

■ In Moneymakers, Brian Montgomery, the Federal Housing Authority commissioner, talks about proposed laws that supporters say will help reduce predatory lending in the subprime market.

DIGEST

ECONOMICS

Financial gap for blacks widens

NEW YORK — African-Americans' share of U.S. national income has slipped in recent years as a weak job market helped unwind earlier strides, according to a report published Wednesday.

A black family's median income was 62 percent of the earnings of their white counterparts, down from 63.5 percent in 2000, the Economic Policy Institute said.

"The racial gap widened by 2004 as a result of the recession and the jobless recovery that followed," said Jared Bernstein, economist at the Washington think tank.

REUTERS NEWS SERVICE

AUTOMAKERS

GM directors to meet by phone

DETROIT — General Motors Corp. said Wednesday its board of directors will meet by telephone Friday, a week after

dissident shareholder Kirk Kerkorian disclosed his efforts to link the company with foreign competitors Renault and Nissan.



KERKORIAN

GM spokeswoman Toni Simonetti said the meeting was scheduled before Kerkorian proposed the three-way alliance, but she would not disclose the agenda.

Kerkorian, who owns 9.9 percent of GM, said he had approached Carlos Ghosn, CEO of Renault and Nissan.

ASSOCIATED PRESS

INSURANCE

Global warming worries insurer

Lloyd's of London has estimated there could be up to \$100 billion in insured damages on the U.S. Gulf Coast as global warming spurs hurricanes, according to Lloyd's Chairman Peter Levene.

"It's an indisputable fact that global warming is having an impact," Levene said in a London conference. "We don't yet know what climate change will bring; uncertainty means greater risks, and we need to take action now to manage it. We need to better plan and prepare for catastrophe loss."

A record \$66 billion in Gulf Coast damage resulted in 2005 from hurricanes, Levene said.

BLOOMBERG NEWS

INVESTIGATIONS

Wachovia to pay \$25 million in fines

Wachovia Corp. agreed to pay \$25 million in fines to settle allegations it failed to prevent conflicts of interest between its research and investment-banking units.

The settlement followed a 28-month investigation of Wachovia Capital Markets by securities regulators from nine states, the North American Securities Administrators Association said Wednesday.

Wachovia's settlement comes more than three years after 10 securities firms agreed to pay \$1.4 billion to end similar probes.

"For several years we've had in place policies and procedures voluntarily implementing the industry-wide reforms which arose out of the 2003 settlement," Wachovia spokeswoman Christy Phillips said.

BLOOMBERG NEWS

WHEELS AND THE WEB



PHOTOS BY STEVE CAMPBELL : CHRONICLE

OODLES OF RVs: PPL Motor Homes has become one of the largest consignment dealers of used RVs in the nation, and one of its co-owners largely credits the Internet for the business's growth.

Dealer cashes in on urge to ramble

■ Consignment business uses its Internet strategy to drive motor home sales

By SANDRA BRETTEG FOR THE CHRONICLE

WHEN several hundred RV owners were surveyed by a trade group, more than 90 percent said they plan to hit the open road this summer, even with gasoline near \$3 a gallon.

But it's a different highway altogether that drives the growth of one Houston RV company.

PPL Motor Homes, at the intersection of Beltway 8 and the Southwest Freeway, has become one of the country's largest consignment dealers of used RVs, primarily because of its



FACE TO FACE: PPL Motor Homes co-owner Ron Rambin, center, talks with customers Laurie and Alan Vitale of La Grange.

Web site, according to Ron Rambin, who owns PPL Motor Homes with Ed Sebesta.

"On an average day we'll have about 125

Please see **RV**, Page D2

Going far, but paying more to do it

■ Airfare increase means longer round trips cost \$20 more

By BILL HENSEL JR. HOUSTON CHRONICLE

By the time you get to Phoenix, you'll be out another 20 bucks.

Southwest Airlines has raised round-trip fares by as much as \$20 for longer flights, prompting other carriers to follow suit.

The move comes during what already is the airline industry's biggest moneymaking

period of the year, with analysts expecting many carriers to report profitable spring and summer quarters.

Dallas-based Southwest, which carries more than 80 percent of the passengers moving through Houston's Hobby Airport, cited high fuel costs as the reason for the latest increase.

While Southwest has done more in the financial markets to limit the impact of higher fuel prices than other airlines, the price of a barrel of oil hit an all-time high Wednesday.

