staffers per week, the relocation was completed by the second week in September.

The $50 million relocation project required purchasing the property, which includes the former Michigan National Bank building, and outfitting it with a state-of-the-art technology infrastructure, complete with a wireless network that enables employees to move around with their laptops while staying connected to the network.

Aesthetically speaking, the open layout and natural lighting is further complemented by a smattering of artwork, courtesy of a rotating art exhibition deal negotiated with the nearby Cranbook Institute of the Arts.

And, to ensure the practicality of the open layout, the company installed an extensive "white-noise" network throughout the building, designed to preserve the ambiance of the open architecture, while reducing the chorus of background noise.

"I have to say, though, the first week when we moved and had barely 250 people in here, the white-noise system was really, really loud," said Ryan. "But now, with a full house, it absorbs the sound exactly how it should."

SHARE PRICE SPIKE "QUEERS" WFS DEAL, ANALYST SAYS

WFS' 2Q PERFORMANCE

WFS reported net income of $22.5 million in the second quarter, a 15% increase from the $19.5 million reported for the same period a year ago. However, the company reported $0.55 per share in earnings, down from $0.63 in the same quarter of 2001, and less than the $0.56 expected by Wall Street analysts as reported by earnings barometer Thomson Financial/First Call.

Westcorp Inc. has taken off the table its proposal to acquire the outstanding 16% minority interest of its WFS Financial Inc. auto finance subsidiary that it does not already own, which had been planned as a stock swap.

Under the terms of the offer announced in July, Westcorp, an Irvine, Calif.,-based financial services holding company, would acquire those 6.6 million common shares. WFS Financial shareholders would receive 0.9204 shares of Westcorp common stock for each WFS common share in a tax-free transaction.

"What queered this deal was the WFS stock was trading above the deal price, so they would have had to raise the price of the deal, and apparently, they did not want to do that," said Credit Suisse First Boston Corp.'s Moshe Orenbuch, an analyst that tracks the industry and follows WFS.

Westcorp issued a statement recently indicating that it had withdrawn its proposal and was terminating further discussions with the independent special committee of WFS because the two special committees were unable to reach an agreement on a mutually acceptable exchange ratio for the proposed transaction.

After trading at or below $20 per share since the proposal was announced, WFS's share price recently closed as high as $21.65 on Sept. 13, but quickly dropped following Westcorp's announcement that it had scrapped the deal. At press time, WFS was trading at $17.98.

Technology

INTERNET OFFERING OPPORTUNITIES, NOT THREATS, DEALERS SAY

The overwhelming majority of U.S. automotive dealers polled in a recent survey are not overly concerned with competition from online dealers. Rather, they view the internet as a tool to better meet the needs of inquisitive car buyers, especially when it comes to providing information in such areas as financing and insurance.

Examining the role of the internet in the auto industry, New York-based IT consulting company Cap Gemini Ernst & Young Group recently released its "Cars Online 2002" annual survey covering eight markets across the globe, including the U.S., the U.K., Germany, France, Italy, Sweden, Benelux (Belgium/Netherlands/Luxembourg), and Japan.

Among the U.S.-specific findings, 78% of dealers viewed the web as an avenue of opportunity, while only 5% considered it a threat. The survey also showed that internet dealers are now responsible for 1% of car sales in the U.S., the highest of any country studied.

When it comes to financing, the study claimed dealers are overestimating the importance buyers place on "one-stop shopping," that is, offering finance, insurance and accessories as part of the sales process. Consumers, in fact, are mainly interested in saving money, convenience, and avoiding sales pressure.

Furthermore, an overwhelming majority of dealers and online sellers (nine out of 10) polled believe the internet has created a new breed of better educated consumers with a better understanding of the financing process.

In reality, the study reported that while it is true that consumers today tend to be better informed, in fact only a small percentage of consumers (less than 20%) claimed that the internet was a source of research for their vehicle purchase, and only 3% said it was their primary research tool.

And, while all online dealers surveyed had a vehicle cost calculator on their site, only half offered the ability to schedule test drives or offered full cost and financing breakdowns — features considered more important in the eyes of consumers.

To obtain a copy of this report, call 917.934.8000, or visit www.cgey.com.

Survey Says

USAA FEDERAL, INFINITI FINANCIAL, FORD CREDIT SCORE HIGH IN SATISFACTION STUDY

Consumer satisfaction with auto financing increased 2% this year as customers perceived they received a "fair deal" when buying a car, according to the J.D. Power and Associates 2002 Consumer Financing Satisfaction Study.

