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Loan Zone: Get in the Groove

Credit unions on Long Island, N.Y., work together with GrooveCar to boost indirect volumes and cross-selling.

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Contributed by GrooveCar

April 7, 2006

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At the very heart of the credit union movement is the spirit of service and cooperation. Credit unions have always strived to provide superior service to their members and to work with each other in a totally cooperative manner.

A perfect example of this cooperation can be found in Long Island, New York where a group of credit unions have forged a unique partnership to help the residents of the island get the best deals and rates on new and used cars. The facilitator for this joint venture is a company called [GrooveCar](#).

Entirely credit union-focused, GrooveCar is a complete automotive resource and buying service, portal, and automated indirect lending system. Assisting metro area credit unions since 2000, the company is now poised to go beyond with its automated, state-of-the-art loan processing system.

\$200 million People's Alliance Federal Credit Union, Hauppauge, is reaping the benefits of their relationship with GrooveCar.

Joanne Steigerwald, People's Alliance FCU's VP/operations, has been with the credit union for over 20 years and oversees its lending department. "No individual credit union on Long Island could provide enough benefit to gain the focused cooperation needed from car dealers," she says. "GrooveCar served as a liaison between the dealers and the credit unions and really got everyone working together."

David Jacobson, GrooveCar's president who has deep connections to the automotive industry, met with the CEOs of many Long Island credit unions—who range in size from \$20 million to over \$2 billion in assets—and convinced them that his company could forge a successful relationship between them and the dealers in the New York/New Jersey area. According to Steigerwald, he has done just that: "GrooveCar is a great thing—it has really benefited everyone."

Anyone who has ever purchased a car knows just how stressful it can be. GrooveCar's goal is to remove the stress and make it as easy as possible for a credit union member to find and finance a new or used car. From A to Z, GrooveCar guides members calling in or using the Web through the car buying maze of options: side-by-side comparisons, dealer invoices, manufacturer suggested retail prices, rebates, incentives, book values, warranties, insurance and, of course, great credit union financing rates.

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"GrooveCar does the shopping for our members and gets them the best price, plus they make sure that they get fair pricing on extended warranties," explains Steigerwald. "All of the feedback that we have received from our members about their GrooveCar experience has been positive. GrooveCar has even gone out to the dealer with members to resolve any issues they may encounter!"

While credit union members in Long Island are enjoying the GrooveCar service, the credit unions are equally ecstatic. For example, People's Alliance FCU has seen a significant ramp up in loan applications and a side benefit: new member growth.

New member growth has been so rapid and the new members so pleased with working with the credit union on their car loans, that People's Alliance FCU has had to create a new department to handle the member growth generated by their GrooveCar relationship. This department—three loan officers and a supervisor—works with the new members to get them set up with many of the other financial products that the credit union handles. People's Alliance FCU has processed 1850 applications in the first 75 days of 2006 (current rate = 9,000 for 2006).

How is it decided which loans go to which credit unions? The applications of current members of participating credit unions are submitted to their own credit union. Applications from non-members are sent to a credit unions based on membership eligibility and rate.

In action, both dealers and loan officers simply log in to the secure [GrooveCar Web site](#) to access the system. Each credit union sets criteria according to their risk preferences—anything that meets their guidelines is approved on the spot for the dealer in just a few seconds. If the member or potential member does not receive instant approval, a loan officer at the credit union receives an alert and begins working on the application to see if they can close the deal. Their turnaround time on this process has been drastically reduced to under 15 minutes from almost an hour.

Steigerwald describes GrooveCar's AppTrac as "an unbelievably powerful and easy to use system—it automatically checks the credit bureau, OFAC (Office of Foreign Asset Control), and flags any problems with the application."

GrooveCar not only guides the member through the car buying process and maintains the indirect lending infrastructure for the credit unions, but also works with an ever-growing dealer network, providing education about the benefits of working with credit unions.

With years of hands-on experience working for and with auto dealers, GrooveCar has developed a comprehensive dealer-training program and regularly visits dealers to answer questions and make sure they understand the benefits of working with GrooveCar's credit unions as well as other major lenders and captive finance companies. GrooveCar also offers a "BlastFax" service that keeps the dealers up to speed on the latest interest rate updates at the credit unions and any changes in the credit unions' fields of membership.

As far as day-to-day technical support goes, Steigerwald is pleased to report, "we have really good communications with GrooveCar. They are extremely responsive to our e-mails and phone calls, and their staff is well trained and knowledgeable. I really can't say enough good things about GrooveCar - it has been a great relationship."