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## Dealers win exemption from Consumer Finance Protection Bureau But may face enhanced FTC scrutiny

The nation's automobile dealers **will not** be subject to regulation under the proposed Consumer Finance Protection Bureau (CFPB) as part of Finance Reform legislation agreed to by House and Senate conferees this week. Instead, they may be subject to closer scrutiny by the Federal Trade Commission (FTC), which already oversees their financial activities under the Truth in Lending Regulations, Regulation M and other consumer protection rules. This extra measure of FTC regulatory oversight of dealers, now adopted by the conferees, is only triggered when the agency identifies consumer protection problems, at which point it can do rulemaking.

The developments came as a compromise between Senate and House conferees who had been at near polar opposites on the subject of whether dealers should or should not be regulated by the proposed CFPB, with the Senate majority aiming to include them (despite a 60 to 30 vote by the Senate instructing the conferees to adopt the House position) and the House majority voting to exclude them.

This is an extraordinary victory in Congress for dealers, resulting from the intense lobbying campaign organized by NADA where individual dealers and their association leaders from the Automotive Trade Associations network (ATAE) from across the country pressed Congress with a flood of correspondence and face to face meetings to explain the industry's position. It also came in the face of formidable political opposition from both conference committee chairmen, Rep. Barney Frank (D-MA) and Sen. Chris Dodd (D-CT) and President Obama himself, all of whom pushed hard to include dealers in the regulatory purview of the super agency, CFPB.

NADA reported the dealer exemption from CFPB was in hand earlier this week, only to then be confronted with the fallback position from the forces to regulate dealers that became the enhanced FTC oversight. Just the same, it is noteworthy that NADA, with ATAEE's support, was able to make the FTC proposal far less onerous than it was originally conceived.

FTC currently oversees dealer lending and advertising practices and will continue to do so. The enhanced FTC authority would streamline agency rulemaking such that the prospect of more FTC oversight of dealers becomes more of a factor than is the case currently.

The House plans to vote on the bill Tuesday and the Senate next week as well. The votes are expected to be close in both houses. Indeed, Sen. Dodd, who chairs the Senate Banking

Committee, said he didn't know for sure that he had preserved his 60-vote majority in the Senate, in the face of all the changes. Nonetheless the "betting money" is on passage of the legislation, with President Obama signing it into law before July 4<sup>th</sup>.

WANADA salutes NADA and all the dealers whose hard work went into exempting dealer F&I operations from Finance Reform.

## Former Redskins Star John Riggins is one of 50 sports legends playing in Bobby Mitchell Tournament

July 10-11, Lansdowne Resort, F.B.O. Leukemia/Lymphoma research



Former Washington Redskins star running back John Riggins will be joining his Super Bowl Champion teammates and a host of football and basketball Hall of Famers at The Bobby Mitchell/AutoTrader.com Hall of Fame Golf Classic to support leukemia and lymphoma research. The event, which is once again being sponsored by WANADA and chaired by Tamara Darvish of DARCARS and Todd Heaven of Enterprise, kicks off with a private practice round on Saturday morning (July 10) at Lansdowne Resort in Northern Virginia, followed by a special banquet and charity auctions that evening. On Sunday, golfers will be joined by Hall of Fame partners -50 in all- for tournament play. There are many great prizes to win but nothing will equal the experience of spending a few hours with the greats of the football and basketball world. To sponsor or play in the golf tournament, click this link: [http://www.leukemialymphoma.org/all\\_page.adp?item\\_id=504567](http://www.leukemialymphoma.org/all_page.adp?item_id=504567)



To purchase tickets and help raise money for the cause, please call The Leukemia & Lymphoma Society at (703) 399-2900 or email [Loree Lipstein](mailto:Loree.Lipstein).

### Hall of Famers and their teams:

|                   |                             |
|-------------------|-----------------------------|
| BOBBY MITCHELL    | WASHINGTON REDSKINS         |
| LEM BARNEY        | DETROIT LIONS               |
| BOBBY BELL        | KANSAS CITY CHIEFS          |
| ELVIN BETHEA      | HOUSTON OILERS              |
| MEL BLOUNT        | PITTSBURGH STEELERS         |
| FRED DEAN         | SAN FRANCISCO 49ers         |
| JOE DeLAMIELLEURE | BUFFALO BILLS               |
| WAYNE EMBRY       | MILWAUKEE BUCKS             |
| JOHN HANNAH       | NEW ENGLAND PATRIOTS        |
| TED HENDRICKS     | OAKLAND/LOS ANGELES RAIDERS |
| KEN HOUSTON       | WASHINGTON REDSKINS         |
| SAM HUFF          | WASHINGTON REDSKINS         |
| RICKEY JACKSON    | NEW ORLEANS SAINTS          |
| CHARLIE JOINER    | SAN DIEGO CHARGERS          |
| KC JONES          | BOSTON CELTICS              |
| SAM JONES         | BOSTON CELTICS              |
| SONNY JURGENSEN   | WASHINGTON REDSKINS         |
| LEROY KELLY       | CLEVELAND BROWNS            |
| PAUL KRAUSE       | MINNESOTA VIKINGS           |
| WILLIE LANIER     | KANSAS CITY CHIEFS          |
| YALE LARY         | DETROIT LIONS               |
| MEADOWLARK LEMON  | HARLEM GLOBETROTTERS        |
| FLYOD LITTLE      | DENVER BRONCOS              |
| LARRY LITTLE      | MIAMI DOLPHINS              |

