




WEBINAR 18
Crude
AWAKENING
...A ROYAL PAIN IN THE GAS!

<REX JOHNSON'S ONLINE INSTITUTE>
SEPTEMBER 12, 2008 • 1 P.M. CDT



What's Happening to Car Sales?

WEBINAR 18

SUVs Plunge Toward 'Endangered' List

Story Highlights

- [Car dealer says SUVs are tough sells now: "I've never seen it this bad -- ever"](#)
- [AAA says average gas price hit another all-time high Friday](#)
- [Truck owner says he can't get the price he wants for his vehicle](#)

From Chris Lawrence CNN

LOS ANGELES, California (CNN) -- Jorge Fernandez strolls across the used-car parking lot littered with dozens upon dozens of sport utility vehicles the size of small tugboats.

With gas at \$4 a gallon, many have sat there since last summer.

"The cars are literally just sitting, and it doesn't matter how much you sell them for," Fernandez says of the SUVs and trucks nobody wants anymore.

"It's amazing. I've never seen it this bad -- ever."

Fernandez, a wholesale auto dealer who has been in the business for more than 20 years, says SUV owners are hit especially hard. The really large ones with V-8 engines that can get as little as 12 miles per gallon in the city -- like the Cadillac Escalade, Ford Expedition and Chevy Suburban -- are dropping in value by the thousands.

The No. 1 reason for the sales slump is soaring [gas prices](#), says Peter Brown, the executive director of Automotive News, the trade newspaper for the North American car industry.

For the first four months of this year, [truck and SUV](#) sales are down a collective 24.8 percent. SUV sales plummeted 32.8 percent while pickups dipped 19.9 percent, he says.

"If gas prices stay where they are at or continue to rise, the body-on frame SUV is an endangered species and the pickup truck as a personal car is an endangered species," Brown says.

How do owners react when they're told their once-\$40,000-plus vehicles are now worth less than half that?

"When they find out what you think their truck is worth, they think you're trying to rip them off or something," says Fernandez. "Small cars are gone within a week; SUVs are sitting here since last summer."

David Lavi, the owner of a Toyota Tacoma pickup, is feeling that pinch. He put his truck on the market several weeks ago in hopes of downsizing. He bought it brand new in 2006 when gas prices were much lower. "Once I do sell it, I'm going to get a smaller car -- maybe a Nissan Maxima or something smaller," he says.

He's hoping to get \$23,000 for the fully loaded truck, which is higher than the estimated [Kelley Blue Book value of \\$15,000 to \\$19,000](#) depending on how many amenities it has. "No one has offered what I want," he says.

Automakers have noticed this trend to downsize. Ford announced Thursday it was shifting production away from its longtime hallmark of pickups and SUVs in favor of smaller cars. In making the decision, Ford said it believes gas prices will remain in the range of \$3.75 to \$4.25 a gallon through the end of 2009.

"We saw a real change in the industry demand in pickups and SUVs in the first two weeks of May," Ford chief executive Alan Mulally said Thursday. "It seems to us we reached a tipping point." Brown of Automotive News said he wouldn't be surprised if General Motors and other automakers follow suit.

According to AAA, gas prices reached another all-time high Friday, with the national average price for a gallon of regular unleaded gasoline at \$3.87. Seven states are now over \$4 a gallon, AAA says.

Stories of owners ditching larger vehicles for smaller ones have started to become widespread. Owners say they're tired of spending as much as 80 to 100 bucks to fill up their tanks.

Some CNN.com users recently shared their stories of buying used Geo Metros --the oft-maligned, snail-sized car from the 1990s that gets gas mileage similar to a hybrid of today for a fraction of the sticker price.

"I used to be a car snob, and I used to be too vain to drive anything that doesn't shine," said Marci Solomon, an electrician who has a 100-mile commute to and from work. "But now it's about, do I want to eat, or do I want to make it to work? I want to do both."

But some auto experts caution owners against trading in their SUVs and trucks to save money at the pump because it may not be the wisest financial decision.

Owners might owe \$20,000 or more when the vehicle is now worth \$12,000. It's similar to an upside-down mortgage, and it may not make sense to try a trade-in. "What they might be doing is spending thousands of dollars to save hundreds," says Jack Nerad, the executive director of Kelley Blue Book's kbb.com.

"Because if you make a trade, you're most often going to spend more to make that move than you would just sucking it up and paying the extra gasoline prices."

Note: Credit unions have an obligation to educate

Back at the Los Angeles lot, Fernandez says he thinks the trend away from SUVs and pickups is here to stay.

"Just when you think that it's going to change any day now, it doesn't. It just continuously gets worse," he said.

CNN's Wayne Drash and CNN Money's Chris Isidore contributed to this report.