Among financial providers, USAA Federal Savings Bank Co. ranked highest with consumers polled in initial loan satisfaction in the non-luxury segment, while Infiniti Financial Services Corp. scored highest in initial loan satisfaction in the luxury segment. Ford Motor Credit Co. ranked highest in initial lease satisfaction in both the luxury and non-luxury segments.

Satisfaction increased year-over-year for loan and lease consumers across all provider segments, including captive finance providers, banks, credit unions, and independent finance companies.

J.D. Power, Westlake Village, Calif., measured consumer satisfaction in four areas: how a loan or lease is set up; the person who handles the finance processing and the environment in which that takes place; timeliness and accuracy of billing; and the perception of receiving a "fair deal."

USAA received high marks across all four factors in the initial loan non-luxury segment, while Infiniti Financial Services received high marks for its loan set-up process and perceptions of getting a "fair deal" in the luxury segment.

Consumers gave Ford Credit high marks for its billing process in the non-luxury lease segment. In the luxury lease segment, Ford Credit performed well in the lease set-up process, the set-up person and environment, and the perception of getting a "fair deal."

The study found that luxury loan and lease consumers are much more satisfied than are non-luxury loan/lease consumers with their finance providers. Luxury loan and lease customers are more satisfied with the finance set-up process, the finance and insurance manager and environment, billing and the fairness of the deal that they receive.

"Finance providers find luxury vehicle customers very desirable, as their credit ratings tend to be higher than non-luxury vehicle buyers," said David McKay, senior director of auto finance for J.D. Power. "The increased competition and better credit ratings lead to lower finance rates and make it easier to set up their loans or leases."

The study also found that lease customers, both luxury and non-luxury, were less satisfied than were loan customers.

Rumblings

AUTO HALL OF FAME FORGETS FINANCE FOLKS

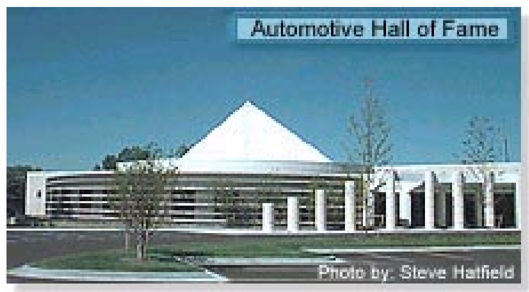
Of the 186, or soon to be 193, automotive industry professionals and personalities inducted into the Automotive Hall of Fame since its founding in 1939, guess how many hail from the finance sector?

"Come to think of it, we really don't have any," said Jeffrey Leestma, president of the Dearborn, Mich.-based institution. "In fact, I'd have to check the records, but I can't even think of anyone from the finance side of the automotive business ever even having been nominated."

The Hall is the only industry-wide means to honor the men and women of the global motor vehicle, and related industries, according to its web site.

"I think the reason why you don't see any finance people represented in the Hall is that it's a specialized field that's a relatively recent phenomenon," said Leestma. "But we've gotten plenty of nominations on the sales side."

If you are an outstanding auto finance professional who has not been recognized for your achievements by the Automotive Hall of Fame, do not feel too bad. While the Hall does issue Distinguished Service Citations, in order to be officially inducted you must be either retired or deceased.



NOMINEES WANTED:

If you know someone whom you deem worthy of nomination for induction into the Automotive Hall of Fame, please contact Craig McGuire for details at 212.564.8972 ext. 103, or cmcguire@royalmedia.net.

Debt Counseling Abuses

CALIFORNIA COUNSELING BILL TAKES AIM AT CURBING NONPROFIT ABUSES

All eyes in the credit counseling industry are fixed on California, after that state's legislature passed sweeping reform legislation late last month intended to reduce abuses by non-profit counseling agencies.

"With recent trends showing California consumers deeper and deeper in debt, the integrity of consumer credit counseling is more important than ever," said California Assemblywoman Carol Liu, who introduced the bill earlier this year. "This bill will help Californians regain financial stability without the fear that unscrupulous companies will manipulate them into paying excessive fees or even plunge them further into debt."

The Coalition for Quality Credit Counseling (CQCC) — a consortium of 13 California-based member agencies of the National Federation of Credit Counselors and the Association of Independent Consumer Credit Counseling Agencies have been pushing the state to crack down on abusive counseling practices, which have been on the rise in the past year as more consumers seek help with their debt burdens amid the economic downturn.

The California State Assembly passed the bill, officially known as A.B. 2293, the Nonprofit Consumer Credit Counseling Regulation Act, in May, and was later passed in the higher house after being considered by the Senate's Banking, Commerce, and International Trade Committee. The bill made its way through both houses this year, even as a string of other consumer-protection bills this session were defeated.

