

NON-PRIME TIMES

NATIONAL AUTOMOTIVE FINANCE ASSOCIATION • 7250 Parkway Drive, Suite 510 • Hanover, MD 21076
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SPRING, 2007

ADAM GOLDFEIN IS KEYNOTE SPEAKER FOR CONFERENCE



Adam Goldfein, the host of weekly syndicated CBS Radio show, "AutoScoop," will be the keynote speaker at the 11th Annual Non-Prime Auto Financing Conference to be held

June 4 to 6, 2007 in St. Louis.

Growing up in a "car family," Goldfein has been involved with the automotive industry his entire life. His first job was stamping brochures at his father's dealership at the age of four. He has worked his way through every dealership department, including ownership.

He has operated some of the largest import and domestic dealerships in the country, including his family's auto dealerships in New York, a group of five dealerships in Chicago and a group of five dealerships in Atlanta.

It is this "insider knowledge" that he

delivers to his radio and television audience each week. With his quick wit and no-nonsense delivery, Adam cuts through the confusion and fear that many people have when faced with buying a car.

As in previous years, the conference will feature individual presenters and panels of speakers, all of whom are experts in their fields. Both dealers and creditors will find topics on issues that affect their daily business. Topics include: Underwriting the Independent Dealer, A Rating Agency Perspective of Non-Prime Financing, How the New Bankruptcy Law Has Affected the Auto Finance Industry, Threat of Federal Regulatory Use of Criminal Action, Overview of the Used Car Market and How to Significantly Improve Profits and Cash Flow with New Payment Technology.

A panel of attorneys from the Association's legal committee will pres-

ent "50 Legal Issues in 50 Minutes," an update of relevant laws and regulations. The Canadian market and the growing Hispanic market will both be featured. BenchMark Consulting International will provide a preview of the Association's Annual Non-Prime Auto Financing Survey during the annual member meeting.

There will be exhibits of the latest products and services designed especially for the non-prime auto industry. Attendees will find ample time to network during receptions, breaks, meals and free time. The conference is open to members and non-members.

Follow the conference link at www.nafassociation.com for program updates, information on sponsorships and exhibits and for on-line registration.

See pages 3 and 4 for conference program information.

NAF Association's 11th Annual Non-Prime Auto Financing Conference

June 4 to 6, 2007, Millennium Hotel, St. Louis

The original non-prime auto financing conference where the industry meets each year!

DealerTrack — Grand Corporate Sponsor

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AutoIMS — Wednesday Breakfast and Morning Breaks

Daybreak Lending Suite — Tuesday Lunch

Finance Express — Tuesday Reception

Fiserv Lending Solutions — Tuesday Afternoon Break

Regional Acceptance Corp. — Lanyards

Route One — Monday Reception

SST — Grand Prize

State National Companies — Baseball Event

TransUnion — Tuesday Breakfast

Williams & Stazzone Insurance Agency — Conference Bags

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MEMBER PROFILE: ASSURANT SOLUTIONS

UNCONVENTIONAL TOOLS FOR MANAGING RISK

There is an old saying in the lending world – “It was a good risk when I made the loan.” Lenders generally do not seek out poor risks when making loans. Perhaps this principle was the genesis of the sub-prime auto lending business. Companies who seek out poor risks can generate an attractive profit or sustain large losses if they don’t understand the risk. There is no cure all, no magic ball, no guarantee when it comes to managing the risk in the sub-prime market. However, there are tools available, some less conventional than others.

Insurance is one of the conventional and unconventional tools. When the borrower has it, it reduces the lenders risk of loss due to physical damage. Auto insurance is also a risk barometer. Of course the borrower who doesn’t have coverage is a greater risk. But what does the actual act of canceling

one’s auto insurance mean? It means something changed in the borrowers life. Something happened to make him pick up the phone or go to the Internet and cancel his policy. Maybe it was a series of non-acts. The borrower chose to ignore the premium