|                   |                      |
|-------------------|----------------------|
| TOM MACK          | L.A. RAMS            |
| GINO MARCHETTI    | BALTIMORE COLTS      |
| RANDALL McDANIEL  | MINNESOTA VIKINGS    |
| TOMMY McDONALD    | PHILADELPHIA EAGLES  |
| ART MONK          | WASHINGTON REDSKINS  |
| LENNY MOORE       | BALTIMORE COLTS      |
| ANTHONY MUNOZ     | CINCINNATI BENGALS   |
| JOHN RANDLE       | MINNESOTA VIKINGS    |
| MEL RENFRO        | DALLAS COWBOYS       |
| JOHN RIGGINS      | WASHINGTON REDSKINS  |
| OSCAR ROBERTSON   | MILWAUKEE BUCKS      |
| BOB ST. CLAIR     | SAN FRANCISCO 49ers  |
| CHARLIE SANDERS   | DETROIT LIONS        |
| BILLY SHAW        | BUFFALO BILLS        |
| ART SHELL         | OAKLAND RAIDERS      |
| BRUCE SMITH       | BUFFALO BILLS        |
| JAN STENERUD      | KANSAS CITY CHIEFS   |
| DWIGHT STEPHENSON | MIAMI DOLPHINS       |
| CHARLEY TAYLOR    | WASHINGTON REDSKINS  |
| EMMITT THOMAS     | KANSAS CITY CHIEFS   |
| THURMAN THOMAS    | BUFFALO BILLS        |
| ANDRE TIPPETT     | NEW ENGLAND PATRIOTS |
| PAUL WARFIELD     | CLEVELAND BROWNS     |
| ROGER WEHRLI      | ST. LOUIS CARDINALS  |
| DAVE WILCOX       | SAN FRANCISCO 49ers  |
| RAYFIELD WRIGHT   | DALLAS COWBOYS       |

## WANADA supports MADA&VADA in first joint convention

Ford CEO Alan Mulally to keynote event this weekend at The Greenbrier



Washington Area dealers, WANADA kindred-line members and association executives from MADA, VADA and WANADA joined their fellow dealers from across the states of Maryland and Virginia for the first ever joint convention this week at the Greenbrier Resort in Sulphur Springs, WV.

The three-day event kicked off on Thursday of this week, June 24, with an opening reception and dinner followed on Friday by a full morning of business meetings. On Saturday

morning, June 26, WANADA is set to host a breakfast for the 500 or so attendees, who will then take part in the general session where a keynote address is planned from Ford CEO Alan Mulally on the state of the industry. Mulally will then be joined by Alan Batey, VP of sales and service at Chevrolet and Robert Carter, group VP and general manager of the Toyota Division at Toyota Motor Sales, USA, for a more thorough discussion and Q&A of the future of the auto industry.

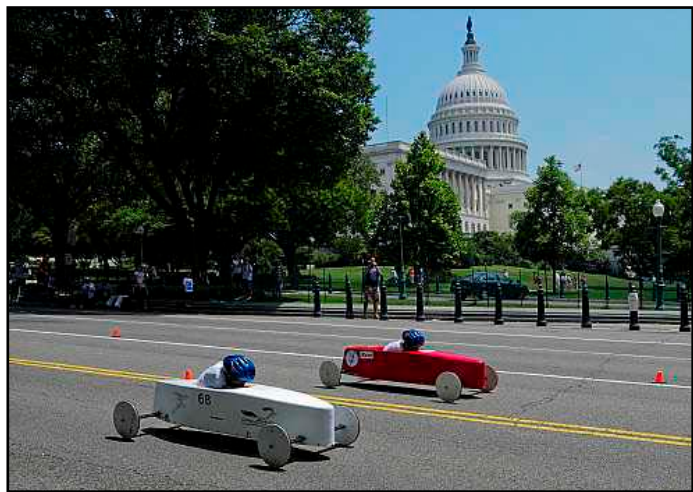
The joint state convention will conclude with a golf tournament on the famed Greenbrier links.