LITANY OF COUNSELING ABUSES

Recent allegations against some nonprofit credit counseling organizations include: failure to disburse payments to creditors; charging undisclosed and excessive fees in the name of "a charitable donation;" and providing false and misleading information under the name of "counseling."

The bill will, among other things, prohibit a nonprofit agency from converting a consumer's bill payment into a "voluntary contribution" retained by the counseling organization; place a statutory cap on fees that counseling agencies may charge; and requires that counseling organizations make payments to creditors within 15 days of receiving a debtor's funds. The bill also allows the state to charge fines and penalties for legal violations.

Once the bill is signed by Governor Gray Davis, the new regulations will take effect Jan. 1, 2003. California politicos expect Davis to sign the bill into law.

The industry is watching California because it is both a sizable market and tends to be strongly focused on consumer-protection issues.

The most recent, major legislative battle involving credit counseling was in Maryland, where proposed legislation would have made illegal for nonprofit agencies to charge clients fees. However, the bill was soundly defeated earlier this year.

COMPLAINTS RISING

Auto Finance News reported recently that the Council for Better Business Bureaus was receiving more complaints from consumers about the exploitative practices of a growing number of unscrupulous credit counseling agencies.

Consumers have increasingly complained that counseling services are charging exorbitant or hidden fees, not providing adequate education, making unrealistic claims and committing outright fraud.


Carol Liu, Calif. Assemblywoman

The situation has become more intense as consumer debt mounts amid the economic decline. The debt-service burden for the average American household — the ratio of debt payments to total disposable income — reached a record in 2001 of 14.12%, up from 13.94% in 2000, according to the Federal Reserve Board. New bankruptcy filings are also on the rise. In the second quarter of 2002, and for the past 12 months, new bankruptcy filings set all-time records, for the first time exceeding 1.5 million for a 12 month period, according to the Administrative Office of the U.S. Courts.

The auto financing industry is particularly affected, as auto loan payments, like credit cards, are usually the first bills troubled debtors forgo.

LITTLE LEGISLATIVE ACTION

Despite an explosion in demand for counseling services, which is expected to continue growing unabated, there are few substantial reform efforts underway aside from this legislation.

In California, as in many states, fees that a nonprofit counseling agency usually charges are capped at either 6.5% or $20, whichever is less, said Peter Lake, chief executive of

Continued on page 11

ABUSE BILL PASSES

continued from page 10

Consumer Credit Counseling Service of L.A., a large nonprofit agency, and chairman of the CQCC.

As a vocal proponent of the legislation, Lake said the new measure would help serve as an effective blueprint for lawmakers in other parts of the country to craft similar bills. The California bill would prevent the practice of getting clients to unknowingly pay their first month's disbursement as a "donation" to the agency, Lake said, and would limit up-front fees, and would set a $50 maximum charge for counseling and education combined for a debt-management client.

Additionally, the legislation doesn't make any provisions for any so-called hidden fees.

"Those are all out," said Lake. "In fact, the bill uses the specific wording 'maximum amount that may be received from clients.'"

Furthermore, the bill would force nonprofits to submit financial statements for annually auditing by California's Department of Corporations, a state oversight body, and would require proper accreditation by designated independent organizations. The two organizations recognized in the bill are the International Standards Organization and the Council on Accreditation.

WHAT THE CALIFORNIA BILL DOES

State legislation recently passed in California would place a number of restrictions on nonprofit credit counseling agencies operating in the state. Among the many protections in the bill, it prohibits a company from converting a consumer's bill payment into a "voluntary contribution" retained by the counseling organization; places a statutory cap on fees that counseling agencies may charge; and requires that counseling organizations make payments to creditors within 15 days of receiving debtors' funds. The bill would also allow the state to levy fines and other penalties for violations.

Comings & Goings

HARRISON STEPS DOWN AT MANHEIM

David Harrison retired at the beginning of October from his post as executive vice president of operations at Manheim Auctions, a unit of Cox Enterprises Inc., following a nearly 30-year career with the company.

Harrison joined Manheim in 1974 as assistant general manager of Metro Milwaukee Auto Auction in Caledonia, Wis. In 1977, he was promoted to general manager, a position he held for just more than a year. In January 1979, he transferred to California Auto Dealers Exchange in Anaheim, Calif., as general manager. In July 1986, Harrison was promoted to vice president of operations, western region. Nearly five years later in April 1991, he was named vice president of operations, region V, a position he held for nearly four years until being promoted to senior vice president of operations in January 1995.

Harrison will serve as a consultant to Manheim through 2003.

EXCLUSIVE: WILTON DEPARTS WELLS FARGO LEASING


Keith Wilton, Wells

Keith Wilton, the longtime head of Wells Fargo & Co.'s auto leasing division, recently left the bank, *Auto Finance News* has learned.