The new fare increase is \$3 one-way or \$6 round-trip for flights of between 751 and 1,000 miles, and \$10, or \$20

round-trip, for flights more than 1,000 miles, Southwest spokeswoman Paula Berg said.

A flight between Hobby and Phoenix is 1,020 miles. "It's all about fuel, baby," Berg said Wednesday. "We earned \$548 million last year, and our fuel bill is expected to be \$800 million higher this year. Something has to offset that."

Houston-based Continental has matched the increase in competitive markets, spokeswoman Julie King said. That means it matched on routes that are flown by Southwest or another carrier that increased fares.

Other major airlines also

Tensions send crude prices to all-time high

■ North Korean worries help push cost of oil past \$75 a barrel

By DAVID S. ROSEN and DAVID KAPLAN HOUSTON CHRONICLE

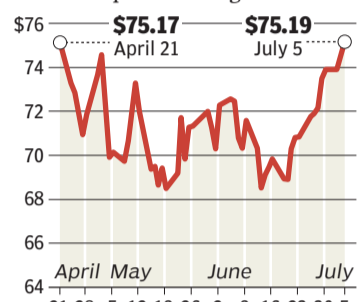
Crude oil prices broke a record Wednesday after North Korea launched missiles, adding to the worries keeping fuel prices high.

Brad Proctor, an analyst with Toledo, Ohio-based Gasprice Watch.com, attributed the increase to growing tensions between the United States and North Korea, heightened by its first launch of missiles shortly after the liftoff of the shuttle discovery.

"As soon as it happened, I said, 'I'm filling up today,'" Proctor said. "This industry thrives on global economics,

RECORD CLOSE

Daily closing price per barrel of crude oil in futures trading on the New York Mercantile Exchange since the previous high:



Source: Bloomberg News

EDWIN LOUIE : CHRONICLE

and when we see a variable thrown in, when a country launches its missiles, whether those missiles work or not, it starts to destabilize things."

Along with North Korea, market watchers were further worried about tense relations

Please see **CRUDE**, Page D2

WORKING



KAREN WARREN : CHRONICLE

WORKING COUNT: Union supporters go over a list of Fiesta workers.

Bakers union cooking up momentum with its win

THE win by the bakery workers' union at Fiesta Mart was another boost for local organized labor, which has made gains in representing janitors and City Hall employees.



L.M. SIXEL

Although the 54-to-52 vote was close, the victory by the

Bakery, Confectionery, Tobacco Workers and Grain Millers International Union could provide momentum for other organizing drives in the competitive grocery business.

Workers at Kroger and Rice Epicurean are already represented by the United Food and Commercial Workers Union, which is hoping to expand its reach.

And the UFCW has already launched organizing efforts among the checkers, stockers and meat cutters at Fiesta and, to a lesser extent, Randalls.

"It's a big message to the other workers at Fiesta — that they can definitely make a change," said Miles Anderson, organizing director for UFCW Local 455 in Houston. The local represents grocery checkers, stockers, poultry and catfish processors and nursing home aides.

The UFCW and the Service Employees International Union, which organized the janitors, are part of the AFL-CIO breakaway organization known as Change to Win.

If this narrow victory holds

Please see **SIXEL**, Page D2

TECHNOLOGY

Apple ditches the CRT

The Macintosh maker has become one of the first major computer makers to sell only flat-panel monitors. **PAGE D3**



MARKETS AT A GLANCE

Market	Change	Value
Dow	↓	11,151.82
Nasdaq	↓	2,153.34
S&P	↓	1,270.91
Oil	↑	\$75.19
Natural gas	↓	\$5.765
Dow	↓	-76.20, -0.7%
Nasdaq	↓	-37.09, -1.7%
S&P	↓	-9.28, -0.7%
Oil	↑	+\$1.26, +1.7%
Natural gas	↓	-33.9 cents, -5.6%

CRUDE: Natural gas falls as oil rises

CONTINUED FROM PAGE D1

with Iran, lower supply, higher demand and possible damage during hurricane season.

Edging past record

Crude oil prices on the New York Mercantile Exchange closed Wednesday at \$75.19 per barrel, up \$1.26 from Friday, breaking the record of \$75.17 set on April 21. The market was closed Monday and Tuesday for the July Fourth holiday.

U.S. crude prices also broke the intraday record of \$75.35, also set on April 21, by reaching \$75.40 per barrel in midday trading Wednesday.

Gasoline futures jumped by more than 5.7 cents to settle at \$2.2758 a gallon. Heating oil closed at \$2.0626 a gallon, up 3.4 cents.