Rising Gas Prices Finally Kill The Once-Mighty SUV

By Chuck Squatriglia June 09, 2008 | 5:54:38 PM

After reigning supreme for the better part of two decades, the mighty SUV has at long last fallen, done in by mounting fuel prices that have consumers embracing small cars and automakers scrambling to build them.

Nissan pounded the latest nail into the coffin today when it followed General Motors, Ford and Toyota in saying it will scale back production of trucks and SUVs in favor of fuel-efficient cars now that the bottom has fallen out of light truck market. Car sales, which accounted for half of the industry's volume last year, hit 57 percent last month while truck sales fell by double-digits to their lowest mark since 1995.

Need more proof the SUV is a goner? Ford's venerable F150 pickup ended its 17-year-run as the best-selling vehicle in America last month, dethroned by the Honda Civic and three other Japanese sedans. General Motors is looking to unseat Hummer, the epitome of gas-guzzling excess, after sales fell 60 percent in May. The number of Civics sold in one month exceeded the number of Hummers GM expects to sell all year.

"The SUV as a lifestyle choice, as a personal statement, is dead," Aaron Bragman, an industry analyst at Global Insight, tells Wired.com. "People are downsizing from their big trucks to smaller cars."

What's surprising isn't that SUVs are dead, but how quickly they fell.

The major automakers have in the past year or so vowed to ramp up production of passenger cars, and industry watchers predicted sales of passenger cars would surpass those of trucks within in a couple of years. Instead, it happened almost overnight as fuel prices raced toward, and then surpassed, \$4 a gallon. "We had planned on the small car - truck reversal occurring in 2010," Bragman says. "It's coming a lot faster than anyone expected."

Jesse Toprak, chief industry analyst for Edmunds, agrees, telling CNNMoney.com, "We've never seen this big of a change in the product mix, this fast. Certainly five to 10 years from now you're going to look back and say the spring of '08 was the turning point. Even if gas prices go down for a month or two, consumers are not going to rush back out and buy SUVs. This appears to be a permanent shift."

The shift has the auto industry reeling. U.S. auto sales plummeted almost across the board last month - among the biggies, only Honda and Nissan posted gains - amid a staggering decline in light truck sales: 37 percent at General Motors, 25 percent at Ford and 12 percent at Toyota. The Japanese automaker saw sales of its Tundra pickup fall 33 percent.

"All of our previous assumptions on the full-size pickup truck segment are off the table," Bob Carter, Toyota division sales chief said last week during a conference call with reporters. Translation - we have no idea how low they'll go.

The bright spot for Toyota is the Camry and Corolla joined the Honda Civic and Accord in unseating the F150 as the best-selling vehicle in America. For that reason, the automaker may ramp up production of the Camry at its light truck plant in Princeton, Ind.

Toyota isn't the only one tossing SUVs over the side to make room for more passenger cars. Honda is cranking out more Civics and Nissan is cutting production of the Titan pickup and Armada SUV at its plant in Canton, Miss. (pictured) to build more Altima passenger cars. Last month's Altima sales rose almost 44 percent over the same month in 2007.

And then there's General Motors, shutting down four truck plants and embracing compact cars with a promise that 18 of its next 19 new vehicles will be passenger cars or crossover utility vehicles - the industry term for big station wagons. Ford's also cutting truck production and cranking out more CUVs and cars.

Small cars are the only thing keeping the industry afloat these days. Demand for hybrids has outstripped supply and many dealers have long waiting lists. Sales of the Ford Focus were up 53 percent last month, as were sales of Mini. Honda and Acura sales rose 31.9 percent. Hyundai was up 26.3 and Nissan climbed 18.7 percent.

There will always be a market for pickup trucks and SUVs among contractors, law-enforcement agencies and the like, but Satori Aoki, chairman of Honda Motor Co., predicts the trend away from them is here to stay. "One thing that's certain is that consumer interest in fuel-efficient, environmentally friendly cars will grow," he told reporters. He's right. The SUV is dead. Long live small cars.

Associated Press photo.



SUV PRICES PLUNGE!

A MASSIVE NUMBER OF RECENT SUV TRADE-INS DRAMATICALLY REDUCED PRE-DRIVEN SUV PRICES. PRE-DRIVEN SUV'S ARE AT THERE LOWEST PRICES EVER. SMART BUYERS CAN TAKE ADVANTAGE OF THESE DRASTIC MARKET DRIVEN DISCOUNTS AND SAVE THOUSANDS!