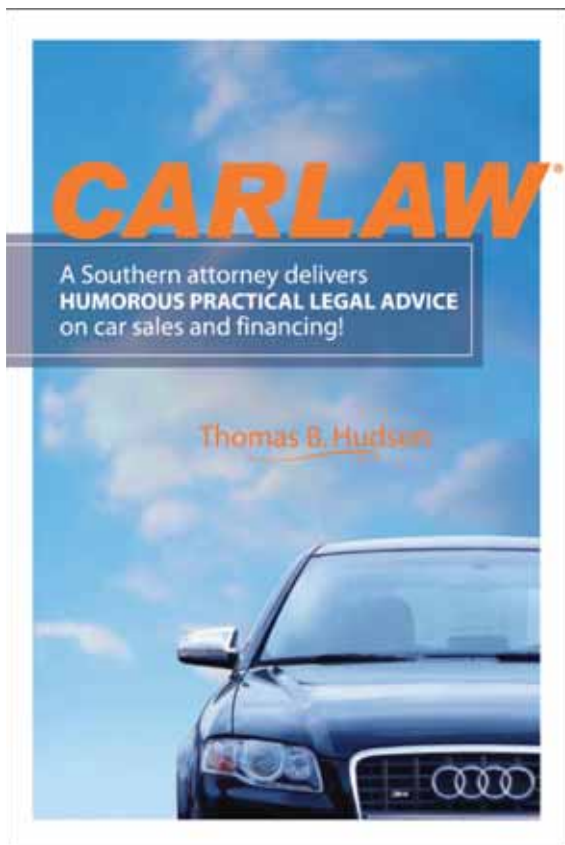
bill. “Why?” is the question that begs to be answered.

Being uninsured, when your loan contract, state laws, and common sense all dictate that one maintain insurance, flies in the face of sensibility. As such, it is possible for a lender

to look at the borrower when he becomes uninsured and re-think the risk. Perhaps a job loss has created a financial crisis. Maybe the borrower has over burdened himself with credit card debt. He may have had a string of at-fault accidents that caused a carrier to cancel him. Regardless of the reason, the lender should ask the question -- “Would I write this loan again given the current conditions?” especially given that the average loss per repossessed vehicle is now over \$6,300 (*Automobile Finance Study An Analysis of the Year-End 2005 Survey*, Benchmark Consulting International).

Insurance tracking isn’t a profit generation tool. In the past, poorly managed insurance tracking programs created borrower ill-will and “noise.” Luckily, today’s technology has almost eliminated the issues of the past.

CONTINUED ON PAGE 5



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Adam Goldfein
Host of Syndicated Talk Show
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**Register today for the NAF Association's
11th Annual Non-Prime Auto Financing Conference
June 4 to 6, 2007 at the Millennium Hotel in St. Louis
www.nafassociation.com**

Monday, June 4, 2007

3:00 to 5:00 pm Meeting of the Board of Directors

**5:30 to 7:30 pm Opening Reception
Sponsored by RouteOne**

Tuesday, June 5, 2007

**7:30 to 8:30 am Breakfast
Sponsored by TransUnion**

8:30 to 8:45 am Opening Remarks
Paul Snider, President and CEO, CIQ, Inc.; **Jim Bass**, Executive Vice President, driversselect; and **Jack Tracey**, Executive Director, NAF Association

8:45 to 9:30 am Session 1 Keynote Address
Adam Goldfein, host of "Auto Scoop," the weekly syndicated CBS radio talk show, will provide an entertaining and informative presentation.

- It's a three legged race – the finance company, the dealer and the consumer are all linked together but not talking to each other.
- Misconceptions among consumers – take an inside peek.
- Misinformation by dealers – from the consumer's point of view.
- Opportunities for finance companies
Are you in the retail or wholesale business?
What is the industry standard? Branding opportunities.
How web savvy is the non-prime consumer?
What do non-prime consumers want to know before making a credit decision?
What causes higher default rates?
Other income opportunities: warranties, gap insurance, refinancing

9:30 to 10:30 am Session 2 Underwriting the Independent Dealer
Jim Edwards, Executive Director, Carolinas Independent Automobile Dealers Association; **Guy Appelman**, Executive Director, New Mexico Independent Automobile Dealers Association; **Mike Nunez**, President, Michael's Auto Sales Corp.; **Cameron Hitchcock**, President, ADESA, Dealer Services Group; and **Steve Hall**, President, driversselect

**10:30 to 11:00 am Break
Sponsored by AutoIMS**

11:00am to noon Session 3 Canadian Market
Sean Cassey, Turbo Marketing Solutions Inc.; and **Neil Abbott**, Partner, Gowlings

Automotive dealers across Canada are setting up special finance departments and dealer principals and lenders still don't have the success they were wishing for. Sean Cassey will explain why the rules of the game are different in Canada. Neil Abbot, a Canadian attorney and member of NAF Association's legal committee, will discuss the Canadian legal environment and its regulatory and legislative challenges. Learn how to navigate between Federal and Provincial jurisdictions, language laws, consumer laws and banking regulations.