While Wilton could not be reached for comment, AFN has learned he landed at Bay View Bank, a 100-year-old bank in San Mateo, Calif., with 57 branches located throughout the San Francisco Bay area. Wilton now holds a senior position in Bay View Bank's commercial banking department.

At Wells, Wilton was replaced by Katherine Carter, who now holds the post of regional president of the Pacific-Atlantic Division, overseeing all leasing retail and commercial operations for the bank on both coasts.

Carter, who assumed the position two weeks ago and is based in the bank's Santa Ana, Calif. offices, reports directly to Louis Cosso, who was appointed Wells Fargo's auto finance chief earlier this year to replace outgoing Richard Schliesmann.

The appointment is a promotion for Carter, who had previously been a regional manager in Wells Fargo's commercial banking division.

ASBURY AUTOMOTIVE CREATES HIGH-LEVEL LEGAL POST

Stamford, Conn.-based Asbury Automotive Group Inc., one of the nation's largest automotive retailers, has appointed Lynne A. Burgess as vice president and general counsel. In this newly created position, Burgess will now oversee all legal matters for Asbury.

Asbury Chief Executive Kenneth B. Gilman said the role was prompted by the company's increasing acquisition and expansion activity, which has added some $600 million in sales volume to the company so far this year alone. Though he would not provide specifics, Gilman expects similar growth at least through 2003.

Most recently, Burgess served as general counsel and secretary to the governance committee at New York-based Oliver, Wyman & Co. LLC, a financial services consulting firm. There, in addition to establishing the firm's first legal department, she negotiated and closed license agreements, acquisitions, and a working capital line of credit.

Prior to joining Oliver, Wyman & Co., Burgess was senior vice president, general counsel, and assistant secretary at computer systems integrator Entex Information Services Inc., Rye Brook, N.Y., where she directed mergers and acquisition activity.

CARMAX NAMES SHARP CHAIRMAN, LIGON CHIEF EXECUTIVE

Richmond, Va.-based CarMax Inc., freshly separated from electronics retailer Circuit City Stores Inc., named Richard Sharp chairman, and its president, W. Austin Ligon, chief executive.

A spokesman for the auto-retailing group said the company also added the post of corporate secretary to Chief Financial Officer Keith Browing's job responsibilities.

Sharp was formerly chairman of Circuit City Stores.

Circuit City Stores had included both Circuit City Group and the Carmax Group. The latter two traded as separate tracking stocks.

Meanwhile, CarMax also named Beth Stewart to its board of directors. Stewart is president of Stewart Real Estate Capital.

CarMax operates 37 used car superstores in 17 markets nationwide and owns 17 new car franchises, 15 of which are integrated with its used car superstores.

Full
Page
2-color
Auto Finance
Summit AD

INCENTIVES MONITOR

FORD (2003 MODEL INCENTIVES)

Model	Cash Back	36 Mo.	48 Mo.	60 Mo.
Windstar	$2,500	0.0%	0.0%	0.0%
F-150	$1,000	0.0%	2.9%	3.9%
F-250 Super Duty	$1,000	0.0%	3.9%	5.9%
F-350 Super Duty	$1,000	0.0%	3.9%	5.9%
E-Series	$2,000	0.0%	2.9%	3.9%
Explorer	$1,500	0.0%	2.9%	3.9%
Explorer (Sport)	$1,500	0.0%	2.9%	3.9%
Explorer (Sport Trac)	$1,000	0.0%	2.9%	3.9%
Escape	$500	—	—	—
Taurus	$2,000	0.0%	1.9%	2.9%
Ranger	$1,500	0.0%	2.9%	3.9%
Excursion	$2,000	0.0%	2.9%	3.9%
Crown Victoria	$2,000	0.0%	2.9%	3.9%
Focus	$1,000	0.0%	2.9%	3.9%
Mustang	$1,000	0.0%	2.9%	3.9%

GENERAL MOTORS (2003 MODEL INCENTIVES)