 **TAHOES**
CHEVROLET



\$10,995*

 **LIKE NEW CHEVROLET TRAILBLAZERS**
CHEVROLET



\$7,995*

 **AVALANCHES**
CHEVROLET



\$9,995*

WEBINAR 18



0% 72 MONTH FINANCING
ON CREW & EXT. CAB

JUST REDUCED

NEW
2008 CHEVY TRAILBLAZER
GUARANTEED IN STOCK
SAVE \$10,000 OR
0% 72 MONTH FINANCING


PLUS \$1000

IN STOCK

NEW
2008 CHEVY YOUR CHOICE
SUBURBAN OR TAHOE
GUARANTEED IN STOCK
SAVE \$13,000 OR
0% 72 MONTH FINANCING

NEW
2008 CHEVY EQUINOX
SUBURBAN OR TAHOE
GUARANTEED IN STOCK
\$18,488 OR
3-9% 72 MONTH FINANCING


WEBINAR 18



4 CYLINDER *GIVES YOU THE POWER YOU NEED & THE MILEAGE YOU WANT!*

4 SELL-A-THON

WEBINAR 18



Where's money?

Type	Description	Current	Available
1	Primary Shares	5.07	0.07
2	Share Draft	0.00	0.00

Loan Description	Balance	Payoff	Payment	Due Date	Delinquent
2 Personal	340.20	368.88	78.29	4/8/2008	207.20
1 00 Chev Malibu	0.00	0.00	189.70	7/20/2004	0.00

Why would member buy a car if she cannot pay us now?

Date requested: 3/26/08

Alicia
DOB: 10/17/1981

SUM 06/2000-2/2008, PR/OI - N, FB - N, ACCTS: 23, HC \$229 - 90000, 15 - ones, 1 - two, 1 - five, 6 - nines

Firm Name	Mbr #	Rptd CS	Oprnd MR	H/C DLA	Trm	Bal	P/D
Lvnvfundg	xx	03/2008		836		950	950
I xxx		O5	11	08/2005			
Account placed for collection							
Could B-U CU	xx	02/2008	03/2004	3000	78	548	66
I xxx		12	47	02/2008			
		30(11) 60(4) 90(4)	01/2008-12, 12/2007-15, 11/2007-15			25554322*2*2/*****22****	
Unsecured							
Could B-U CU	xx	02/2008	07/2004	20000	339	9374	
J xxx		I1	43	02/2008			
Auto Loan							
SoanB/FBUG	xx	02/2008	10/2004	500	24	504	82
I xxx		R9	39	05/2007			
		30(4) 60(2) 90(2)	11/2007-R5, 10/2007-R4, 09/2007-R3			**5432*****32	
Charged off account							
Account closed by credit grantor							
Chase	xx	02/2008	09/2001	2909		1559	1559
I xxx		R9	77	08/2005			
		30(4)60(2)90(27)	01/2008-R5, 12/2007-R5, 11/2007-R5			555555555555/555555555555	
Charged off account							
Account closed by credit grantor							

Does the joint signer, even though they're getting divorced, add anything?

What is her motivation to trade?

1. Car has 92,000 miles no real value - we will lose big money if she gives it back
2. Can we help get her a good deal even we're upside down.

She has paid us 3 1/2 years. CB suggest paid on-time.

Firm Name ECOA Acct #	Mbr #	Rptd CS	Opnd MR	H/C DLA	Trm	Bal	P/D
Target		02/2008	11/2003	300		0	
lxxx		R1	24	02/2008			
Closed Account							
Charge							
Kohl/Chase	xx	02/2008	09/2002	475	14	475	166
lxxx		R9	64	08/2007			
		30(3)60(1)90(5)	01/2008-R5,12/2007-R5,11/2007-R5			5555432****/*****	
Charged off account							
Credit Card							
GEMB/JCP	xx	02/2008	08/2001	229		0	
lxxx		R9	78	06/2007			
		30(5)60(1)90(4)	11/2007-R5,10/2007-R5,09/2007-R5			**555432****/*****2	
Account transferred							
Charged off account							
Cap One	xx	07/2007	09/2001	1462		0	
lxxx		R9	70	04/2005			
		30(2)60(2)90(4)	12/2005-R5,11/2005-R5,10/2005-R5			*****/*****555433	
Paid charge off							
Account closed by credit grantor							
Could B-U CU	xx	12/2006	02/2004	4540	89	0	
lxxx		I1	34	07/2006			
Paid account/zero balance							
Secured Loan							
UNVL/CITI	xx	11/2006	11/2004	5020		0	
lxxx		R1	24	07/2006			
Paid account/zero balance							
Account closed by credit grantor							


Firm Name ECOA Acct #	Mbr #	Rptd CS	Opnd MR	HC DLA	Trm	Bal	
WellsFargo	xx	08/2006	09/2003	90000	649	0	
lxxx		I1	31	06/2006			
Freddie Mac account							
Paid account/zero balance							
Could B-U CU	xx	06/2006	06/2000	5300	223	0	
lxxx		I1	29	01/2006			
Paid account/zero balance							
Recreational merchandise							
CBUSASears	xx	06/2006	06/2002	540		0	
lxxx		R9	48	08/2005			
		30(2)60(2)90(4)	01/2006-R5,12/2005-R5,11/2005-R4			****55432****/432*****	
Account transferred							
Charge							
WFFINANCE	xx	05/2005	04/2005	8659	180	0	
lxxx		I1	01	05/2005			
Paid account/zero balance							
HSBC/RS	xx	03/2005	02/2002	400		0	
lxxx		R1	37	07/2002			
Charge							
Amount in H/C column is credit limit							
HSBC Bank	xx	12/2004	11/2002	600		0	
lxxx		R1	24				
Paid account/zero balance							
Credit Card							
GMAC	xx	01/2002	02/2001	9500	217	0	
lxxx		I1	08	01/2002			
Paid account/zero balance							
Auto loan							

We've been loaning her money for years!

