

Structured Finance Servicer Evaluation

Consumer Finance –
Automobile Loan and Lease
Servicer

USA

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World Omni Financial Corp./Center One Financial Services

Opinion

RANKINGS

Consumer Finance – Automobile Loan
and Lease Servicer: **STRONG**

The STRONG ranking is affirmed on World Omni Financial Corp./CenterOne Financial Services Ltd. (WO/CO), a wholly owned subsidiary of JM Family Enterprises Inc., located in Deerfield Beach, Fla., as a consumer finance–automobile loan and lease servicer.

The affirmation of the ranking is based on WO/CO's highly experienced management team, strong internal controls and risk management environment, high level of automation, thorough policies and procedures, excellent training regimen, demonstrated default and asset management expertise, and successful execution of strategic business initiatives. In addition, WO/CO provided metrics through Standard & Poor's Servicer Evaluation Analytical Methodology (SEAM) questionnaire. The company's telephony statistics compare favorably to industry standards, and delinquency statistics align with closed-end automobile loan statistics reported by the American Bankers Association's (ABA) Consumer Credit Delinquency Fourth Quarter 2007 Bulletin.

WO/CO continues to enhance its servicing operations through a number of initiatives that include telephony upgrades, reengineering workflows and processes, Web site enhancements, and customer experience enrichments. WO/CO maintains a myriad of managerial reports to monitor its servicing operations, and the company continues to search for alternatives to strengthen its controls. WO/CO's strategic business initiatives, experienced management team, solid level of automation, default and asset management expertise, and persistent improvement in its operating efficiencies through investments in technology enable the company to effectively minimize portfolio risk and maintain sound internal controls and servicing practices.

OUTLOOK STABLE

The outlook is stable. Management is committed to continuously improving the company's performance and profits by effectively managing its automobile loan and lease portfolio. Capitalizing on management experience, dynamic level of automation, and sound internal controls enables WO/CO to execute its servicing strategy. The company also leverages its servicing capacity by providing third-party servicing of automobile loans and leases. WO/CO expects its servicing volume to grow, including its third-party servicing business. Standard & Poor's believes that WO/CO will continue to be a highly competent automobile loan and lease servicer.

Chart 1

Automobile Portfolio Unpaid Principal Balance (UPB) And Units Loans and Leases

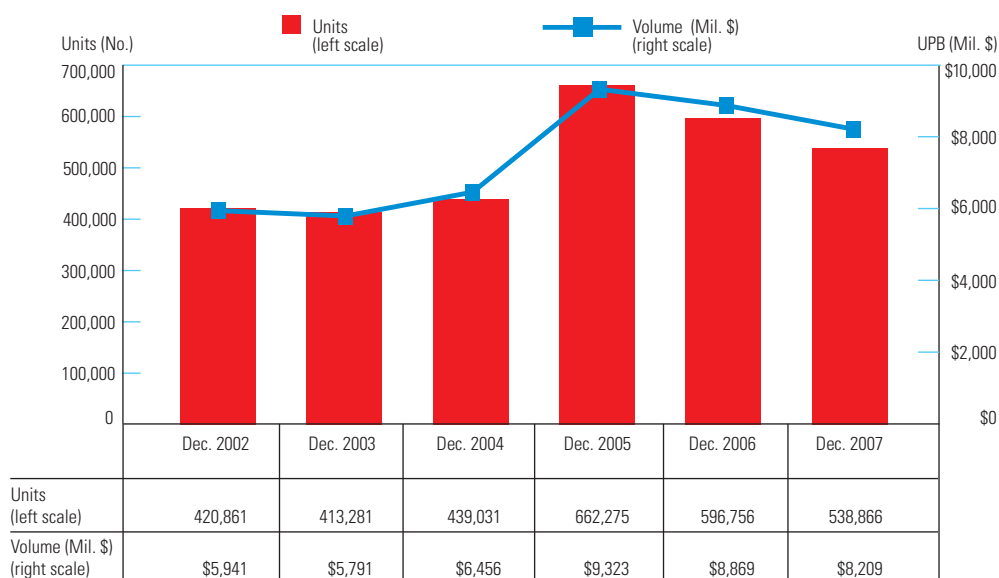


Table 1 Delinquency Statistics Second-Half 2007*

| Dec. 2007 | 30 Days | 60 Days | 90+ Days | Total delinquency [†] | Bankruptcy | Charge-off | Repo (#) |
|---------------|---------|---------|----------|--------------------------------|------------|------------|----------|
| Loans | 1.81 | 0.47 | 0.16 | 2.44 | 1.52 | 0.26 | 991 |
| Leases | 0.78 | 0.12 | 0.03 | 0.93 | 0.50 | 0.10 | 141 |

*All numbers are a percent unless otherwise noted. † Percent of loans.

Profile

JM Family Enterprises Inc. (JMFE), the parent of World Omni Financial Corp. (WOFC) and CenterOne Financial Services LLC, a division of WOFC, is a \$12.2 billion automotive company headquartered in Deerfield Beach, Fla. JMFE was founded in 1968 by Jim Moran and has grown from a core distribution business into a diversified automotive enterprise whose principal business focus is on vehicle distribution and processing, finance and third-party services, and insurance activities.