Model	Cash Back	36 Mo.	48 Mo.	60 Mo.
CTS	—	0.0%	2.9%	3.9%
Deville	—	0.0%	2.9%	3.9%
Escalade	—	0.0%	2.9%	3.9%
Escalade EXT	—	0.0%	2.9%	3.9%
Seville	—	0.0%	2.9%	3.9%
Astro	$1,500	0.0%	2.9%	3.9%
Avalanche	$1,500	0.0%	2.9%	3.9%
Blazer	$1,500	0.0%	2.9%	3.9%
Cavalier	$1,500	0.0%	0.0%	0.0%
Corvette	—	0.0%	2.9%	3.9%
Express	$1,500	0.0%	2.9%	3.9%
Impala	$1,500	0.0%	0.0%	0.0%
Malibu	$2,000	0.0%	2.9%	3.9%
Monte Carlo	$1,500	0.0%	0.0%	0.0%
S-10	$1,500	0.0%	2.9%	3.9%
Silverado 1500	$1,500	0.0%	2.9%	3.9%
Silverado 2500	$1,500	0.0%	2.9%	3.9%
Silverado 3500	$1,500	0.0%	2.9%	3.9%
Suburban	$1,500	0.0%	2.9%	3.9%
Tahoe	$1,500	0.0%	2.9%	3.9%
Tracker	$2,000	0.0%	2.9%	3.9%
Trailblazer	$1,500	0.0%	2.9%	3.9%
Trailblazer EXT	$1,500	0.0%	2.9%	3.9%
Venture	$2,000	0.0%	0.0%	0.0%
Envoy	$1,500	0.0%	2.9%	3.9%
Envoy XL	$1,500	0.0%	2.9%	3.9%
Safari	$1,500	0.0%	2.9%	3.9%
Savana	$1,500	0.0%	2.9%	3.9%
Sierra 1500	$1,500	0.0%	2.9%	3.9%
Sierra 2500	$1,500	0.0%	2.9%	3.9%
Sierra 3500	$1,500	0.0%	2.9%	3.9%
Sierra Denali	$1,500	0.0%	2.9%	3.9%
Sonoma	$1,500	0.0%	2.9%	3.9%
Yukon	$1,500	0.0%	2.9%	3.9%
Yukon Denali	$1,500	0.0%	2.9%	3.9%
Yukon XL	$1,500	0.0%	2.9%	3.9%
Alero	$2,000	0.0%	2.9%	3.9%
Aurora	$1,500	0.0%	0.0%	0.0%
Bravada	$1,500	0.0%	2.9%	3.9%
Silhouette	$2,000	0.0%	0.0%	0.0%
Aztek	$1,500	0.0%	0.0%	0.0%
Bonneville	$1,500	0.0%	0.0%	0.0%
Grand Am	$2,000	0.0%	2.9%	3.9%
Grand Prix	$1,500	0.0%	0.0%	0.0%
Montana	$2,000	0.0%	0.0%	0.0%
Sunfire	$1,500	0.0%	0.0%	0.0%
Vibe	$1,500	0.0%	0.0%	0.0%

CHRYSLER (2003 MODEL INCENTIVES)

(See page 15)

MAZDA (2003 MODEL INCENTIVES)

Model	Cash Back	36 Mos.	48 Mos.	60 Mos.
MPV	—	0.0%	—	—
Protoge	—	0.0%	—	—

MITSUBISHI (2003 MODEL INCENTIVES)

Model	Cash Back	36 Mos.	48 Mos.	60 Mos.
Eclipse	$1,250	2.9%	2.9%	2.9%
Eclipse Spyder	—	5.9%	5.9%	5.9%

**Source: N.A.D.A Appraisal Guides (www.nadaguides.com)*

0% Financing

CHRYSLER PULLS BACK

continued from page 1

offers — Chrysler extended 0% only on 2003 models, and for 36-month loans.

Chrysler is getting marketing mileage out of 0% financing, but has actually reduced its expenses on incentives by using the 0% deals selectively to push sales on certain models, said David McKay, a senior account director of auto finance at J.D. Power & Associates, a Westlake Village, Calif., research company.

Chrysler said it plans to use incentives only strategically, at a time when the company continues to cut costs after posting a $2 billion loss in 2001.

GM was the first automaker to introduce 0% financing to boost sales last year when the already slumping economy declined further after the Sept. 11 terrorist attacks. The idea of 0% financing proved irresistible, for even as the majority of consumers inevitably do not qualify for the loans, they often opt for other low-interest deals. The high volume sparked the second highest sales level ever, 17.1 million, compared with 17.4 million in 2000.

J.D. Powers' McKay said the extent to which Chrysler and other manufacturers will use low-interest financing to stimulate sales will be dictated by interest rates set by the Federal Reserve Board.

Since the Federal Reserve Board has yet to raise its overnight fed funds target rate from 1.75%, offering 0% financing is still feasible for automakers, as long as it continues to stimulate sales. Manufacturers are footing the bill on the interest, and also incurring the costs of managing the loans.

With this latest round of deals, industry analysts estimate automakers lose, on average, $3,000 per vehicle on interest rate and cash-back incentives — an increase from the $1,400 average earlier this year, and the $1,200 average in October last year. Marc Henretta, a Chrysler spokesman, said the automaker's average per vehicle incentive expense is lower than GM and Ford, but would not elaborate.