Firm Name ECOA Acct #	Mbr #	Rptd CS	Opnd MR	H/C DLA	Trm	Bal	P/D
HSBC/BSTBY lxxx	xx	12/2004 R1	11/2002 24	500 03/2003		0	
Charge							
Amount in H/C column is credit limit							
Could B-U CU lxxx	xx	11/2004 I1	02/2004 09	8000 06/2004	190	0	
Paid account/zero balance							
Auto loan							
WellsFAFI lxxx	xx	02/2004 I1	12/2001 26	11985 02/2004	255	0	
Auto loan							
HSBC Bank lxxx	xx	12/2003 R1	11/2002 12	500		0	
Account closed at consumer's request							
Paid account/zero balance							
US Bank lxxx	xx	10/2003 I1	03/2003 07	15200 10/2003	169	0	
Real estate mortgage							
Second mortgage							
---Inquiries, Subject shows 8 inquiries since 03/2008							
WellsFargo	xxxx		3/26/2008	Americrdt	xxxx	3/26/2008	
Carponeaf	xxxx		3/26/2008	xxxFord	xxxx	3/26/2008	
HSBCauto	xxxx		3/26/2008	CITIford	xxxx	3/26/2008	
Triadfncl	xxxx		3/26/2008	Lutherchev	xxxx	3/25/2008	
Could B-U cu	xxxx		12/27/2007	Benecl/HFC	xxxx	6/18/2007	
Mes&Kramer	xxxx		1/08/2007				
Beacon 5.0 score: 00525							
00039 Serious Delinquency							
00013 Time since del is too recent or unknown							
00018 Number of accounts with delinquency							
00014 Length of time accts have been established							

Paid Us!!!!

Could be higher!



We're at risk, owes us \$10,000 on a vehicle with 92,000 miles

Loan Officer Notes

Denied due to value or type of collateral not sufficient
Slow or past due in trade or loan payments
Poor credit performance with us
Delinquent past or present credit obligations with others

Help her get good transportation!



Payments Now with CU

Unsecured loan	79
Auto loan	<u>339</u>
Total	\$418

What would a payment be on \$21,000?

We charge 15.25% @ 60 months

Payment would be \$502

418

\$84


Can she afford an extra \$84 a month
to get almost a new car?

WEBINAR 18



How Can Credit Unions Help?

WEBINAR 18



Could B - U Credit Union

Name: Richard **DOB:** 6/25/1951
Address: 123 Main Street
City: Any Town **State:** USA **Zip:** 12345
Phone #: 555-123-1234 **Housing Status:** Employer pays
Has rental property - CU has 2nd mtg
Length at Residence: _____

Employer: U.S. National Park **Start Date:** 4/11/2005
Position: Dir Of Engineering **Phone #:** _____
Income: \$90,000 **Other income:** Rental income = 1600 per month
NOTE: has 150 employees reporting to him

Co-Applicant
Name: Dixie **DOB:** 12/2/1948
Address: 123 Main Street
City: Any Town **State:** USA **Zip:** 12345
Phone #: 555-123-1234 **Housing Status:** Employer pays
Has rental property - CU has 2nd mtg
Length at Residence: _____

Co-Applicant
Employer: School District **Start Date:** _____
Position: _____ **Phone #:** _____
Income: \$15,000 **Other income:** _____

Loan Request: \$304,000 **Purpose:** Home equity
First Mortgage: \$230,000 **Second Mtg:** \$74,000