WOFC was founded in 1981 as the first import brand captive finance company. It is a diversified automotive finance company providing a broad range of financial services to consumers, dealers, and lenders. WOFC provides indirect

consumer retail and lease financing, commercial real estate, and floor plan finance programs.

CenterOne Financial Services LLC, a division of WOFC, was established in March 2000 to provide third-party servicing for motor vehicle sales, finance and lease contracts, and other titled assets. Leveraging its technology, staff, and intellectual properties, CenterOne develops customized servicing solutions with its clients. In addition, agreed upon servicing strategies, key performance indicators, and guidelines are established. Periodic data downloads and a host of managerial reports are produced and provided to each client, which enables a client to understand and appreciate its portfolio servicing behavior.

Management And Organization

RANKING STRONG

The ranking for management and organization is affirmed at STRONG.

Management and staff recruitment, development and training

WO/CO has a highly seasoned management team, comprehensive and well-written policies and procedures (P&P), solid training programs, and a sound level of automation. The company maintains a tenured senior management team that contributes to a stable loan servicing environment. The management team maintains the following attributes:

- Senior managers average 32 years of industry experience, including 15 years tenure with the company;
- Middle managers average 14 years of industry experience, including nine years tenure with the company; and
- The turnover of servicing staff and management is acceptable.

An experienced, 23-year automotive industry veteran leads CenterOne's associate development and quality assurance (QA) group. Dedicated education and development personnel facilitate and guide the training and education programs. In addition, department trainers provide specific and specialized training according to department needs. Curricula are well-structured and designed, and are provided to both new employees and existing staff. New employees are required to attend orientation classes that include the company's code of ethics, policies and procedures, motor vehicle records and policy, and job-related training, all of which total approximately 100 hours of program time. Since Standard & Poor's last review, CenterOne has enhanced its QA and education platforms that include: a standardized call monitoring scorecard for training and coaching purposes, comparable consistent metrics and measuring tools for both servicing centers, and computer-based training (CBT) programs for collection representatives. Other aspects of the training environment include:

- A centralized training department;
- A new hire orientation program that includes 30 hours of introductory training;

- New hires for call center work in customer service and collections receive 92 and 160 hours, respectively, of classroom training that includes Fair Debt Collection Practices Act (FDCPA), systems orientation, regulatory guidelines, compliance, and on-the-job (OTJ) training;
- 360-degree management team reviews have a positive effect to strengthen managers' administrative capabilities;
- Task-specific activities that are unique to a particular position, including soft-skill enhancement for effective communication with customers and use of various tools and equipment;
- Close monitoring of on-the-job performance (OTJ) with immediate feedback;
- Leadership development to further strengthen managers' skills and ultimately the WO/CO management team;
- JMFe-university provides a variety of educational programs for employees at all levels;
- Industry and job-related conferences and seminars for managers and supervisors; and
- Electronic tracking for all education and training.

Internal controls

WO/CO demonstrates sound controls in developing, drafting, and disseminating its loan and lease servicing P&P. Since our last review, the company hired a compliance manager who is responsible for the integrity, updates, and coordinated review process of the servicing P&P. Electronic workflow technologies deliver and enforce the servicing policies and procedures followed for each portfolio serviced. The company has effective methodologies in place for reviewing and updating its P&P, including:

- P&P manuals are concise and well-written with appropriate exhibits and template forms;
- Policies are available online through the company's intranet and are updated to align with operational, regulatory, third-party, and/or investor changes;
- Electronic bulletins communicate policy and procedure updates, and staff meetings ensure consistency in the performance of servicing tasks; and
- There is regular review of P&P, with changes

approved through an authority level matrix, the compliance department, and the legal department when necessary.

WO/CO maintains effective audit and quality programs, which provide applicable controls to safeguard the company and its investors against risk of loss due to noncompliance with company, investor, and/or regulatory guidelines. Auditors are taught to have an understanding of the servicing goals, objectives, and processes. Audit findings are discussed with management, thereby allowing management to implement corrective action before the conclusion of the audit or to prepare a management response. Internal audits reviewed were deemed acceptable. The audit methodology encompasses:

- Annual audits of key servicing departments;
- Assignment of a risk rating to each area, which can change based on previous audit results;
- Findings are rated as “insignificant issues” or “significant issues.” Insignificant issues can be resolved verbally while significant issues are presented to executive management in the form of a written audit report;
- Audits reflect findings with directed recommendation(s) and management response(s); and
- Tracking and reporting of outstanding findings until resolution.

A review of completed audit reports performed in 2006 and 2007 did not reveal any significant findings, and management addressed identified issues in a reasonable period of time. An independent CPA firm (Firm) examined WO/CO management’s assertion that it complied with the servicing criteria set forth in item 1122(d) of the Securities and Exchange Commission’s Regulation AB for all asset-backed securities transactions of automobile and light truck retail installment sale contracts sponsored by WO/CO for 2007. The Firm’s opinion is that WO/CO’s assertion is fairly stated.