For now, Chrysler has extended 60-month, 0% financing only for its minivans, and only 36-month loans on the rest of its 2003 models. The automaker has also dropped its interest rate to 2.9% from 4.9% on 23 different 2003 model cars and minivans, on up to five-year loans. *(See chart.)*

CHRYSLER (2003 MODEL INCENTIVES)

Model	Rebate	36 Mos.	48 Mos.	60 Mos.
300M	$1,500	0.0%	1.9%	2.9%
Concorde	$1,500	0.0%	1.9%	2.9%
PT Cruiser	$1,500	0.0%	1.9%	2.9%
Sebring	$1,500	0.0%	1.9%	2.9%
Town & Country	$2,500	0.0%	1.9%	2.9%
Voyager	$2,500	0.0%	1.9%	2.9%

Source: N.A.D.A Appraisal Guides

"This is the most expensive beginning of a model year ever for us, and it looks like for the industry as a whole," said DaimlerChrysler's Dilts, explaining that manufacturers have never spent this much, this early, on incentives in any model year to date. The U.S. automotive industry's 2003 model year began Oct. 1.

While Dilts does not see 0% and no-interest financing deals tapering off in the near future, he does anticipate a drop-off at some point, he said.

Still, analysts say that many 0% sales involve buyers who were planning to buy, but not until next year. Should the economy not improve in 2003, and should the Fed raise rates, carmakers may face slumping sales without the 0% prop.

In fact, when most automakers scaled back, or discontinued 0% financing in May, auto sales slumped through June, but rebounded strongly when no-interest financing was reintroduced in July.

"Unless there's a significant interest rate hike, I don't see 0% or other low-interest financing [programs] changing radically this year," Henretta said. But if the Fed raises its rates, which are at a 40-year low, incentives will become prohibitively expensive.

"You can also expect a 0% slowdown even faster if a rate hike is coupled with a slow down in new vehicle sales," Dilts said. "Either way, I see 0% being used less some time early next year. As you can see, we have already started modifying our 0% financing, using it less broadly than before."

Dilts said he expects a steady improvement in the economy to help bolster sales next year, helping reduce the need for stimuli such as 0% financing offers.

J.D. Powers' McKay said when the economy improves, there should be less widespread usage of 0% financing, but he does not expect it to disappear entirely.

"It's been our experience that once these kinds of programs are introduced, they never go away," said McKay. "They may use them less next year, but they're probably here to stay."

The most likely scenario ahead has struggling automakers using 0% as a sales tool to draw marketshare away from leading competitors, said McKay.

McKay pointed out that despite the high level of incentives, auto sales are slipping. In September, sales slid to a seasonally adjusted annual rate (SAAR) of 16.3 million, well off the 18-million-plus SAAR rates seen in July and August, but still not enough of a dip for analysts to pull their forecasts of 16.7 million for 2002.

ASBURY PLAYS FAVORITES

continued from page 1

Citing competitive advantage, McCollum would not name all of the 12 preferred lenders it uses, but did list Chase Automotive Finance (a division of J.P. Morgan Chase & Co.), AmeriCredit Corp., Household Automotive Finance Corp. (a division of Household International Inc.), Wells Fargo & Co., WFS Financial Inc., and Arcadia Financial Ltd.

Of the remaining 65% of Asbury's total loans each year, the majority is funded by the various captive finance companies, and a smaller percentage is allocated on a loan-by-loan basis, mainly to regional lenders.

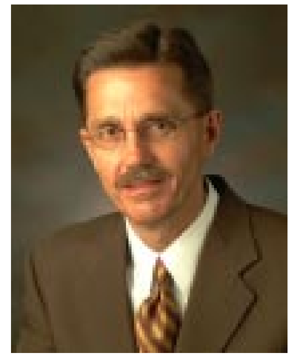
Asbury launched the program last year with a handful of lenders, and has since increased that group to 12 — four lenders for prime loans for borrowers with good credit; four for nonprime loans for borrowers with less-than-perfect credit and four for subprime loans for borrowers with credit below nonprime standards.

"It's the economics of scale," said McCollum. "Historically, our business was fractured across dozens of lenders. By consolidating our relationships with a smaller group, we have more control over the transactions. But we won't grow the group much larger than 12, because then that just defeats the purpose."

McCollum said that none of the lenders on the list has yet to be removed, but they could, based on the monthly evaluations Asbury officials conduct.

"They've been increasing steadily in the amount of loans they fund for our dealers, and we expect an additional two percentage point increase this month alone," he said.