WEBINAR 18

```

TRANS UNION CREDIT REPORT
<FOR>                <SUB NAME>  <MKT SUB> <INFILE> <DATE> <TIME>
(I) F                XXXXXXXX XX X  29 WB  12/79  4/25/08  16:17CT
<SUBJECT>           <SSN>    <BIRTH DATE>
XXXX, Richard K.   xxx-xx-xxxx  6/51

MODEL PROFILE
***FICO Classic 04 Alert: Score +513: 038, 013, 018, 010 *** In Addition
***To the Factors listed above, the number of inquiries on the consumer's
***Credit file has adversely affected the credit score.

-----
CREDIT SUMMARY  *** 12 Month History
PR=0 COL=2 NEG=3 HSTNEG=5-53 TRD=12 RVL=7 INST=2 MTG=2 OPN=1 INQ=6
HIGH CRED CRED LIM  BALANCE PAST DUE  MNTHLY PAY AVABL.
REVOLVING:  $31.2K  $25.4K  $20.0K  $746  $584  21%
MORTGAGE:    $304K  $      $303K  $1612  $2753
CLOSED W/BAL:  $153  $0  $15
TOTALS:      $335K  $25.4K  $323K  $2358  $3337
-----

COLLECTIONS
SUBNAME  SUBCODE  ECOA  OPENED  CLOSED  $PLACED  CREDITOR  MOP
ACCOUNT#  Verified  Balance  Remarks

Revenue SYS  Y 1W6L001  I  9/04  $590  06 Premium Assignm  09B
XXX  4/08A  $590  Placed for Collection

Prog MGI SYS  Y 2053001  I  6/07  $76  10 Southern XX  09B
XXX  4/08  $56  Placed for Collection

CMRE Finance Y 2746006  I  2/03  $259  Digital and Radiology  09B
XXX  3/05A  $306  Placed for Collection
  
```

TRADES								
SUBNAME	SUBCODE	HIGHCRED	CREDITLIM	BALANCE	PASTDUE	PAYPAT	1-12 MOP	
ACCOUNT#		OPENED	VERIFIED	CLSD/PD	TERMS	MAXDELQNCY		
ECOA COLLATRL/LOANTYPE			REMARKS			MO 30/60/90		
Could B-U CU xxx XXXX I Credit Card		\$4023 9/02	\$4000 4/08	\$3554	\$0 MIN107	111322211121 12/07 \$261 48 7/1/0	R01 03	
NordstromFSB D XXXX C Charge Account		\$1347 7/86	\$1500 4/08A	\$0 10/05P	\$0	11111111111111	R01	
BK OF AMER B 1597029 XXXX A Credit Card		\$9927 3/02	\$5900 4/08A	\$4723 MIN148	\$0	11111111111111	R01	
Could B-U CU Q XXXX C Line of Credit		\$6500 10/02	\$6500 3/08A	\$6133	\$746 MIN184	445443332321 3/06 \$506 48 3/6/7	C05 05	
Chase MTG B XXXX C Real Estate		\$230K 9/05	3/08A	\$230K	\$1612 360M1535	11111111111111	M02	
Could B-U CU Q XXXX M Home Equity Loan		\$74.0K 1/06	3/08A	\$72.9K	\$0 6M1218	122211111113 3/07 25 13/1/0	M01 03	Note: 5 months past due & in foreclosure
Washington Mutual B XXXX C Unsecured		\$6000 4/99	\$6000 3/06A	\$5498	\$0 MIN140	11112211111111 48 5/0/0	C01	
DSNB Macys D XXXX C Charge Account		\$868 2/85	\$800 3/08A	\$108	\$0 MIN5	11111111111111 48 0/0/0	R01	
Sears/CBSD D XXXX A Charge Account		\$2548 2/85	\$670 3/08A	\$0 3/08P	\$0	11111111111111 48 0/0/0	R01	

Could B-U CU Q XXXX I Automobile		\$5475 11/07	3/08A Closed	\$0 3/08C	\$0 16M198	1111 4 0/0/0	I01	
Could B-U CU Q XXXX I Automobile		\$29.1K 7/05	11/07A Closed	\$0 11/07C	\$0 27M538	1111111222211 6/06 \$811 29 8/2/0	I01 03	
Verizon CA U XXXX I Utility Company		7/99	5/07A Closed by Credit Grantor	\$153 4/06F			09B	
Could B-U CU Q XXXX C Automobile		\$23.1K 10/03	4/07A	\$9656	\$65 15M419	212212222111 1/06 41 5/1/0	I02 03	
Could B-U CU Q XXXX I Line of Credit		\$6436 11/02	\$6500 4/06A Closed	\$0 4/06C	\$0	213222111111 1/06 4 0/0/0	R02 03	
Could B-U CU Q XXXX I Automobile		\$11.0K 9/03	4/06A Closed	\$0 4/06C	\$0 54M285	212211111111 31 3/0/0	R02	
New County MTG F XXXX C Conventional Real Estate M transferred to other Lender		\$230K 10/05	1/06A 1/06C	\$0 1/06C	\$0 360M1248	111 3 0/0/0	M01	
Could B-U CU Q XXXX I Automobile		\$150K 3/03	2/05A Closed	\$0 2/05C	\$0 60M298	48 0/0/0	I01	
CARECRD/GEMB F XXXX I SLD to sold to GECCCCCAREGR closed by credit grantor		\$3234 8/01	\$3500 1/05A 6/03C	\$0	\$0	11111111111111 34 0/0/0	R01	
Washington Mutl B XXXX P Conventional Real Estate M Closed		\$228K 6/02	9/04V	\$0 9/04C	\$0 360M703	231333xxx111 3/04 24 1/4/0	M02 03	
Could B-U CU B XXXX M Conventional Real Estate M Acct Closed by Consumer		\$49.8K 12/02	8/04V	\$0 8/04C	\$0 M476	222221111111 1/02	I02	