The company continues to ensure the quality of its servicing staff through monthly employee reviews. The reviews examine experience levels, acceptable error rates, and fundamental servicing expectations. Immediate feedback is provided to each employee, relative to the

review results, along with suggestions for improvement. This proactive approach fosters a positive environment to enable WO/CO to earn solid service levels.

Management has represented that pending legal matters are not likely to be material.

Technology

WO/CO operates in a highly automated environment with effective use of a combination of vendor and proprietary systems. Proprietary and purchased software applications allow for quick management of borrower inquiries, collection communication, and payment initiatives, as well as a host of control reports and data monitoring management alarms to ensure continual business operations and recovery. JMFE’s shared services company, JM Service Center LLC (JMSC), provides the information systems and technology to support servicing activities. The data center is in Deerfield Beach, Fla., and the mainframe and related mainframe operations are outsourced to IBM. IBM is responsible for the daily operations of the mainframe, system software support and maintenance, library functions, backup and off-site storage of production files, and disaster recovery. WO/CO has client server environments in its Mobile, Ala., Alpharetta, Ga., and Earth City, Mo., facilities for production work and servicing environments. The company is committed to continuous process improvement and to enhancing its technology and servicing applications. Systems architecture includes the following:

- Loan and lease servicing records are housed on Advanced Consumer Loan System (ACLS) and LeMans Lease Master II System (LeMans), respectively;
- A new loan origination system, FiServ, was installed in second-quarter 2007, with the Monetrics decision engine. The system allows for increased marketing flexibility, risk based pricing, and other control/risk management tools;
- Mail tracking “Planet Code” is applied to each billing statement turnaround coupon. This code is electronically captured through the postal system when the payment is placed in the mail. A broadcast from the planet code host system to ACLS and LeMans enables WO/CO to update its collection

- calling campaigns;
- The STRATA® Enterprise (CGI-AMS product) applications interface with ACLS and LeMans, providing a host of behavior models that are used to assign and manage effective collection strategies;
- Predictive autodialer technology coordinates and performs various calling campaigns;
- An automated call distribution system (ACD) is employed and managed through the call management system (CMS) that, in conjunction with the voice response unit (VRU), routes incoming customer inquiries to specific customer service representatives predicated upon their skill sets;
- The Consumer Account Collections System (CACS-AMS Product) is used in conjunction with STRATA as the primary full-service and stand alone collections system;
- Recovery management systems include the Adjuster and recently installed Latitude for collection of deficiency balance accounts;
- System backup tapes are produced daily, monthly, and annually and are stored at an off-site archival facility. Tapes are not yet encrypted, but there is an initiative underway for disk-to-disk replication in place of off-site backup tapes;
- A 24-hour help desk provides system support to the company's users;
- The system network team administers security software to monitor traffic, accept or reject access requests, and log daily activity; and
- Systems architecture and capacity are sufficient to support projected business growth.

In addition, system architecture employs a number of proprietary systems, which include the following:

- Asset-back securitization (ABS) system that provides customized investor reporting on securitized portfolios;
- Dealer rate information system (DRIS) is a repository that includes the dealer reserve statement system (DRSS), which is a subsystem used to perform dealer reserve accounting;
- Monetary posting system (MPS) processes monetary and nonmonetary transactions;
- Asset management and telemarketing system (AMTS) is used to facilitate contact with

customers nearing the end of their lease to discuss their options;

- Vehicle prospector (VP) system facilitates contact with lease customers, tracks returned vehicles, and monitors collection of end of lease receivables;
- Dealer sales management (DSM) system stores vehicle grounding information and market off lease inventory;
- Vehicle remarketing management system (VRMS) maintains statistical marketing and historical data for vehicle inventory; and
- Electronic workflow (EWF) and imaged customer account documents are available online through FileNet®. WO/CO has converted to FileNet since our last review.

WO/CO's disaster recovery and business continuity (DRBC) plan is developed with direct input from WOFC, JMFC, and the audit and consulting group to ensure that any business disruption is minimized. A dedicated plan administrator and assigned alternates provide guidance on the plan administration. The plan is tested annually. Since Standard & Poor's last review, a secured backup data center was established in Georgia. Attributes of the plan include the following:

- Contractual agreements with IBM provide hot site computer processing to the mainframe, mid-range, and client server environments;
- At a minimum, annual testing of the DRBC plan is performed and validation of the test is administered by the company's audit and consulting group;
- Earth City, Mo., and Mobile, Ala., locations serve as operational backup sites;
- Formal testing results are presented to senior management;
- There is a three-tiered, business-unit functional criticality prioritization aligned to severity and days;
- A vital operations team (VOT), consisting of management within WOFC and JMFE, makes tactical and strategic decisions in the event of an emergency;
- The command center coordinates recovery efforts and is established by the management team;

World Omni Financial Corp./Center One Financial Services

- An alternate service team reviews established time frames/work schedules upon their arrival at an alternative site;
- A support team coordinates and monitors all immediate response and recovery activities; and
- Identified employees, called the “Fly/Bus Out Team,” have volunteered to relocate to support the company’s DR/BC plan.