Houston gasoline prices at the pump are still below the \$2.971 high hit last September after Hurricane Katrina. Unleaded regular was averaging \$2.924 Wednesday, lower than the record recorded on Sept. 6, but still up about half a cent from Tuesday, according to AAA Texas.

'Totally unpredictable'

Whether the price of oil will go higher than \$75 per barrel or fall is "totally unpredictable because events that cause such changes in price are totally unpredictable," said Henry Groppe, a partner at Groppe, Long & Littell, a Houston-based forecasting firm for the oil and natural gas industry.

"Because oil consumption and supply are affected by unpredictable factors such as weather and geopolitical disruptions, it's inherently a volatile situation," Groppe said. Groppe does not see the price of oil ever dropping significantly.

"Basically, a huge, complex worldwide oil industry, on

which everyone is dependent, is operating at capacity and will be from now on," he said.

Meanwhile the natural gas market, which is still mainly North American, sunk to its lowest closing price since 2004.

Natural gas dropped 33.9 cents, or 5.6 percent, to \$5.765 per million British thermal units, the lowest close since September 2004. Traders were reacting to a report that natural gas inventories rose to 2.542 trillion cubic feet in the week that ended June 23, 20 percent higher than a year ago, according to the Energy Department.

North Korean reaction

Proctor, of Gaspricewatch, said where oil prices go from here largely depends on the global reaction to North Korea's display of force. If the U.S. reaction is perceived as weak, market watchers might anticipate that Iran will be less inclined to scale down its nuclear program.

But there are other factors driving up fuel prices, said Tom Kloza, an analyst with the Oil Price Information Service.

Traders today will be focused on the weekly gasoline inventory report from the Department of Energy, looking to see if refiners are keeping up with demand.

Kloza said another factor leading to high prices are increasingly shaky diplomatic relations with Venezuelan leader Hugo Chavez.

"He's on the 'I Hate U.S.' tour, and he'll visit North Korea after he visits Iran. It's sort of like he wants to get into the axis of evil," Kloza said.

"We do depend on Venezuela for quite a bit of oil."

Bloomberg News contributed to this report.

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SIXEL: Union has fresh toehold to work from, attorney says

CONTINUED FROM PAGE D1

up, it is a significant win for the union, said Michael Muskat, a management-side employment lawyer at Muskat, Martinez & Mahony in Houston.

"The union now has a fresh toehold in the company from which it can spread its message to other Fiesta stores and perhaps even other grocery chains," Muskat said. "The win also generates momentum because Hispanic employees are a key demographic of most unions seeking to organize in this area."

Fiesta and the other chains need to keep on their toes after this apparent defeat, he said.

Fiesta spokesman Bernie Murphy said he didn't want to comment.

While the Fiesta campaign is in the early stages, the UFCW's Anderson said he's done enough research to know the employees' big issue is respect and treatment on the job.

In the bakery department, that was the big concern, said Cesar Calderon, an international representative with the bakery workers union. The employees, who are mostly Latino immigrants, complained of verbal abuse, he said.

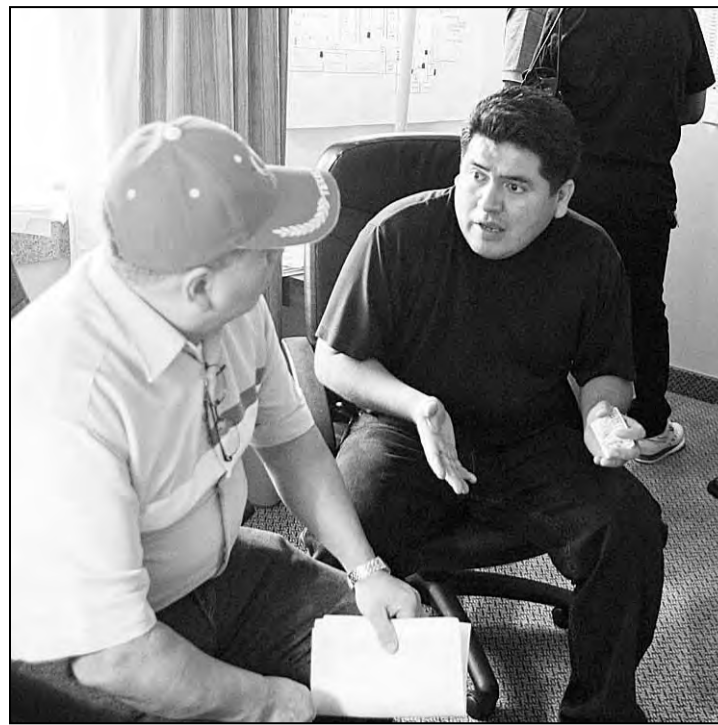
Representatives of the UFCW have already been blanketing the employees with leaflets and collecting telephone numbers.