## Downhill fun at the WANADA sponsored Greater Washington Soap Box Derby

Capitol Hill venue by continuing resolution of Congress

Thirty young racers from all around the region took part in the 66th Annual Greater Washington Soap Box Derby on Capitol Hill, last Saturday, June 19th. It was a beautiful sunny day for the gravity powered racers and produced winners in three categories who will now go on to represent the region at the national finals in Akron, Ohio.

Soap box racing began in the U.S. in 1934, when Myron E. Scott, a photographer for the Dayton Daily News, saw boys racing engineless cars down a hill and was inspired to hold a race and award the winner with a "loving cup."



The first year, the race took place in Dayton, Ohio, and the following year the race was moved to Akron due to the city's numerous hills.

The inaugural Greater Washington Soap Box Derby was run on New Hampshire Avenue in 1938, and won by Norman Rocca who beat out 223 other racers. The greater Washington derby moved to Capitol Hill with the help of Congressman Steny Hoyer (D-MD) who, when he first came to Congress, WANADA recruited to obtain the required Congressional resolution to roll on Capitol Hill. Over the years, thousands of the region's young people have participated in the race. Greater Washington competitors have taken top honors at the national finals in the past.

The derby consists of dozens of drivers, both boys and girls, ranging in age from 8 to 17, divided into three divisions: stock, super stock, and masters. The local winner of each division automatically qualifies to compete with racers from around the world in the 70th All-American Soap Box Derby in Akron, Ohio on July 26th.

WANADA congratulates this year's winners; (From left to right) Texas Cobb in the Masters Division, Robert Schiller in the Super Stock Division and Brittany Sorli in the Stock Division.



## Easing credit points to higher new and used sales

In a slow but steady pattern that began in January 2009, and bodes well for future sales increases, the average age of a new vehicle buyer in the U.S. has been dropping as have the FICO score and household income requirements for financing that vehicle.

According to CNW Research, which tracks this information on a monthly basis, the average age of a new vehicle buyer has fallen from 50.88 years in January 2009 to 47.26 years in May 2010, while average household income for that buyer has fallen by \$4,000 from \$67,400 to \$63,400. Meanwhile average FICO scores for new vehicle buyers have dropped below 750 and appear headed for the sub-700 level they had been hovering at since 1996.

CNW says all these trends suggest that new vehicle sales will continue to increase in the years ahead pending unforeseen economic stresses. That is good news for dealers who have had to weather two very difficult sales years.

Also on the good news front, CNW finds that manufacturer subvented leasing programs are having their desired effect, bringing younger and less wealthy people into the market and boosting used vehicle trade-ins for dealers. The average trade cycle on a leased vehicle is 41 months compared to more than 58 months on a cash or finance purchase.

CNW also finds that the average transaction price for a new vehicle is again on the rise (\$26,492 through mid-June) suggesting that retained gross is increasing as well.

## Profile of the Online Shopper

During the early years of the Internet, the typical online shopper was young, wealthy, and male, according to *E-Commerce Times*. That's all changed. Today, online shoppers are everyone. If they can point and click, they're shopping for cars on the Internet. So, while there's no longer a "typical" Internet shopper, online shoppers do share key characteristics:

- Internet consumers are motivated by convenience and control.
- They are informed. They visit various websites to determine MSRP, invoice price, available promotions and discounts, available features and options, performance parameters, average annual maintenance costs, and other factors. They are often as informed—if not *more* informed—about the vehicle they are buying as the sales representative selling it.
- They are committed to the online shopping experience and demand the same of the dealers with whom they do business. Thus, they expect *thoughtful* responses to their emails and phone calls, and they expect *quick* responses with answers to their questions. Unfortunately, they don't always get what they ask for. In fact, online car shoppers who ask for the price of a new vehicle are given this information less than 25 percent of the time, while only 13 percent are given information about the benefits of a particular brand or vehicle, according to one study.
- According to the same study, 20 percent of consumers will go somewhere else if they do not receive a response in four hours or less. The average response time is currently over five hours.
- Many dealers mistakenly think that online shoppers are visiting dealer site after dealer site trying to find the lowest price possible. While price clearly affects a shopper's final purchase decision and should always be included on your site, there are many other factors that influence online car shoppers' buying decisions. These buyers understand that a dealer has to make a fair profit, and they will often pay for convenience and other perks they find valuable in the shopping/buying experience.

This article is adapted from *A Dealer Guide to Leveraging the Internet to Drive Sales* (BM41), written by Jared Hamilton, founder and CEO of DrivingSales.com. The guide (BM41) is available through NADA University's Resource Toolbox.

### An historical and philosophical perspective...

Insanity in individuals is something rare - but in groups, parties, nations and epochs, it is the rule.

**Friedrich Nietzsche**

*German philosopher (1844 - 1900)*