

AFG's DrivingSense™ Takes Indirect Lending 'From Zero to 50' in Record Time for Michigan Credit Union



STATE: Michigan

Headquartered in Auburn Hills, Mich., Cornerstone Community Financial is a member-owned, not-for-profit organization. Founded in 1951, CCF has branches in Auburn Hills, Center Line and Detroit, Mich., and Perrysburg, Ohio. Through a partnership with Credit Union Family Service Centers, CCF provides its members access to 24 additional branch locations in Michigan and more than 1,800 others nationwide. It offers its more than 15,000 members a variety of financial products and services, ranging from share certificates to VISA credit cards and from online banking to loan programs. Current assets are \$150 million.

THE OPPORTUNITY

Mary Pittenger already knew about DrivingSense™. The VP of Lending for CCF had signed on for the DrivingSense product earlier in the year, but the program had not been fully implemented to any meaningful extent by the summer of 2008 when everything began to change in the auto industry.

That's when the "Big 3" automaker announcements about lease program terminations began, along with record high gas prices and a volatile period on Wall Street that eventually gave way to economic recession.

Pittenger quickly saw a critical need to provide CCF members with financing options that offered relief from Michigan's depressed and uncertain auto industry-based economy.

THE SOLUTION

It was around this time that she received a call from Auto Financial Group's DrivingSense VP & Director Peggy McCaslin, urging Pittenger to take advantage of this prime market opportunity by expanding the DrivingSense product offering into CCF's indirect lending program.

"We have never seen a better time for the Driving Sense product since the inception of AFG's business in 1999," says Auto Financial Group President Richard Epley. "It is a product that provides dealerships with a valuable financing option to keep customers coming in, credit union members with lower payments, and credit unions with a higher yielding loan - a combination of features that is simply unmatched in the current marketplace."

 The logo for Auto Financial Group is an orange oval containing the text 'AUTO Financial GROUP' in white. 'AUTO' is in a smaller font above 'Financial', which is in a larger, bold font, and 'GROUP' is in a smaller font below it.

AUTO
Financial
GROUP

In August of 2008, CCF began offering DrivingSense through the CCF indirect program with the first local dealership.

THE RESULTS

During the months of August and September 2008, CCF literally went from 'zero to 50' in just 8 weeks, by closing 52 new vehicle loans on the DrivingSense program to the tune of some \$1.1M.

Soon other dealerships in the area got wind of the success that the dealerships already scheduled in CCF's DrivingSense implementation plans were having, and they began to flood CCF with requests to be added as indirect dealerships.

Due to the amount of loans CCF was already generating through their key dealerships, CCF decided to not take on any more dealers at least through the end of 2008. They were literally turning business away!

THE BOTTOM LINE

CCF generated 52 DrivingSense new vehicle loans in August and September of 2008 for a total of \$1,081,057 completely through one dealership.

In the 4th quarter of 2008, DrivingSense generated an additional 661 new vehicle loans through CCF's indirect lending program for a total of \$10,653,927.

The 4th quarter total plus August and September equaled a loan generation of \$11,734,984 -- that's 51.8% of CCF's year end new vehicle loan total of \$22,674,358 -- all of which was generated in the last five months of 2008!

Without DrivingSense, CCF's year end 2008 new vehicle auto loan total would have been \$10,939,374, a 13.1% decline (\$1,643,486) vs. 2007's year end new vehicle total of \$12,582,860. But by ramping up DrivingSense, CCF ended up with \$22,674,358 in new vehicle auto loans, an 80.2% growth over 2007.

2008 Total Indirect Loan Breakdown:

- 42% of the indirects are A+ or 730 and higher credit score
- 20% = A 680 –729
- 17% = B 640 – 679
- 21% in C or lower paper (these originated prior to implementing DrivingSense; CCF does not go below a B on the DrivingSense loans.)

Pittenger sums it up this way: "We are seeing excellent paper since we implemented this program, and I would feel safe saying that 92% of our paper on the DrivingSense product is A+."

RESULTS AT A GLANCE:

- \$11,734,984 in DrivingSense new vehicle loans in 5 months
- 2008 total new vehicle loans represents 80.2% increase over 2007
- 51.8% of total 2008 new vehicle loans came from DrivingSense
- 92% of the DrivingSense paper is A+

About Auto Financial Group, Inc. & DrivingSense™

Auto Financial Group, Inc. is a Houston-based company that provides Driving Sense™, an online residual based auto financing product for credit unions and other financial institutions. Auto Financial Group removes the financial risk to the credit union by guaranteeing the predetermined residual value of the vehicle through third party insurance, as well as handling the vehicle's disposition. For more information about getting Driving Sense or connecting with a credit union offering Driving Sense, call 713-812-3333 or toll free at 877-354-4AFG, or visit www.autofinancialgroup.com.