The response has been great so far, Anderson said.

The meat cutters have also been out in force at the Fiesta stores as recently as late last week handing out fliers, said Steve Gault, president of UFCW Local 408 in Houston, which represents meat cutters and seafood workers.

Gault said he has already received several calls from meat cutters looking for more information.

The recent spate of union organizing has definitely



KAREN WARREN: CHRONICLE

LOOKING FOR MEMBERS: Cesar Calderon, right, an organizer with the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, talks with Guillermo Gonzalez about the union.

captured grocers' attention.

Earlier this year, Randalls enclosed a letter in employee paychecks advising them that the Change to Win group had kicked off a major initiative.

"If you are approached and asked to sign an authorization card, please be aware that the authorization card is a legal document and IS NOT 'merely' a request for more information," said the letter, signed by the division president and the division's human resource director.

"We are proud of the fact that our team members support a pro-employee culture and that, along with 92 percent of the American work force in the private sector, agree that a union is not the answer."

Connie Yates, spokeswoman for the chain in Houston, said

that in the 40 years Randalls has been in Houston, the union issue has come up from time to time.

"But our associates have always chosen to remain independent," she said.

The notice in the paychecks was more of a response to the union's national commitment to organizing, said Anderson, the UFCW organizer.

At the moment, organizing efforts toward the chain, which is owned by Safeway, can be described as "on and off," he added.

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Editor's note: Scott Burns' column does not appear today.

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RV: Dealer sells up to 1,200 vehicles a year

CONTINUED FROM PAGE D1

buyers come and visit our lot," Ramin said. "But we'll get about 500,000 visitors a month to our Web site."

The company's highly visible 15-acre lot stocks about 200 vehicles at any time, but it's the Internet that really drives traffic, according to Ramin. He says he can't say how many sales are due solely to the Internet, because he relies on everything from newspaper ads to word of mouth, but he said 30 percent of the dealer's sales are to out-of-state customers who shopped first online.

Zeroing in on consignments

The company began in 1972 as a matchmaking service between RV owners and potential renters. It switched its focus in the early '80s to consignment sales only and moved to its current location in 1993. PPL stands for person-to-person lot, which underscores the relationship between buyer and seller, Ramin said.

PPL Motor Homes sells between 1,100 and 1,200 used vehicles a year, in exchange for a 10 percent commission fee. The company says it manages to sell 92 percent of the vehicles it agrees to put on its lot.

When Houston real estate agent Herman Waddy, 68, decided to buy an RV, he debated whether to go the new or used route. After querying friends and family, he visited the PPL lot and settled on a 1999 Rambler Endeavor.

"Everyone told me that a good used vehicle is the way to go the first time around," Waddy said. "What I like about PPL is that they check out the RVs before they sell them and make sure that everything's working right. I wasn't sure how I'd like owning a used RV, but now I love it."

More used RVs than new

According to the Recreation Vehicle Industry Association, some two-thirds of all RVs purchased in this country are bought used, not new.

"We've had record sales for new RVs for several years now, and that translates into more sales of used RVs," said Rachel Parsons, a spokeswoman for the association. "The other thing we're seeing is that more people are choosing to buy a used RV from a dealer rather than from a private party."

According to Parsons,

OWNER PROFILE

There are 8.2 million RVs on the nation's roads. A profile of the typical RV owner:

- 49 years old
 - Married
 - Has a \$68,000 household income
 - Travels 4,500 miles and 26 days a year
- ### RV PRICING
- \$4,000-\$13,000 for folding camping trailers
 - \$4,000-\$26,000 for truck campers
 - \$8,000-\$65,000 for conventional travel trailers
 - \$48,000-\$400,000 for motor homes
- Recreation Vehicle Industry Association

14 percent of all used RV sales took place at consignment lots in 2001. Today that number approaches 21 percent.

And sellers are seeing strong demand for used RVs.

"Dealers are clamoring to increase their used inventories to the point of buying from other dealers," said Greg Gerber, editor in chief of RV Trade Digest, which covers the recreational vehicle business.