**Consumer Finance –
Automobile Loan And
Lease Administration**

RANKING STRONG
The ranking of STRONG is affirmed for consumer finance-automobile loan and lease administration.

WO/CO automobile loan and lease servicing operations consists of approximately 640 employees located primarily in Earth City, Mo., and Mobile, Ala. As of Dec. 31, 2007, the combined loan and lease portfolios were approaching 540,000 accounts with an unpaid

principal balance (UPB) exceeding \$8.2 billion. The geographic diversity of its owned portfolio continues to be compacted in the southeastern states with the heaviest concentrations in Florida and Georgia. The high concentration of loans in Florida, North Carolina, and Georgia is due to the business operations of WO/CO’s parent, JMFE, which includes the Southeast Toyota distributorship, headquartered in Deerfield Beach, Fla.

Chart 2

Owned Portfolio Geographic Distribution

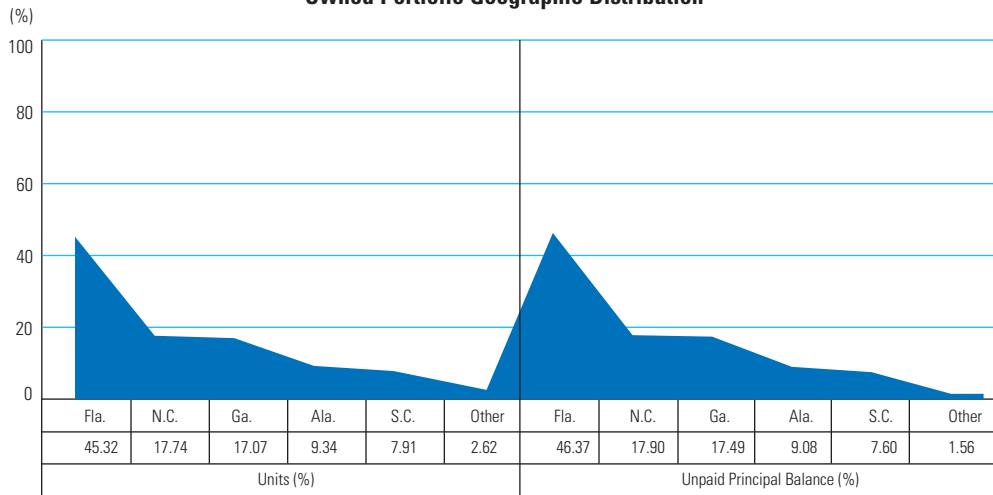
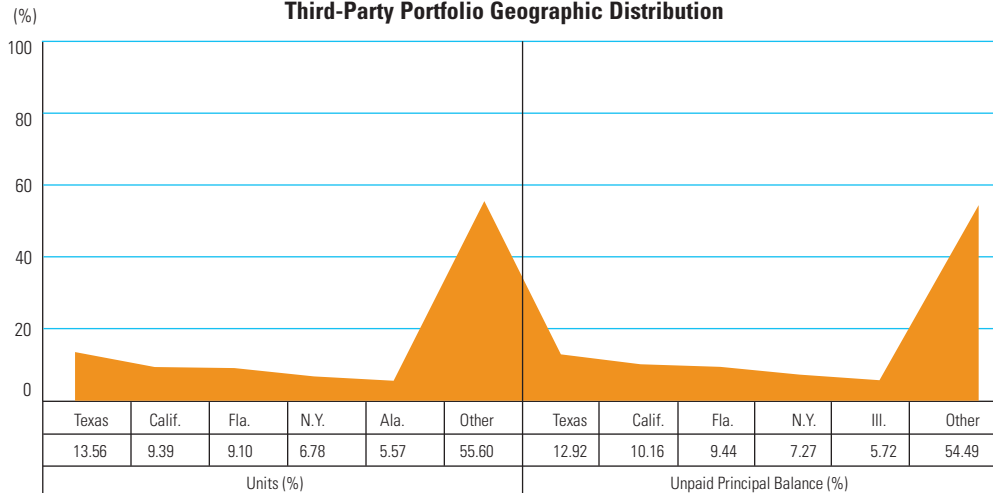


Chart 3

Third-Party Portfolio Geographic Distribution



New loan boarding and title filing

New loans are electronically boarded and there is 100% documentation-to-system validation. Electronic data transfer is an excellent way of expediting the boarding process and reducing errors associated with manual input. Since Standard & Poor's last review, electronic title filing has commenced with authorized states for the WO/CO servicing portfolio and in accordance with third-party guidelines.

