

# More Auto Loans Are Now Going to Subprime Buyers

By DEE-ANN DURBIN  
AP Auto Writer

DETROIT (AP) – Consumers with less than stellar credit are getting car loans again as lenders loosen their standards, and the trend is likely to continue as more lenders get into the business.

The percentage of loans going to subprime buyers rose 8 percent in the third quarter, their first year-over-year increase since 2007, according to a report issued last week by Experian, a credit reporting agency. For new cars, the percentage of loans going to subprime buyers rose 13 percent over the July-September period in 2009. The increase for used cars was 3 percent.

The majority of loans – 63 percent – are still going to buyers with prime credit scores, which is defined as a 680 or above. But even that is settling into a more normal pattern. Before the recession, when credit was very loose, just 51 percent of loans were going to prime buyers, according to Melinda Zabritski, director of automotive credit at Experian. Last fall, when credit was tight, 66 percent of loans went to prime buyers.

Another sign that the credit market is thawing: The loans people are getting are covering larger amounts and have longer terms. The average amount financed for new cars rose \$2,530, to \$25,273, over the third quarter of last year, while the average amount financed for used cars grew \$977 to \$16,706. The average terms rose by about a month, although the lowest tier buyers – those with scores of 550 or less – saw their terms rise

by nearly four months.

Zabritski said the loosening in auto lending is likely to continue to grow in the near term. On Oct. 1, General Motors Co. finalized its purchase of AmeriCredit Inc., a Texas-based company that specializes in subprime lenders and has a \$9 billion portfolio of subprime loans. AmeriCredit had already been helping GM with subprime loans, which amount to 4 percent of the automaker's sales. But GM now expects that to grow by a percent or two, a significant number considering that GM is on pace to sell more than 2 million cars and trucks in the U.S. this year.

Banks and auto financing companies feel they can afford to take bigger risks because consumers are being more cautious with their money and savings rates are up.

The percentage of loans that were delinquent for 30 days fell 8 percent in the third quarter, to 3 percent, while the percentage of loans delinquent for 60 days fell 17 percent, to less than 1 percent.

Zabritski noted that last quarter was the first time Experian reported a decrease in delinquencies since 2007. "It was down for all lenders, which is a very positive sign," she said.

Used car prices also have been strong, so lenders can assume they won't be stuck with a vehicle they can't get rid of.

Experian collects information on all open auto loans in any given quarter, and also gathers data on new loans from state motor vehicle registries.

## Chrysler Dealers Fulfill Forgotten Harvest Needs

Chrysler Group LLC and the Metro Detroit Chrysler Jeep Dodge, Ram Truck Superstores are teaming up with Forgotten Harvest and the Detroit Red Wings in an effort to fight hunger.

The "Fight Against Hunger" Sweepstakes begins today and runs through Dec. 13, 2010. During this period, Chrysler Group and the local dealers will donate \$10 to Forgotten Harvest for every test drive logged at a participating Metro Detroit Chrysler, Jeep, Dodge and Ram Truck Superstore. Funds raised will benefit Forgotten Harvest's mission to provide meals for hungry Metro Detroiters.

"The Chrysler Group and our Detroit Metro dealers are proud to partner with Forgotten Harvest and the Detroit Red Wings in the fight against hunger," said Greg Martin, of Chrysler Group's Great Lakes Business Center.

"We hope this campaign will inspire consumers to join us in our efforts to raise funds for Forgotten Harvest so they can continue to provide food to those in need."

The "Fight Against Hunger" Sweepstakes is open to Michigan residents who are at least 18 years old and have a valid driver's license at the time of entry. A drawing will be held on

## Banks Seeking to Buy a Stake In Chrysler Financial from Owner

By TOM KRISHER  
AP Auto Writer

DETROIT (AP) – Several big banks are in talks to buy a stake in Chrysler Financial, the automaker's old lending arm, a person briefed on the matter said Tuesday.