Bally's CU XXXX I	F Installment Sales Contract Closed	\$666 8/01	12/03A	\$0 12/03C	\$0 36M	44	0/0/0	I01
Could B-U CU Q XXXX I	Automobile	\$26.4K 7/02	10/03A Closed	\$0 10/03C	\$0 39M431	42	0/0/0	I01
Bank of Amer XXXX I	B Credit Card	\$74 5/01	\$3500 9/03A Acct closed by consumer	\$0 8/03C	\$0	30	0/0/0	111111111111 R01
Citi-Shell XXXX I	B Credit Card	\$245 11/00	\$300 4/03A Acct closed by consumer	\$0 1/03C	\$0	26	0/0/0	1111111111x11 R01
Could B-U CU Q XXXX I	Automobile	\$3953 9/01	1/03A Closed	\$0 1/03C	\$0 36M137	33	0/0/0	111111111111 I01
Could B-U CU Q XXXX I	Unsecured	\$4452 10/02	11/02A Closed	\$0 11/02C	\$0 36M152	31	0/0/0	111111111111 I01
Could B-U CU Q XXXX I	Unsecured	\$2000 6/02	10/02A Closed	\$0 10/02C	\$0 36M68	30	0/0/0	111111111111 I01
Could B-U CU Q XXXX C	Automobile	\$5000 7/00	7/02A Closed	\$0 7/02C	\$0 76M176	27	0/0/0	111111111111 I01
Providian XXXX I	B Credit Card	\$59 10/99	\$1000 5/02A Closed by credit grantor	\$0 9/01C	\$0	10	0/1/1	111111111111 R01
Could B-U CU Q XXXX I	Unsecured	\$5000 10/01	11/01A Closed	\$0 11/01C	\$0 36M172	19	0/0/0	111111111111 I01

SUBNAME ACCOUNT# ECOA COLLATRL/LOANTYPE	SUBCODE	HIGHCRED OPENED	CREDITLIM VERIFIED REMARKS	BALANCE CLSD/PD	PASTDUE TERMS	PAYPAT MAXDELQNCY MO 30/60/90	1-12 MOP
Could B-U CU Q XXXX I	Automobile	\$4000 17/01	9/01A Closed	\$0 9/01C	\$0 36M138	17	0/0/0
Could B-U CU Q XXXX I	Automobile	\$17.0K 3/00	8/01A Closed	\$0 8/01C	\$0 72M309	16	0/0/0
Could B-U CU Q XXXX I	Unsecured	\$1500 6/01	7/01A Closed	\$0 7/01C	\$0 24M73	15	0/0/0
Could B-U CU Q XXXX I	Automobile	\$7750 1/00	11/00A Closed	\$0 11/00C	\$0 36M258	7	0/0/0
Washington Mutl B XXXX I	Automobile	\$6700 12/96	1/00A Closed	\$0	\$0 48M167	4	0/0/0
Washington Mutl B XXXX I	Real Estate	\$15.4K 12/96	9/98A Closed	\$0 8/98C	\$0 48M385		M01

END OF CREDIT REPORT - SERVICED BY:
END OF TRANSUNION REPORT



Discussion With Member

- Purchased rental property from friend and never moved in
- Has rental contract for 2½ years. Receives \$1600 monthly
- Wants this place for retirement
- Paid \$300,000 for property – has no money in property
- Chase financed \$230,000 at a rate of 3.5% – the owner of the property carried a \$70,000 second mortgage which the credit union ultimately paid off
- The member currently owes \$230,000 to Chase which has raised his rate five times and now will start charging him 15%.
- Payments went from \$1535 to \$3411 (*including taxes and insurance*)
- Chase refused to lower rate or payments and they would even return are calls. He is now 5 months past due and the house is in foreclosure
- The foreclosure sale is in 3 weeks
- House appraised at \$285,000 6/08, *previous appraisal \$385,000 1/07*
- 3 homes in his neighborhood are for sale for over 1 year – \$250,000-300,000
- A realistic value of his home is \$240,000, he only wants to keep this home because he is afraid at the age of 55 that no one will finance a new mortgage for him before he retires.



