

Headlines...

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Thought for the Week...

Alert!

The MD MVA will
be closed
September 4-5-7
for the Labor Day
Holiday

NADA Continues to Press NHTSA for Clunker Payment Remedies

Plans Ongoing Surveys to Find and Fix Reimbursement Problems

NADA, which successfully pressed the federal government to add another \$2 billion to a rapidly depleting Cash-for-Clunkers fund and then triggered a wind-down until existing dealer claims could be submitted and paid, is now focusing its efforts on getting NHTSA to promptly review and pay claims submitted by dealers. To that end, it will begin surveying members each Tuesday and Thursday beginning next week to gauge the extent of the payment problem. WANADA dealer members are urged to participate in these surveys and respond promptly!

Among the issues NADA hopes to address with NHTSA are;

Timely Reimbursement

Recent data indicates that only about 7 percent of “clunkers” have been paid.

Solution: NADA says hiring hundreds of additional temporary workers to review complicated clunkers applications is not the complete answer. It is urging DOT to revamp its complex application review process and check primarily for fuel economy compliance, VINs for both trade-in and new vehicles and proof of current insurance and registration with the customer affirming that they had insurance/registration for a year.

NADA says most other review criteria are unnecessary and needlessly bog down the review process, thereby preventing NHTSA from meeting its statutory mandate to reimburse or reject applications within 10 days of submission.

Faulty Application Reviews

NHTSA’s reimbursement application reviews resulted in rejection rates of over 80 percent in mid-August. While some rejections have been because of dealer mistakes or oversights, many have resulted from faulty application reviews.

Solution: A consistent review policy for the CARS applications and an expedited process to address improperly rejected applications. Limiting the amount of documentation (see above) examiners have to review would curtail improper rejections, NADA says.

Requiring that the new vehicle be delivered at the time of a clunkers transaction

Solution: NADA is telling NHTSA that dealers should be free to not deliver vehicles until CARS payments are approved. NADA believes NHTSA has no authority to restrict the use of contingency agreements and cannot articulate a legal basis for attempting to do so.

Requiring dealers to keep clunkers within their control

Solution: NADA says that since dealers must kill the engine eventually and are liable for not doing so, depriving customers of their clunker creates unnecessary hardships. DOT should allow clunkers to remain in the customers' possession until deals are reimbursed.

DC, MD and VA Dealers File for \$173.5 Million in Clunkers Cash

Dealers in Mid-Atlantic States among Most Successful, says DOT

Mid-Atlantic based franchise auto dealers were among the more aggressive participants in the federal governments Cash-for-Clunkers program according to end-of-program data released by the Department of Transportation this week. Collectively, they trailed only California and Texas dealers in their pursuit of the rebate monies and as dealers in the Metropolitan Washington area are typically among the best performers in Maryland and Virginia, it is expected a good number will report very robust sales when sales tallies are completed at month's end. Based on an average \$4,000 rebate per vehicle, approximately 43,375 vehicles were sold in the region over the past month.

The government reported that nationwide, nearly 700,000 vehicles were sold under the Cash-for-Clunkers program and nearly all of the \$3 billion allotted was spent. It said the average fuel economy of vehicles traded in was 15.8 miles per gallon and those purchased was 24.9 mpg, a hefty 58% improvement.

It also noted that the program depleted dealer inventories so significantly that car production had to be increased and that this will result in a boost in the GDP of at least 0.3-0.4 percent in both the third and fourth quarters of this year.

Sport Chevrolet to Host Auto Forum for MC Consumers

September 10th Event to be Moderated by Washington Post's Warren Brown

WANADA dealer member Robert Fogarty of Sport Automotive will host a car purchaser forum for Montgomery County consumers at his Chevrolet dealership in the Montgomery County Auto Park on September 10, 2009. The program is the result of a joint effort by the Montgomery County Office of Consumer Protection and dealers to educate and inform local residents.

Entitled "Car Buying/Ownership in a Changing Economy," the forum will deal with such topics as lending and leasing options, lemon law issues, repossession issues, buying tips and the impact of dealership closings and manufacturer bankruptcies.

The event will run from 7:00 p.m. to 9:00 p.m. and be moderated by Warren Brown, renowned auto writer for The Washington Post. Mr. Brown will be joined by Ben Greunbaum, staff assistant to Senator Barbara Mikulski (D-Md.), Eric Friedman from the Montgomery Office of Consumer Protection, Michel Mora of the Federal Trade Commission and Andre Lucas of the Maryland and District of Columbia Credit Union Association.

As vice chairman of the Advisory Committee to the Montgomery County Office of Consumer Protection, Mr. Fogarty is urging all WANADA members to inform their customers of this event, whether they are county residents or not. The event is free and refreshments will be served.