While dealers will often receive the most competitive pricing for their loans, they don't necessarily get the absolute best rates. Rather, the primary benefit of the preferred lending program, from the dealers' perspective, is that the lenders share some of their revenue with the dealers for the privilege of preferred-lender status. McCollum said that percentage varies from lender to lender.



Thomas McCollum
Asbury Automotive

For example, in a normal situation, a finance company will be competing for a given loan with many other lenders. There is a per-transaction cost associated with bidding on the loan, such as the various tasks involved with processing the application — costs that are not recouped when the dealer goes with another source.

When, as a preferred lender, a finance company knows it will receive a certain volume each month, that lender is greatly reducing its processing costs, while receiving a large chunk of reliable business. Therefore, the lender then calculates the savings created by the efficiencies and sends a portion of that revenue downstream to the Asbury dealership.

While McCollum would not discuss the amounts, he said they vary from lender to lender and dealer to dealer, and added that these relationships are monitored and evaluated on a monthly basis.

While, nationally, Asbury dealerships use these preferred lenders to fund 35% of their total loans, the incentive of using these select finance sources is so great that some are using it to fund even larger portions of their business.

Continued on page 18

NOT EVERYONE A FAN OF "PREFERRED LENDER" PROGRAMS

While some national dealership groups, such as Asbury Automotive Group Inc. and AutoNation Inc., require their finance managers to use a select group of lenders, others are opposed to such so-called "preferred lending" programs.

Daniel Retzlaff, the investor relations manager at Lithia Motors Inc., Medford, Ore., said his company prefers to allow its dealerships to decide on their own which lenders they want to use. Lithia offers upward of 24 brands of new vehicles through 123 franchises in 65 stores in the western U.S. and over the internet.

In a preferred lending program, the individual dealerships are required to use a set list of lenders and must receive approval if they want to finance through a lender not on the list.

This decision to use a preferred lender-type program has no bearing on usage of the manufacturer's captive financing, which traditionally accounts for upwards of 50% of total funding.

"We don't use a preferred lender program as some do, because we don't want to limit dealerships to a handful of lenders, because we think it can be negative for the customer," said Retzlaff. "Obviously, others feel they can get preferred rates and better service by guaranteeing a certain level of volume. However, we feel we can command the same pricing and service, while also providing a larger base of lenders for dealers to select from."

Retzlaff said that Lithia dealers use more than 100 lending sources every month.

Full-Page Finova Capital Black and White AD

EQUITIES MONITOR

Company	Ticker Symbol	Price 10/09	Price 9/24	% Ch.	P/E	52-Wk Hi	52-Wk Lo	Shrs.Out.*	Mkt.Cap.*	Avg Vol*
AmeriCredit Corp.	ACF	6.760	6.680	1.2	1.9	46.930	6.040	152,800	1,032,928	3,736
Asbury Automotive	ABG	8.400	8.710	-3.6	7.9	22.450	8.500	34,000	825,692	83
AutoNation Inc.	AN	9.150	11.650	-21.5	10.4	18.730	9.050	318,300	2,912,445	1,158
CarMax Group	KMX	13.710	15.230	-10.0	15.8	19.000	13.920	103,000	1,412,130	1,056
Consumer Port. Svcs.	CPSS	1.700	1.920	-11.5	170.0	3.810	1.010	20,400	34,680	12
Credit Acceptance	CACC	8.050	8.121	-0.9	11.8	14.950	7.221	42,400	341,320	28
FirstCity Financial	FCFC	0.990	0.980	1.0	n/a	2.000	0.400	8,380	8,296	6
First Investors Fin'l.	FIFS	3.050	3.400	-10.3	n/a	3.950	2.000	5,400	16,470	19
Household Int.	HI	22.410	26.950	-16.8	5.3	63.250	22.40	454,800	10,192,068	5,146
Nicholas Financial	NICK	4.080	4.050	0.7	5.3	6.250	3.500	5,010	20,440	5
Onyx Acceptance	ONYX	2.500	2.560	-2.3	5.4	5.730	2.190	5,090	12,725	4
TFC Enterprises	TFCE	1.590	1.540	3.2	4.8	2.450	0.700	11,500	18,285	19
Union Acceptance	UACA	3.700	3.820	-3.1	24.7	7.240	3.050	31,000	114,700	14
United PanAm Fin.	UPFC	6.550	6.800	-3.7	11.7	8.000	4.400	15,600	102,180	12
WFS Financial	WFSI	17.230	19.980	-13.8	10.2	31.950	15.700	41,000	706,430	55

**in thousands. ** Greatest gainer and loser since Sept. 9 in boldface.*

ASBURY PLAYS FAVORITES

continued from page 16

"It's such a great situation for us, we do about 50% of our business with the preferred lenders, and the other half with our captives," said Carey, from Gray Daniels, which sells about 1,400 cars monthly, and recorded $2.5 million in finance and insurance revenue last year.