**noon to 1:30 pm Lunch
Sponsored by Daybreak Lending Suite**

1:30 to 2:30 pm Session 4 Hispanic Market
Juan Faura, President, CEO and founder of Cultura, LP
Back by popular demand, Juan Faura will speak again on the rapidly growing Hispanic market and will go into greater detail about your Hispanic customers, from an Hispanic point of view. He will discuss ways to create a connection with Hispanic consumers, resources available to help you develop and execute your marketing strategies and what you need to know about this changing culture.

2:30 to 3:15 pm Session 5 A Rating Agency Perspective of Non-Prime Financing
John Anglim and **Mark Risi**, Structured Finance Ratings Group, Standard & Poor's

- Do we have enough history to tap the ABS market?
- What has been the impact on losses as loan terms have lengthened?
- How is performance?
- Will rising subprime mortgage defaults affect the auto loan market?
- What's the competitive outlook?

**3:15 to 3:30 pm Break
Sponsored by Fiserv Lending Solutions**

**3:30 to 4:30 pm Session 6 How the New
Bankruptcy Law Has Affected the
Auto Finance Industry**

Donald Hill, Moderator, Executive Vice President, National Bankruptcy Services;
Henry E. Hildebrand, Standing Trustee for Chapter 13, Middle District of Tennessee; and **Hilary B. Bonial**, Chief Bankruptcy Counsel, Director of Bankruptcy Quality Assurance, Brice, Vander Linden & Wernick, P.C.

How has the New Bankruptcy Law impacted the Non-Prime Auto Lender? What do you need to know about the changes imposed and the opportunities provided by the New Law? How are the Judges interpreting the New Law? Learn the answers to these questions and your questions from two of the nation's premier bankruptcy speakers, including one who was involved in the legislative process that created the law.

**4:30 to 5:30 pm Session 7 50 Legal Issues in
50 Minutes**

Eric Johnson, Moderator, Attorney, Phillips McFall McCaffrey McVay & Murrah P.C.; **Emily Beck**, Attorney, Hudson Cook, LLP; **Mark Edelman**, Managing Director, McGlinchey Stafford; **Doug Koltavy**, President, Douglas D. Koltavy, P.C.; and **Larry Young**, Partner, Hughes, Watters and Askanase, L.L.P.

Join NAF Association's Legal Committee for a rapid-fire overview of important legal topics and things you need to know about each of them.

- The John Warner National Defense Authorization Act update and possible impact
- Security breaches update
- Firm offer of credit update
- Advertising violations
- Arbitration agreements
- On-line car sales
- Spot Delivery
- Speed pay and doc. prep. fees
- Latest scams
- FACT Act's red flag guidelines
- E-contracting update
- Bankruptcy

**5:30 to 7:00 pm Reception
Sponsored by Finance Express**

Wednesday, June 6, 2007

**7:30 to 8:30 am Breakfast
Sponsored by AutoIMS**

8:30 to 9:15 am Session 8 Member Meeting

Annual meeting, featuring representatives of BenchMark Consulting International will preview findings from NAF Association's 11th annual non-prime auto financing survey

**9:15 to 10:15 am Session 9 Threat of Federal
Regulatory Use of Criminal Action**

Peter Anderson, Partner, litigation practice group, Shumaker, Loop & Kendrick, LLP

A former prosecutor's guide to help auto finance companies and auto dealers minimize risks and add value. The regulatory criminal enforcement climate continues to drastically change for many businesses. Finance companies and automobile dealerships are no exception. Years ago, white-collar investigations and prosecutions were limited to only the most egregious violations; now, many regulated companies face higher risks, harsher consequences and more uncertainty. In the auto finance arena, proactive measures can greatly reduce exposure and losses, regardless of whether they arise from fines, penalties, or stigma from being investigated; or from losses due to ill-advised lending practices or doing business with "bad-apples." This presentation provides a practical overview of: recent enforcement trends and expanding liability; a rare glimpse inside the government's playbook; and practical steps to reduce risks, and demonstrate good faith compliance efforts.