The banks are interested in acquiring Chrysler Financial's substantial pool of car loans and leases because their value has increased as used car values and the economy have recovered, said the person, who asked not to be identified because the talks are private and in the preliminary stages.

The person would not identify which banks are interested in Chrysler Financial. The Wall Street Journal and Bloomberg News reported this week that ING Group and Toronto-Dominion Bank are among the banks.

Representatives of Toronto-Dominion Bank and ING declined to comment.

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## DOT Pushing New Rear-View Car Camera Rules

By KEN THOMAS  
Associated Press

WASHINGTON (AP) – Rearview cameras could become more common in future cars and trucks under new rules the government was proposing recently to address concerns about drivers unintentionally backing over children.

The Transportation Department was offering new requirements to improve rear visibility in cars by the 2014 model year. Most carmakers would meet the requirements by installing rear-mounted video cameras and in-vehicle displays.

Targeting so-called blind zones in large sport utility vehicles and pickups, Congress required the safety upgrades

in 2008 in response to dozens of cases of children getting backed over by cars. The legislation was named after Cameron Gulbransen, a 2-year-old New York boy who was killed when his father accidentally backed over him in his driveway.

"There is no more tragic accident than for a parent or caregiver to back out of a garage or driveway and kill or injure an undetected child playing behind the vehicle," said Transportation Secretary Ray LaHood. He said the changes would "help drivers see into those blind zones directly behind vehicles to make sure it is safe to back up."

Nearly 300 people are killed and 18,000 injured each year because of backovers, accord-

ing to data kept by the National Highway Traffic Safety Administration. Nearly half the deaths involve children under age 5 and the crashes also affect the elderly.

Many of the deaths involve busy parents juggling careers and children and toddlers who get behind a parked car, not realizing the inherent dangers. In about 70 percent of the cases, a family member is responsible for the death, said Janette Fennell, president of Kids and Cars, a Kansas-based safety group.

"You're talking about people who love their children more than anyone," Fennell said. "How do you go on if you've killed your own child or grandchild?"

Automakers have been adding video cameras and ob-

ject detection sensors to vehicles to help drivers when backing up or parking. But the backup cameras are still optional equipment on most vehicles and only about 20 percent of 2010 vehicles have the cameras onboard.

The proposal is expected to be completed next year after a public comment period. Under the plan, 10 percent of the vehicle fleet will need to meet the standards by the 2012 model year, followed by 40 percent in 2013 and all new vehicles by 2014.

The rules will apply to all passenger cars, SUVs, pickup trucks, minivans and other vehicles weighing up to 10,000 pounds. DOT says rear-view cameras are an example of new technologies impacting traffic safety results.

## Dura Chairwoman Embraces Industry Challenges

By Gerald Scott  
Editor  
U.S. Auto Scene

Hurricane Lynn blew into town recently and she did not disappoint.

That would be Lynn Tilton, CEO and Principal, Patriarch Partners, a private equity firm that manages \$7 billion in assets and 74 companies – making Patriarch the largest such woman-owned business in the U.S.

Tilton is the dynamic businesswoman who is a lightning rod for media attention – blonde-haired billionaire and all of that – but what she has to say in person is actually thoughtful, provocative and maybe something the Detroit auto industry really does need to hear and digest.

Tilton's largest business is the 10,000-employee Dura Automotive Systems, headquartered in Rochester Hills, where she serves as chairwoman of that key supplier.

Her speech was given to an audience that included the Automotive Women's Alliance Foundation (AWAF) and Marketing & Sales Executives of Detroit (MSED) at the Somerset Inn in Detroit.

"As I said in Traverse City, it's very important for me to be in Detroit and coming into this (auto industry) resurrection," she said.

"I really did think the auto industry was going through tremendous turmoil and change, and we want to be part of that new partnership between OEM and supplier that we need to emerge for Detroit to be successful going forward.

"(Back in 2005), money was cheap and was almost instant and not real. The game went

on much longer and much further than I expected – which actually led to the death and destruction that came afterwards."