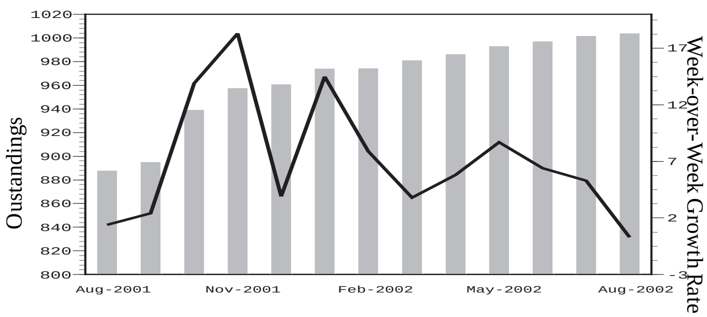
In fact, prior to the launch of the program, Gray Daniels had an informal preferred lender program, Carey said. In addition to WFS and Arcadia, Carey said the Asbury preferred lenders he most often uses now include Regions Financial Corp. and U.S. Bancorp.

Each month, dedicated professionals on the corporate level at Asbury collect the lender distribution data from the dealerships and evaluate it.

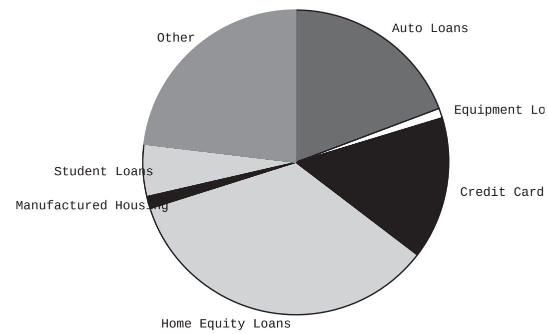
"They want volume, we want premium service, and we want to take as much of the cost out of the process as possible," said McCollum. "That's what we're looking for each month. It's not what you did a few months ago, or last year. It's what you bring to the dance today."

MARKET MONITOR

BANKS' NONREVOLVING LOAN OUT.*

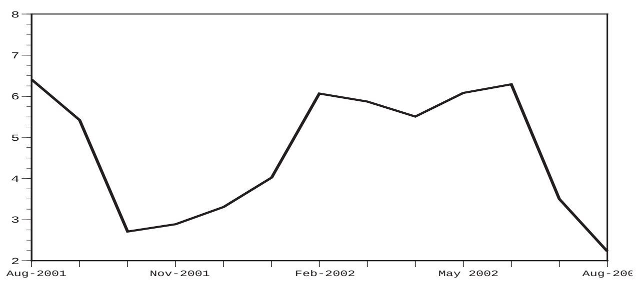


ASSET SECURITIZATION BY SECTOR

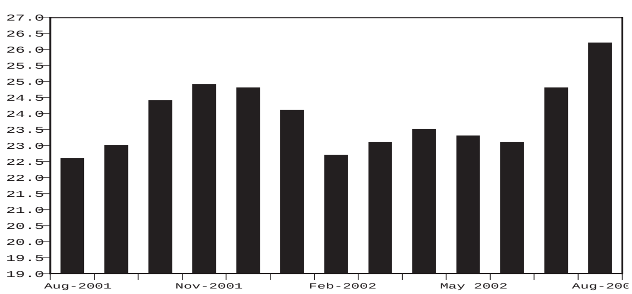


Type	'02 YTD (%)	'01 YTD (%)
Auto Loans	19.27	22.87
Equipment Loans	1.02	1.74
Credit Cards	15.11	20.02
Home Equity Loans	34.70	29.86
Manufactured Housing	1.28	1.46
Student Loans	5.53	3.36
Other	23.08	20.69

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

NEW CAR LENDING AT FINANCE COS.♦

Average Maturity*

March	April	May	June	July	Aug.
56.4	55.9	57	58.6	59.1	59.4

Average Loan-to-Value Ratio

March	April	May	June	July	Aug.
90	93	92	92	95	96

* in months
Source: Federal Reserve Board

SECURITIZATION SCOREBOARD

Date	Seller/Servicer	Lead Manager	Amount ($M)	Enhancement
9/04	Capital One Auto	Wachovia Securities	1,100	MBIA
9/08	AmeriCredit	CSFB/Barclays Capital	1,300	FSA
10/08	Mitsubishi Motors Credit of America	J.P. Morgan Chase & Co.	769	senior-sub