The survey by the recreation vehicle association showing that high fuel prices are not deterring RV owners from taking trips doesn't surprise Gerber. He said drivers don't put that many miles on the vehicles — 3,000 to 5,000 a year are common — but they are price-sensitive when they buy. Buyers are drawn to the used market for that reason. Many go online looking for the lowest price and are willing to travel to close the deal.

"If you don't have a sophisticated Web site, your dealership is not up to par," Gerber said. As a result of the national market, there are buyers flying to dealers to buy RVs and then leave from there on their first trip. Ramin estimated that PPL sells "from 15 to 20" RVs annually to buyers who live in other countries.

Each vehicle gets a rating

Because Internet users come from all over — with PPL saying it has had buyers from 47 states and nine other countries — PPL

devised a six-point rating system to describe every vehicle.

"It helps buyers when they're looking at an RV over the Internet, because lots of times you can't see flaws in a picture," Ramin said. "There could be hail damage to the roof, which wouldn't necessarily show up. So we inspect each vehicle, give it a rating, then tell callers about any particulars to the unit, especially if they're coming in from far away."

RVs are rated poor, fair, good, very good, excellent or like new to give Internet users a feel for the vehicle's condition, Ramin said. The company prices its stock based on discussions with the previous owner and information from the National Automobile Dealers Association price guides.

PPL employs 78 people, but only seven of those are salespeople at the full-service dealership, which provides everything from repairs to insurance. According to Ramin, one of the company's hallmarks is its no-hassle approach to selling.

"We conduct customer-satisfaction surveys after each sale, and people always tell us they don't want to be hassled by a salesperson while they're shopping," Ramin said. "The information's posted in the window. People want to come in and look around, then choose something that's right for them. That's what we're here for."

Ramin said PPL sells about 10 vehicles a year sight unseen, where the buyer arranges transportation. "We'd rather people not buy an RV like that, because we like them to see what they're buying," he said. "But every year we'll have customers who never even see a vehicle before they take possession."

From trailer to motor home

Local RV owner Robert White is typical. He started with a small travel trailer in the early '80s before buying a motor home from PPL in 1995.

"With motor homes you have a generator, so you can enjoy the air conditioning and the microwave even when the engine's turned off," White said. "It's just more comfortable. Course motor homes are more expensive, too, because you're paying for those comforts."

As with cars, recreational vehicles vary widely in features and price. While a basic travel trailer costs about \$4,000, an expensive Class A motor home

in the most luxurious category can run \$200,000 to \$400,000, and more.

"The most expensive vehicle we've ever sold was \$200,000," Ramin said. "But that same RV would have cost \$500,000 if they had bought it new at a dealership."

While people may think a typical RV owner is a retired senior citizen, a study conducted by the University of Michigan in 2005 said the average RV owner is 49, married and has an annual household income of \$68,000. The same study found that more RVs are owned by people 35 to 54 than any other group.

To serve a broad customer base, PPL stocks a range of used vehicles as well as offering vehicle insurance, a full-service parts department and some body repair. Insurance policies and parts are also available online, Ramin said.

"It's a real turnkey job they do," White said. "They do all of the paperwork, all of the transfer of title, and they'll even detail out your RV for you. They actually sold my travel trailer before they had a chance to clean it out."

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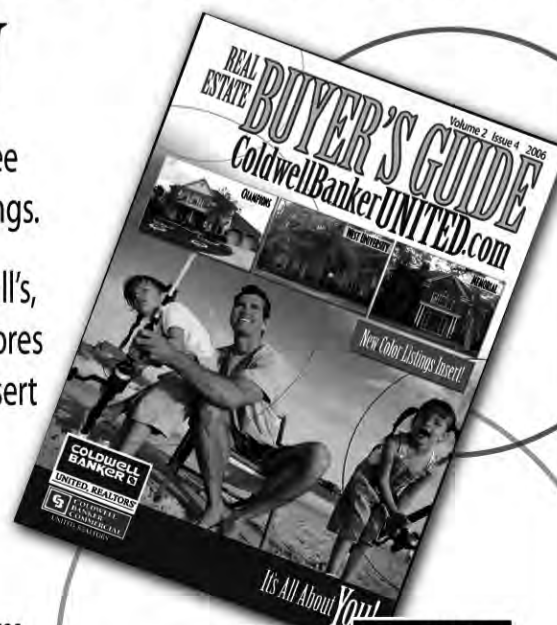
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