Tilton describes herself as a tireless advocate for rebuilding America's manufacturing base and is a passionate voice for sustaining small and middle-market enterprises (SMEs) and their employees' jobs here in the U.S.

"We were blessed enough to be able to acquire Dura back in January of this year, although we started looking at it in June (of 2009), really signed a deal in October but by the time it closed it was January (2010).

"Because people were so frightened of the automotive industry – investors and the press would call me and say, 'why would you touch automotive?' and I would say because I think people will still buy cars – it's usually about the product.

"In a different time, we probably would not have had the ability to buy a company that large – and one that was on its way to recovery. But because I have no fear and I always walk the path least travelled, that was a blessing.

"And having a company that sized now has really forced me into a different place in the industry... as well as to meet at the table with a lot of the important OEMs.

"But I think that the resurrection of Detroit and this industry is about the most important thing we can do right now in terms of rebuilding America."

That line drew much, much applause.

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PHOTO: GERALD SCOTT

Lynn Tilton, chairwoman of Dura Automotive, gave a speech about the Detroit auto industry's ongoing fortunes at an event in Troy recently. She is bullish on the auto industry, for sure.

incumbent on us to show that manufacturing is still alive and well in the United States.

"It's essential if we are going

to have an economy going forward and keep our people working in America. And so, no other place, will we show it more if we can prove that idle assets and idle people... can really change the face of America when we need it most."

Indeed, Tilton and Patriarch Partners have built the proverbial empire by taking "fire sale" companies and so-called spent assets and turning them into something modern, productive and viable all over again.

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question back in 2005 and if we didn't know better we'd say she kinda likes the place.

"For me, it is so important

that I'm part of this journey,

and part of this trajectory, of

moving Detroit and the auto-

industry forward.

"It's an honor to work along-

side all of you who have been

doing it for so long....

"I do know what cables and

shifters look like now – I can't

identify which one goes in

each car, but I've been told I'm

going to take a car apart and

put it back together soon."

Spoken like a true Detroit car gal, don't you think?

"Because as the leader of 74

companies and 120,000 peo-

ple, if I'm going to make the

decisions on these companies

each day, I better have that

understanding because re-

spect is not granted, it's

earned. I can demand, but in

the end, I must learn, so I can

lead," Tilton said.

## EVs Seen as Key to Gaining Energy Independence

Seven out of 10 Americans say that it is important to expand the use of electric vehicles (EVs) as a way to reduce dependence on foreign oil, according to results from the latest Market Strategies International E2 (Energy + Environment) Study.

Concerns about range and/or battery life were the most frequently mentioned potential roadblocks to the success of EV adoption according to 28 percent of the survey respondents.

However, while 70 percent agree that it is important to expand the use of EVs but don't necessarily see themselves driving one in the immediate future. The reason may be "range anxiety."

"Range anxiety is the concern about a vehicle's range or battery life, i.e., how far and for how long it can travel on an initial charge."

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"Clearly, the automotive industry has to remove 'range anxiety' from the equation before it can expect wide acceptance of EV technology," said Lloyd.

The respondents cited several other roadblocks to be overcome before EVs could be successful, including the availability of recharging stations and a recharging infrastructure to support that.

The latest version represents the ninth wave of the long-term survey. For this most recent version, a total of 1,168 interviews were completed Oct. 14 - 25 with consumers nationwide.

The respondents were recruited to reflect key characteristics of the U.S. population. The data have been

weighted to bring the results into statistical alignment.

Market Strategies International is a market research and consulting firm specializing in communications, energy, financial services, health care and technology.

Its expertise includes customer experience manage-

ment, product development and optimization, segmentation, messaging and communications testing and brand development and positioning.

Founded in 1989, Market Strategies is the 17th largest research firm in the U.S., according to the "Honolulu Top 50" published in the June,

2010 issue of Marketing News.

The survey seems to confirm that the auto industry is still finding its way in the brave new world of EVs, plug-ins and hybrids, and it is measuring every aspect of customer feedback that it possibly can peruse and incorporate.

TI Automotive inaugurated its brand-new fuel tank