**10:15 to 10:30 am Break
Sponsored by AutoIMS**

**10:30 to 11:15 am Session 10 Overview of the Used
Car Market**

Tom Webb, Chief Economist, Manheim

An analysis of how economic forces and supply and demand at the wholesale level will influence future:

- New and used vehicle loan originations,
- Delinquency and recovery rates, and
- Dealership profit opportunities.

Using data, analysis, and experience to better forecast, and hedge against, residual risk.

**11:15 am to noon Session 11 How to
Significantly Improve Profits and Cash Flow
with New Payment Technology**

David Newman, Executive Vice President, CheckVelocity

If you are interested in improving profitability through a no-cost payment solution, this session is for you. Changes in Laws and Regulations now allow auto finance companies to implement very simple new technology that reduces credit losses, overhead expense, and repossessions. Find out how to improve customer convenience and reduce processing costs by offering the full range of efficient payment acceptance options.

ASSURANT ... FROM PAGE 2

Assurant Specialty Property tracks over 29 million loans using tools that improve the borrower experience. Tools such as Electronic Data Interchange (EDI) that delivers lien holder insurance documents from over 300 carriers to the lender, generally within 24 hours of creation, have dramatically decreased unnecessary notices being sent to insured borrowers. EDI also alerts the lender immediately that the risk barometer just spiked due to a cancellation. Paperless workflow systems such as Assurant's SmartFlow™ help eliminate keying errors. Faster and more efficient processing of borrower insurance information has improved dramatically over the past few years. Within a moments notice, the lender knows that the risk has changed. Even the act of insurance tracking itself has new value. By tracking insurance throughout the life of the

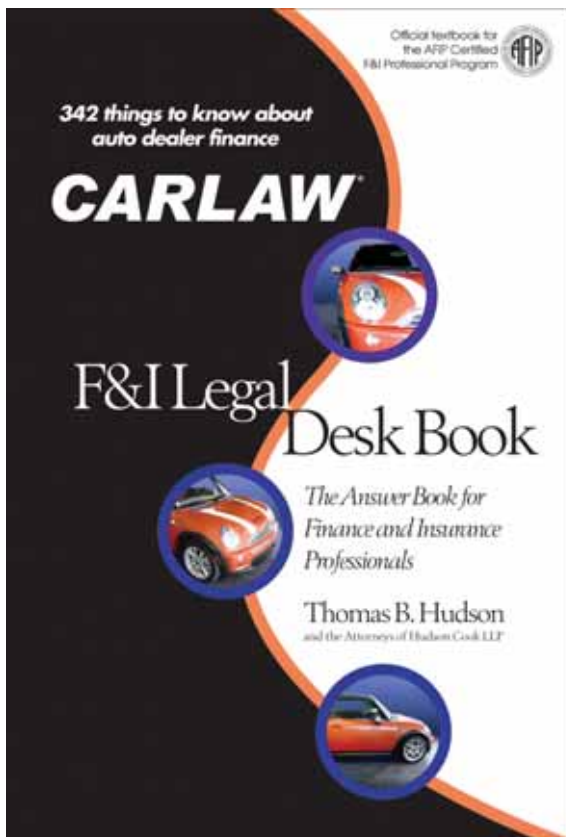
loan, a lender knows what insurance, if any, is available to submit a claim for damage to a repossessed vehicle. Companies such as Assurant offer claims management services to help the lender recover claim payments that previously were not filed due to a lack of knowledge about the loan's insurance history.

"Knowledge is power," stated Sir Francis Bacon. What you do with it though, is what really counts. Once you know that a borrower has a change in their risk dynamics, action is prudent. A call from collections may uncover the root of the problem before the payments stop coming in. Utilization of lender-placed insurance provides the classic transfer of risk. Concerns of pushing the borrower over the edge in the ability to make the loan payment and the insurance payment can be a thing of the past. Companies such as Assurant have developed specialized insurance pro-

grams specifically for the sub-prime market with monthly premiums that can cost less than a tank of gas. The borrower minimizes their monthly cash outlay and the lender transfers the risk. Everyone wins.

Managing risk, among other things, is only possible when you understand the situation. Tools to understand risk available today far exceed those of just a few years ago. There are ways to help a borrower who's risk barometer shows signs of trouble. Taking action is the first step. John F. Kennedy stated, "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction." Why not look into the new ways to use insurance tracking and lender placed insurance now... it will save you much in the long run.

Written by Kenneth R. Owens and Janice Garcia, Assurant Solutions



Advance Praise for **CARLAW® F&I Legal Desk Book**

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