Cash management and investor accounting

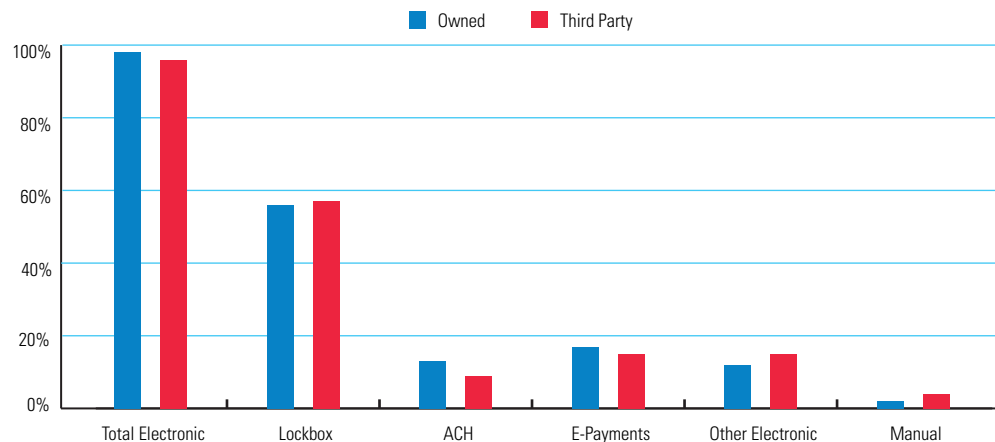
WO/CO has an effective cash management operation, exhibiting good internal controls to minimize risk of loss from human error or fraud. Customized monthly billing statements are produced and mailed to customers and, at the request of a third-party client, WO/CO will provide customized payment coupon books. Since our last review, "Check 21" has been initialized, accelerating payment

clearing. Other attributes within payment services include the following:

- Check images are viewable via the lockbox vendor's Internet Web site;
- An excellent electronic payment performance of over 96%, representing both owned and third-party portfolios;
- An excellent lockbox capture rate of 99%;
- Payment process is secured and unidentified payment-checks do not leave the processing area;
- Postdated payment-checks are forwarded to the accounting department, which returns them to the customers if postdated more than one day;
- Desk inspections are performed to ensure exception payments are processed timely;
- Nightly sweep of funds from the payment-clearing account to custodial accounts; and
- The payment-clearing account is balanced daily.

Chart 4

Payment Sources



WO/CO displays ample controls to protect investors from risk of loss resulting from fraud or human error. Investor reporting, remitting, and account-reconciling functions are performed at WO/CO for owned and third-party portfolios. The ABS reporting department reviews and distributes

investor reporting. There is good oversight over the entire reporting, remitting, and reconciliation functions with highlighted controls as follows:

- Proper segregation of duties between personnel handling, remitting, reporting, and reconciliation functions;

- Funds are wired daily from the payment-clearing accounts to the appropriate custodial accounts;
- Dual level authorization is required for wire and ACH transfers;
- Data gathering is fully automated with no manual data manipulation, thereby maximizing the integrity of information reported to investors;
- Management reviews all reports, reconciliations, and remittances to ensure accuracy of the data;
- A 100% electronic reporting and remittance permits timely, accurate, and responsive delivery to investors;
- Securitization data is available through web portal access for investors; and
- There were aged items greater than 60 days old at Dec. 31, 2007, and WO/CO is fully cognizant of effective reconciliation oversight and resolution, and continues to strive to reduce aged items to less than 60 days. The approximate net average dollar amount greater than 60 days was \$300.

Customer relations

WO/CO performs customer service duties in a well-automated environment with a highly trained staff. An ACD and VRU are used to route call traffic and offer a menu of automated information options. Since our last review, WO/CO has centralized its customer service call center operations into Earth City, Mo., installed call recording technology (not all calls are recorded), reduced turnover to 4% (in the six months of 2007), and improved its average-speed-to-answer (ASA) and abandonment rates. WO/CO does not track “first call resolution rate,” which is the rate at which the customer’s needs are properly addressed within the first call. The company is encouraged to consider tracking this rate, which may assist in leading to further enhancement of the customer service experience. WO/CO provides sound customer service as evidenced by the following:

- A bilingual staff available Monday through Friday from 7 a.m. to 7 p.m. Central Time or in accordance with third-

party client guidelines;

- The company’s VRU is bilingual and available 24/7;
- The blended VRU capture rate is approximately 30%;
- A Web site is available for WO/CO customers to retrieve specific information, make payments, and correspond with customer service;
- Sixty-six percent of loan and lease customers are registered Web site users and the respective usage rate is 19%;
- The ASA and abandonment rates are acceptable, and WO/CO is encouraged to continue its positive efforts to lower these important statistics toward 30 seconds and less than 5%, respectively.
- A call volume trending analysis model assists with capacity planning;
- Imaged documents are accessible on desktops;
- Silent call monitoring per representative is performed, and management intends to increase its monitoring between nine and 12 calls per representative monthly;
- There is a dedicated customer service correspondence unit; and
- All customer correspondence is tracked and monitored to ensure that responses are timely and adhere to regulatory compliance guidelines.

