

Auto buying system revs up

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The double whammy that has hit the new vehicle market last year was, first, a decline in people trying to buy a car and, second, a decline in people *able* to buy a car by qualifying for a loan.

Burned by defaulted mortgages and late payments by recession-wracked credit card holders, major national lenders, including those like GMAC affiliated with automakers, tightened their purse strings, demanding higher credit scores and higher down payments. Some of them stopped leasing cars.

David Jacobson says those trends have diverted a good deal of business to local credit unions such as Teachers Federal and, in turn, to his business, Hauppauge-based GrooveCar Inc.

Formed in 2000, GrooveCar links 1.2 million members of 26 credit unions on Long Island and Queens with dealers who pay to be part of his network — about 90 percent of Long Island's new auto retailers, he said.



David Jacobson is founder of Hauppauge-based GrooveCar Inc., which assists potential car buyers.

Consumers who don't belong to a credit union can use the GrooveCar system, too; the company will help them join one.

"We're getting a much larger piece of a smaller pie," said Jacobson, who is founder, president and chief executive of the privately held GrooveCar.

On its Web site and at its tele-

phone call center, GrooveCar provides consumers with car buying advice, including loan information, then directs them to a GrooveCar network dealership.

Once the consumer has chosen a vehicle at the dealership, the dealer, in turn submits the loan application to a credit union through the GrooveCar system.

Although the credit union determines the consumer's eligibility and provides the funding, GrooveCar has designed the loan — whether it's a lease or a conventional or balloon loan, the last with lower monthly payments and a lump sum at the end.

Jacobson thinks the so-called "credit crunch" will get worse for consumers before it gets better as more Americans fall behind on credit card payments. "It's not easing up," he said.

He says another company in which he is a co-owner plans late this month or next to open a 40,000-square-foot center south of the Long Island Expressway in Islandia to process returned cars that GrooveCar leased and resell them to dealers.