Conclusion

- He has been a member of the credit union for 15 years
- Big fan of the credit union
- He has made 150 employees who report to him readily available for the credit union to enroll for membership
- He feels terrible that the credit union will suffer a loss

So What is the Solution:

- We told him not to payoff Chase unless he was emotionally attached to the house and had real sentimental value (the factor of the matter is that he has never spent a night in the house)
- We agree to finance a new home for him were he can get a really good deal and he can add the \$70,000 he owes us onto the amount we will be financing
- We believe that he can buy a house substantially below market value. This will be a house that him and his wife will accelerate their payments so it will be paid for by the time he retires at the age of 65
- He was thrilled with our willingness once again become a home owner

WEBINAR 18



Policy Addition

WEBINAR 18

S.A.I.L. Policy

Special

Auto/Mortgage

Interim

Lending

Our credit union members are being challenged like never before in this very turbulent uncertain economy. In the last several years, they have had to deal with:

- Loss of jobs
- Rising fuel cost
- Declining home values
- Adjustable mortgage rate going up
- Rising education cost
- Record declining values of their gas guzzlers they have been driving

We also recognize they are going to take care of the necessities first which are:

- Feeding their family
- Getting back and forth to work

Many of our members were making their payments and getting by until everything got out of balance. We believe the majority of our members want to pay their bills, they just need a little help during these turbulent times; therefore we have introduced S.A.I.L.

We believe the economy will ultimately get better. This program with special financing and terms is expected to last about 2 years or through 2010.

The Credit Union Will Focus On:

- Members who need a break and some relief in their current payments
- Members who owe the credit union now and are upside down. These are members who want to protect their credit but need help in obtaining a more fuel efficient auto so they can afford their car payment plus gas.
- Members who are homeowners and have seen the value of their homes drop but do not want to lose their home. These are primary resident homes and not homes purchased for an investment.
- Members who are adamant about not going bankrupt, having a foreclosure or repossession.

How Does S.A.I.L. Work?

1. Listening Skills

The credit union will instruct its lending and collection staff to listen to members who are struggling and do not know what to do or where to turn for help. These opportunities may come from:

- Members applying for loans who are way upside down
- Members joining the credit union because they have heard we are different and want to help
- Members who have allowed their auto insurance to lapse
- Members calling in to skip a payment
- Members now overdue that have always paid

2. Referral

Anytime an employee suspects the member may be in trouble, they will immediately refer the loan to a S.A.I.L. expert who will start looking for solutions. We believe S.A.I.L. experts need special training that we can help you with.

3. Motivation

This is the most critical element. We must find out the member's motivation. We define motivation as:

- Why members do what they do
- When they do it
- Why now
- Why us
- Why this amount

4. Options

We want to go over all the options including repossession, foreclose, and bankruptcy. This has to be done by an experienced, well trained employee who understands bankruptcy, foreclosure, etc... This employee will often be a Senior Management employee and have Level 3 approval status. With some members, unfortunately bankruptcy may be the only answer.

5. Empowerment

Our Level 3 or Senior Management employee will be empowered to:

- Loan up to 125% on mortgage loans, either 1st or 2nd (two employee must sign off)
- Stretch financing on car loans out to 10 years
- Approve auto/equity loans with up to 15 years financing
- Assist the member and show the member how to negotiate the very best value in buying or trading in a vehicle. Most members will panic and not make a good decision without our help.

6. Loan Closing

The loan has to be closed in a manner where the member fully understands:

- They will be upside down in their vehicle for years so they need to understand it will be a long time before they finally get in a good equity position (usually 70% of the contract). This means they cannot sell or trade their car; therefore they need to make a terrific decision on the car they are buying.
- This is a special temporary program to help the member maintain their credit by being able to afford their new payment plus fuel.
- The member should attempt to put any extra money they come into to paying down their loan. A good example would be bonus money, income tax refund check, other income through a part time job, etc...
- Taking out Gap Insurance on their car loan has to be strongly encouraged.

What is the Goal?

The credit union's goal is to give the member the bridge they need right now by helping them:

- Keep the payment they may be currently making while lowering their fuel cost
- Providing them with a fixed rate mortgage payment that the credit union will not only guarantee the payment but also the rate for the next five years
- Avoid repossession, foreclosure, or bankruptcy, most credit unions have enough already

How will the Credit Union Do It?

- We will try to minimize risk by adding as much collateral as possible such as the auto equity loan
- We will assist the member with as much information as possible so they can make a good decision on their new purchase and not panic.
- We will be flexible on terms
- Loans can be re-priced after five years

Marketing

- This program will be marketed to all our existing and new members.



**FEELING
THE
CRUNCH
AT THE
PUMP?**

DON'T PANIC!!!
The Credit Union Can Help You Get Into a New Car!
We are offering some relief with our special financing on auto loans. We will work with our members on getting a new car that gets better gas mileage.

We know the pain your feeling every time you are filling up your car with gas. Giving up and turning your car in is not the solution. We will work with each member on an individualized basis and go out of our way to help you get good solid affordable transportation and a price you can afford.

Your credit union is here for you, not only during the good times but in the very challenging times, we can work it out.

