



Journal Photos by Walt Unks

Veronica Benavides takes a picture of customers John and Julie Heitman (center in yellow and turquoise) and the staff of CUABS.

By Fran Daniel | Journal Reporter
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Auto manufacturers and franchise car dealerships have been offering zero-percent financing for years, but now a local credit union has its own program.

Truliant Federal Credit Union based in Winston-Salem started a zero-rate auto-loan program as an option for its members a year ago, directly competing with auto dealerships that provide zero financing.

The new program has generated 1,650 auto loans and about \$25 million, from May 1, 2007, to December 31, 2007.

Troy Martens, a vice president of consumer and real-estate lending for Truliant, said that the zero financing offered by auto dealerships are typically restrictive.

"Usually, to qualify for that zero-percent loan, you have to give up a rebate that the manufacturer would otherwise be willing to give you," Martens said. He also said that manufacturer and dealer programs tend to limit the type of cars that can be bought with zero-percent financing.

Truliant's zero-rate auto loan allows members to pay for all of their interest up front, basically buy down the rate of their auto loans. That lowers their monthly payment and finance costs, said Ryan Shell, a spokesman for Truliant.

Members can use the loan to buy a new or used car or refinance an existing loan on any make or model.

"People using the zero rate actually save around \$1,200 on average over the life of their loan," Shell said.

Jeff Hardin, a spokesman for the N.C. Credit Union League in Greensboro, said he does not know of a comparable program to Truliant's zero-rate auto loan.

Truliant has taken a "seed idea that came to us from the auto manufacturers and is reinventing it in more terms that are going to be friendly to more members," he said.

Paul Taylor, the chief economist for the National Automobile Dealers Association in McLean, Va., said that zero-percent financing for a wide range of vehicles first appeared from the financing arms of auto manufacturers and dealers in the weeks after the Sept. 11, 2001, terrorist attacks.

"Zero-percent financing was very effective in bringing customers into new-car dealerships at a critical time for the health of the U.S. economy," Taylor said. "And zero interest is always more attractive to consumers than any positive interest rate."

But, he said, financing in the 0.9 percent to 5.9 percent range has also been popular when it represents a rate lower than the financing rates that customers are facing.

Large cash rebates have also been popular with consumers facing difficulty in finding an adequate down payment on new vehicles that they want to buy, he said.

In addition to Truliant's zero-rate auto loan, the credit union has another program aimed at providing members savings on cars -- the Credit Union Auto Buying Service, or CUABS.

Truliant owns CUABS but the free service is used by several credit unions, including Allegacy Federal Credit Union, Winston-Salem Credit Union and Summit Credit Union.

More than 25,000 vehicles have been sold through this service since its inception in 1993.

In 2007 and 2006, CUABS had about 2,000 sales a year. The service had record sales of 139 used cars in April.

CUABS has a used-auto center at 1320 Old Salisbury Road off Trade Mart Boulevard. The service also works with a dealer network to try to find cars not on its lot.

There are no commissioned salesmen at the car lot.

"It's a very laid-back environment," Shell said. "You, as a consumer, can go out to the lot. There's going to be an attendant there, but their only purpose is to show you the car."

If people decide to buy a car or have questions, they can get on the phone at the center and talk to a CUABS auto adviser.

People do not have to be a member of Truliant to buy a car through CUABS, but they must be a member-owner of Truliant to finance vehicles through the credit union. A \$5 deposit in a savings account will secure a lifetime membership.

Steve Joiner, the president of Truliances LLC, a subsidiary of Truliant, said that the lot is a retail center, but the bulk of the auto-buying service's business does not happen there.

"It starts with the Internet," Joiner said. "It starts with our call center, and it starts with our people talking to members on the phone."

Shell said that 90 percent of the vehicles sold through CUABS are sold over the phone and online. Members can pick up automobiles at the lot, but the majority of them have them delivered to their homes and offices, often without setting eyes on them.

Auto advisers will send perspective buyers as many different photos of cars as they want.

The lot typically has an inventory of 90 to 100 vehicles, but currently has 120 to 125.

"We turn our inventory in less than a month," Joiner said.

John Heitman Jr. and his wife, Julie, members of Truliant since 1989, have had cars financed through the credit union in the past but recently used CUABS for the first time when they bought a 2006 Volvo XC90 sports utility vehicle.

"I will never use any other service but this," said Heitman, the owner of Heitman Home Inspections in Winston-Salem. "It's very easy. You come by, you look around, you see a car you like, you talk to them about it and you get to drive it. You make a decision whether you like it or not and then you go about your business."

When the couple found the vehicle they wanted, they negotiated over the phone before coming out last week to sign papers and pick up their SUV.

The Heitmans also decided to use a zero-rate auto loan instead of a traditional auto loan through Truliant.

"I've got more equity, and I'm paying less in the long run," John Heitman said.

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Reader Comments

Posted by (JEC) on May 13, 2008 at 8:15 a.m. ([Suggest removal](#))

I purchased a vehicle from CUABS just a month ago and I was so pleased and impressed by the "no hassle" atmosphere, the accessibility to different vehicles and the ability to search online made it a breeze. I cannot say enough about the people that work on the lot and those at the Credit Union. My representative was the best. I have already sent my Uncle over and he purchased a vehicle the same day he went to look. I will use them again and again.

John Cox