Default management

WO/CO takes a bifurcated approach in the administration of its collection activities. To assist in its collection efforts, the company employs an offshore servicer to perform early stage collection/reminder calls to low-risk borrowers. For third-party clients, accounts are assigned between eight days and 23 days past due and its own portfolio accounts are assigned between eight and 44 days past due. This methodology enables the company to focus its collection efforts on higher-risk customers and provide the contractual level of service to its third-party clients. Turnover with the offshore service provider, although high, is less than previously reported. WO/CO fully recognizes that the vendor’s high turnover is not acceptable

and continues to work with the vendor to reduce/stabilize turnover. Despite the high turnover rate, WO/CO has reported the vendor is meeting its service level agreements. WO/CO maintains thorough procedure manuals, highly effective technology, an educated collection staff, and payment behavior models, which are key factors for collection performance.

| Table 2 Domestic And Offshore Default Management | | |
|---|-----------------|-----------------|
| | Domestic | Offshore |
| Full-time | 173 | 31 |
| Part-time | 9 | 17 |
| Temp-to-perm | 0 | 0 |
| Average collector experience | 8 years | 2 years |
| Collector turnover (annualized) | 20.0% | 65.4% |
| Average manager experience | 21 years | N.A. |
| Average manager tenure | 12 years | N.A. |
| Average supervisor experience | 13 years | N.A. |
| Average supervisor tenure | 10 years | N.A. |

N.A.--Not available.

WO/CO uses its proprietary behavior-scoring model to form its call distribution allocation of low- and higher-risk customers. Domestically, collection representatives are split between Earth City, Mo., and Mobile, Ala. These mirrored facilities provide a well-situated backup should execution of the company's disaster plan be initiated.

New collection representatives receive 160 hours of education and training that is split between classroom instructions and supervised OTJ training. Collector education includes FDCPA, systems, compliance, and other regulatory acts. To ensure new employee comprehension, weekly testing is administered. In addition to the aforementioned training, the company provides education on listening and negotiation skills, loss mitigation recognition, and ongoing training surrounding new client guidelines.

The domestic collection departments are divided into two groups, early stage collections one to 50 days past due (DPD) based upon strategy and risk groups, which primarily employs autodialer technology, and 51 and

greater DPD. The former group's initial collection contact, which will begin by the second to fifth DPD or in accordance with client guidelines, is based on customers' previous payment patterns, including other creditors in tandem with the customers' payment behavior and in accordance with state-specific requirements. The latter group, 51 DPD and greater, consists of three-person collector teams: exceptions collector, midrange collector, and senior collector. Customized behavior scoring is used to expedite account resolution by providing instruction such as the best-time-to-call, allocating the customer to a collector with an identified skill-set to assist in resolution and employing appropriate technology and tools to effectively manage resolution. Tiered financial incentives are based on collectors' certified tier status as silver, gold, or platinum. To attain a certified tier status, collectors must consistently meet WO/CO's established work objectives that are aligned to its ReACT2 incentive program. Standard & Poor's acknowledges that financial incentives are an industry-driven necessity and that they are administered to promote and encourage a positive workplace environment. WO/CO's collection efforts are well managed as evidenced by the following:

- Collection hours have been expanded. The Central Time hours are Monday through Thursday 7 a.m. to 10 p.m.; Friday 7 a.m. to 5 p.m.; Saturday 7 a.m. to 12 p.m.; and Sunday 3 p.m. to 7 p.m.;
- A blended call center environment has been established for efficient handling of inbound and outbound call volume;
- Collection call center ASA and abandonment statistics continue to be driven down. The ASA and abandon rates are excellent at less than 10 seconds and at 2%, respectively;
- Monthly, a minimum of 10 silently monitored collection calls are performed and immediate feedback is provided to the collection representative;
- Autodialer technology, along with payment behavior modeling, is used to coordinate calling campaigns and to manage

- productivity of delinquent accounts;
- Bilingual and multilingual collection representatives are available;
- Promise-to-pay success rate is commendable, approaching 75%;
- Accounts are segregated by delinquency stages, enabling experienced collectors to manage the more serious-staged delinquencies;
- Delinquency statistics align with closed-end automobile loan statistics reported by the ABA Consumer Credit Delinquency Fourth Quarter 2007 Bulletin;
- Skiptracing internally and by third-party vendors provides a reliable way to locate contact opportunities; and
- If communication with the borrower has been unsuccessful, contractors may be used to initiate contact.

Chart 5

Automobile Loan And Lease Portfolio (Units)