To get relief, simply call the credit union before going out and making a mistake with the dealer. Our employees are here to assist you in getting the very best possible deal!

Call Now!!!
888.555.5555
We Can Help!

Example of How This Works

Assume

- Member purchased \$30,000 SUV that gets 15mpg
 - Rate: 7%
 - Term: 72 months
 - Amount: \$30,000
 - LTV: 100%
 - Payment: \$511.47
 - Fuel Cost: \$2.49 per gallon at the time of loan
 - Monthly fuel cost assuming 300 miles per week (20 gallons) = \$216 monthly
 - New fuel cost = \$4.19 per gallon @ 20 gallons per week = \$363 monthly
 - Increased fuel cost = \$147 a month
- Member wants to trade their SUV 18months later.
(Maximum trade in value = \$14,000)
 - Balanced owed on loans: \$21,359
 - Trade in Value: \$14,000
 - Upside Down: (7,359)
 - New Vehicle Price: \$32,000
 - Amount to Finance: \$39,359
 - Keeping same payment of \$511.47
 - New Rate: 8%
 - New Term: 9 years
 - New fuel cost 30 mpg = \$181 per month
- How does the member benefit

	Time of original purchase	18 months later	New car purchase
Mo. Loan Payment	511.47	511.47	511.47
Mo. Fuel Cost	216.00	363.00	181.00
Total	727.47	874.47	692.97

The credit union agreed to:
Extend term to 108 months or 9 years. The members total fuel and car payment is now: \$34.50 lower than 18 months ago when made original purchase.
\$181.50 less than paying today and has a new car that they like and fits their total budget.

The risk:
Extended term to 108 months
L.T.V. is at 123% of retail



Sam Walton's Rule #1

- **Commitment**

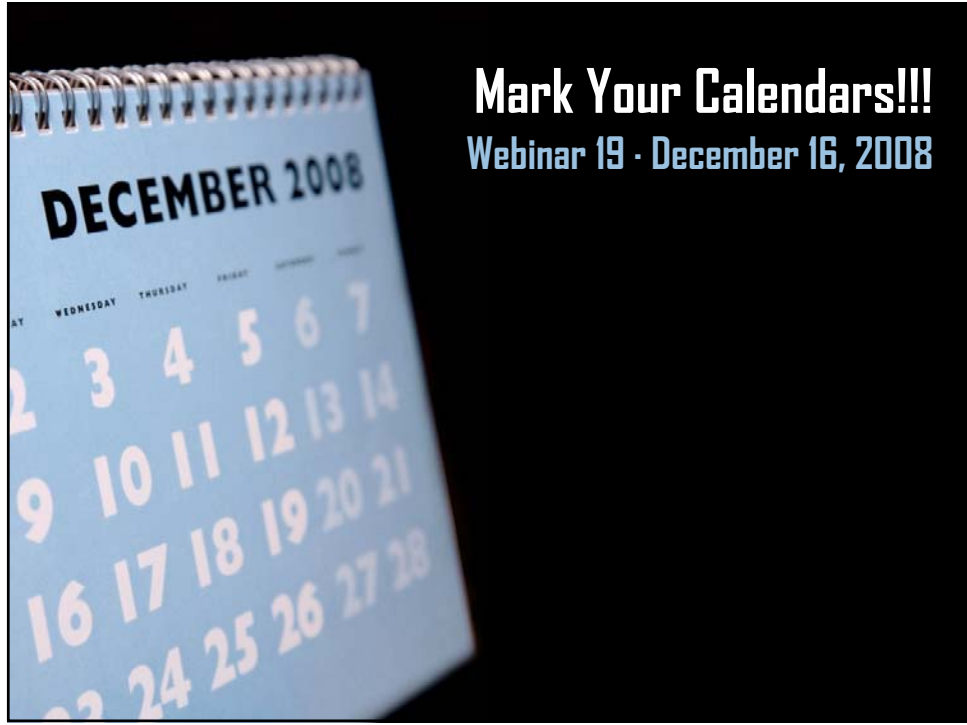
Commit to your business. Believe in it more than anybody else. I think I overcame every single one of my personal shortcomings by the **sheer passion** I brought to my work. I don't know if you're born with this kind of passion, or if you can learn it. But I do know you need it. If you love your work, you'll be out there every day trying to do it the best you possibly can, and pretty soon everybody around you will catch the **passion** from you-like a fever.



Sam Walton's Rule #10

- **Swim**

Swim upstream. **Go the other way. Ignore the conventional wisdom.** If everybody else is doing it one way, there's a good chance you can find your niche by going in exactly the opposite direction. **But be prepared for a lot of folks to wave you down and tell you you're headed the wrong way.** I guess in all my years, what I heard more often than anything was: a town of less than 50,000 population cannot support a discount store for very long.



Mark Your Calendars!!!

Webinar 19 - December 16, 2008