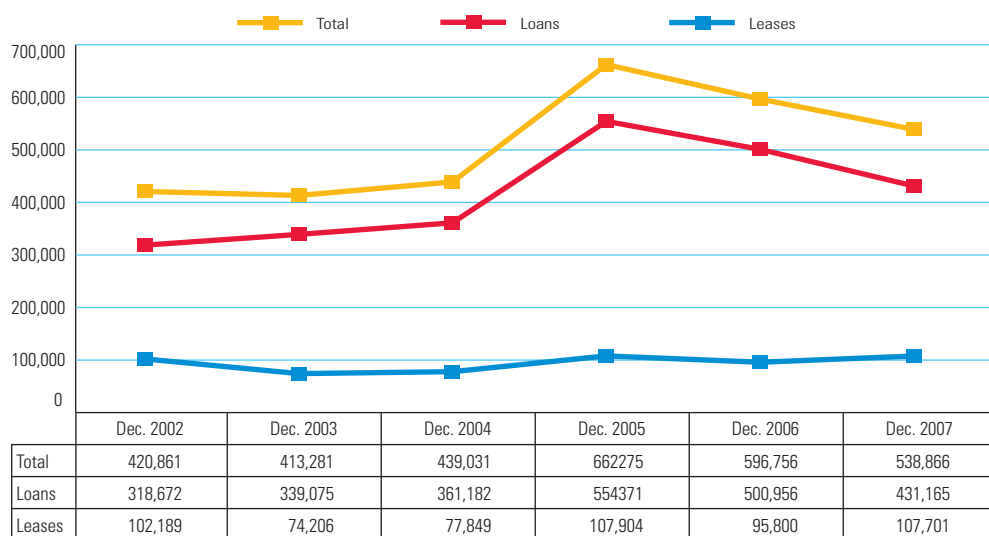


Table 3 Automobile Loans Statistics*

| | Dec. 2007 | Dec. 2006 | Dec. 2005 | Dec. 2004 | Dec. 2003 | Dec. 2002 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Units (#) | 431,165 | 500,956 | 554,371 | 361,182 | 339,075 | 318,672 |
| Volume (Mil. \$) | 6,022 | 7,051 | 7,376 | 4,989 | 4,447 | 4,079 |
| Total Delinquency (% of loans) | 2.44 | 2.34 | 2.39 | 1.44 | 1.36 | 1.67 |
| 30 Days | 1.81 | 1.77 | 1.87 | 1.20 | 1.10 | 1.35 |
| 60 Days | 0.47 | 0.42 | 0.40 | 0.20 | 0.21 | 0.26 |
| 90 + Days | 0.16 | 0.15 | 0.12 | 0.04 | 0.05 | 0.06 |
| Bankruptcy | 1.52 | 2.15 | 2.14 | 0.96 | 1.04 | 0.95 |
| Charge-off | 0.26 | 0.30 | 0.47 | 0.21 | 0.19 | 0.18 |
| Repossessions (#) | 991 | 1,115 | 1,945 | 545 | 487 | 511 |

*All numbers are a percent unless otherwise noted.

Chart 6

Automobile Loan Delinquency Statistics (Percent Of Loans)

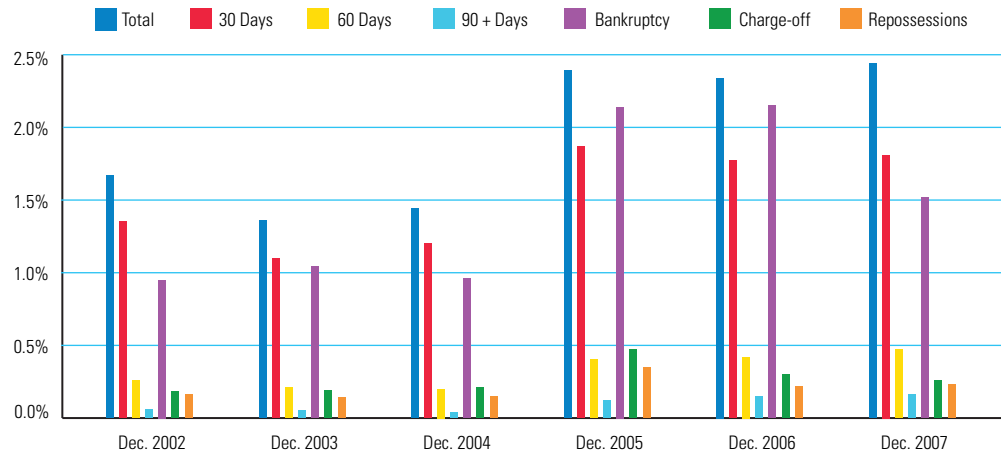


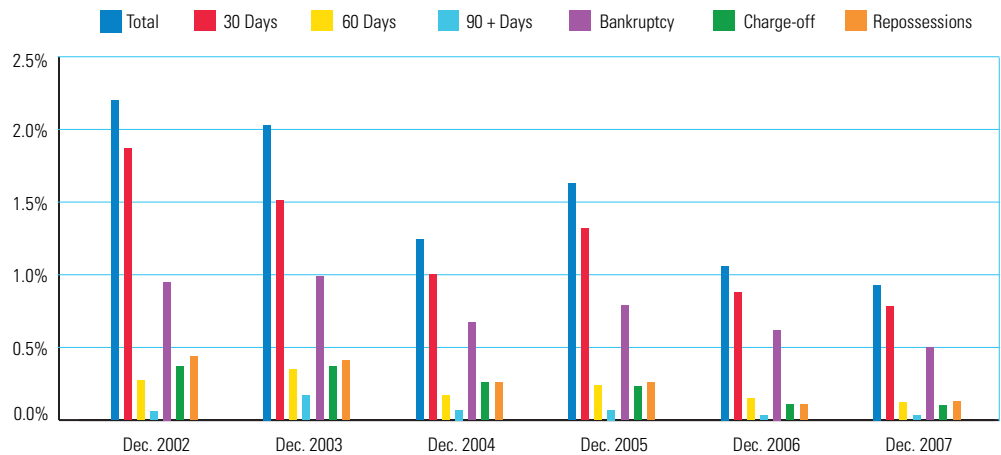
Table 4 Automobile Lease Statistics*

| | Dec. 2007 | Dec. 2006 | Dec. 2005 | Dec. 2004 | Dec. 2003 | Dec. 2002 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Units (#) | 107,701 | 95,800 | 107,904 | 77,849 | 74,206 | 102,189 |
| Volume (Mil. \$) | 2,187 | 1,818 | 1,947 | 1,467 | 1,344 | 1,862 |
| Total Delinquency (% of loans) | 0.93 | 1.06 | 1.63 | 1.24 | 2.03 | 2.20 |
| 30 Days | 0.78 | 0.88 | 1.32 | 1.00 | 1.51 | 1.87 |
| 60 Days | 0.12 | 0.15 | 0.24 | 0.17 | 0.35 | 0.27 |
| 90+ Days | 0.03 | 0.03 | 0.07 | 0.07 | 0.17 | 0.06 |
| Bankruptcy | 0.50 | 0.62 | 0.79 | 0.67 | 0.99 | 0.95 |
| Charge-off | 0.10 | 0.11 | 0.23 | 0.26 | 0.37 | 0.37 |
| Repossessions (#) | 141 | 106 | 283 | 205 | 305 | 447 |

*All numbers are percents unless otherwise noted.

Chart 7

Automobile Lease Delinquency Statistics (Percent Of Loans)



Insurance, bankruptcy, repossession, and recovery

WO/CO requires and monitors insurance coverage for lease accounts to ensure that the coverage meets the criteria for a product and is within state requirements. In some instances, a third-party vendor who specializes in monitoring coverage performs insurance coverage, tracking, and monitoring. If the required coverage is not in place, WO/CO is advised and takes immediate action to attain satisfactory resolution.

WO/CO proactively manages its bankruptcy caseload to maximize timeline performance and minimize risk of loss. The following are some processes and controls in place:

- PACER is used to electronically access court filings and monitor their status;
- Verified bankruptcy accounts are flagged;
- Reaffirmation is obtained when possible;
- When applicable, proof of claim is prepared and lift of stay is filed; and
- Assignment of accounts to approved attorney and appropriate follow-up is in place.

WO/CO's repossession commences after other collection remedies have been exhausted. These remedies include extensions, due-date changes, transfers of equity, and assignments of lease, refinances, or approved seller sale. When authorization to repossess is obtained, an approved independent repossession contractor is contacted to take action. WO/CO executes appropriate internal and external notices. Vehicle tracking controls reside in the vehicle prospector and the vehicle remarketing management system (VRMS). These systems track the vehicle through its sale at the automobile auction until sales proceeds are applied. If there is a deficiency balance on a repossessed vehicle, the account is transferred to WO/CO's recovery department for processing.

A dedicated charge-off and recovery staff is responsible for determining the course of action necessary to maximize recovery. The staff consists of 57 employees who average 14 years of industry experience, including

four years with WO/CO. Management and supervisors average 23 and 16 years of industry experience and four and five years of tenure, respectively. WO/CO's recovery methodology has been developed to maximize recovery, employing various settlement guidelines. Employees may accept payment within settlement matrices. Settlement requests outside of the guidelines require managerial authorization.

We believe WO/CO has efficient and effective procedures, solid technology, and sound processes in place to manage its default operations. In addition, WO/CO maintains efficient oversight of its vendor relationships especially with independent repossession contractors and important support areas to optimize workflow efficiency and report monitoring to maximize recoveries.

Asset disposition

Upon vehicle repossession or a closed lease contract, the asset management/repossession tracking department manages asset disposition. The 61-person department is divided between four groups and consists of 57 full-time and four part-time employees. Some employees are bilingual and multilingual. The department utilizes automated call center technology for effective and efficient sales and lease marketing efforts. Key performance matrixes are maintained, which enable management to immediately focus on aberrations and anomalies outside the established control parameters. Incoming call statistics (ASA and abandonment) are acceptable and are effectively monitored within each department to ensure adherence to contractual guides. Additional attributes include:

- Silent call monitoring and recording;
- Extended evening and weekend hours for calling campaigns;
- Sales conversion and residual loss analysis performed;
- National auctions used to marshal and sell recovered vehicles; and
- Credit bureau reporting on delinquent borrowers at 30 DPD and at each subsequent 30 DPD.

Overall, WO/CO takes an assertive approach to proactively mitigate financial losses through solid call center management,

sound sales and remarketing methodology, and firm vendor management.

Financial Position

RANKING SUFFICIENT

The Financial Position is deemed to be SUFFICIENT.

Based on the financial strength of WO/CO ultimate parent, JM Family Enterprises Inc., Standard & Poor's is of the opinion that

there is sufficient financial strength to sustain WO/CO servicing operations for the next 12 to 18 months.

Contact Information

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Notes

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