Chrysler Argues Former Dealers Can't Sue

Work Continues to Find a Compromise Solution for Those Who Lost Franchises

New Chrysler is asking the U.S. Bankruptcy Court in New York to hold several former dealers *in contempt* for suing it in state courts on matters that have already been decided in its bankruptcy proceedings.

The dealers, from Wisconsin, Ohio and Arkansas are arguing in state courts and before state dealer motor vehicle boards that while "Old Chrysler" had rejected their franchise contracts, state laws required that "New Chrysler" allow them to sell Chrysler, Jeep and Dodge products as long as those vehicles continue to be sold in their states.

New Chrysler said in court filings that the dealer actions are "in willful contempt" of the Bankruptcy Court's decision certifying its emergence from bankruptcy absent 789 franchise holders it argued were underperforming and/or excess to its future needs.

Chrysler says the dealers are simply trying to undo in state courts what the Bankruptcy Court had already ruled upon and it is asking the court to pay its legal fees if it agrees that the dealers are in contempt. A ruling is expected shortly.

Meanwhile, efforts to restore disenfranchised Chrysler and GM dealer rights continue. Legislation (HR 2743 and S 1304) is pending in Congress that would give disenfranchised

dealers rights to challenge the loss of their franchises as a result of the bankruptcy reorganizations.

Major proponents of the legislation include House Majority Leader Steny Hoyer, (D-Md.) and Rep. Chris Van Hollen, (D-Md.) head of the Democratic Caucus. The legislation had great momentum prior to the Congressional recess garnering 270 co-sponsors in the House and 33 in the Senate. Just the same, dealer organizations nationwide have been working toward developing a non-legislative solution that could be sorted out with the automakers, short of passing and enacting the legislation.

Door Opens for China and India Cars Here

Many Consumers Willing to Consider Buying Them

At least 10% to 15% of the U.S. population would consider buying their next new vehicle from China or India. That's the finding from the research firm AutoPacific, Inc., which recently surveyed 32,000 new vehicle intenders about their preferences.



George Petersen, president of AutoPacific said he was surprised by the results, noting that the willingness to consider Chinese or Indian made vehicles was about the same as that for Korean brand vehicles and those are already in the U.S. market.

“It appears that buyers in America are willing to give Chinese and Indian vehicles a chance right out of the box,” he said.

Interestingly, those new vehicle intenders who would consider the Chinese and Indian made vehicles tend to be at the sweet spot of the auto market, 45 year olds with good incomes and good educations, the kind of people other would-be buyers turn to for advice. Also of interest, they tend to drive Japanese and Korean brands.

AutoPacific analysts believe the willingness to consider Chinese and Indian made automobiles likely stems from the experience many have had with quality made consumer products, such as televisions, cameras, cell phones, etc., from those countries.

Though some Chinese automakers have displayed their products in Tier I auto shows, it is expected that the initial entry of vehicles from these countries is likely to be as badged products from existing car companies, such as GM or Nissan, both of which are looking at sourcing products from China and India.

“Many consumers have no idea where their vehicles are made and as long as the quality is good, they mostly don't care,” says Michael Robinet, the vice president for global vehicle research for CSM Worldwide in Northville, CA.

Twittering a Car Purchase

Smart Phones Change the Negotiation Process

Don't look now, but the next time you try to sell a car, you may be negotiating with more than the person(s) sitting across the desk. Twitter, the cell phone program that allows users to instantly send brief text messages, is gaining favor among consumers as an effective way to arm themselves with expertise in vehicle purchase negotiation sessions. The idea is for the customer to find one or two people expert in negotiating to standby for Twitter messages as a deal is being worked out and have them assist on negotiation points.



It's all part of a bigger trend of consumers using smart phone technology to assist themselves instantly with information pertinent to a new or used vehicle purchase. For example, a smart phone can be accessed to check current prices for vehicles and accessories and also pull up trade-in values and vehicle history reports. Consumers can also read reviews and use online loan and lease payment calculators to check the deal being offered.

As dealers know better than anyone, change is to be embraced and new ways of doing things present opportunities.

Guns and Hummers



Jim Lynch, the owner of Lynch Hummer of Chesterfield, Missouri (a suburb of St. Louis), knows his customers. Last year, as the economic downturn and the high price of gasoline took their full toll on his Hummer franchise he decided he had better find some additional way to bring customers into his store and dollars to his bottom line. What to do seemed obvious to him; add firearms and ammunition sales. According to Lynch, "It was a natural fit. Our customers enjoy outdoor sports and the firearms have been a big hit with our Hummer owners."

Lynch, who sold his first Hummer online in 1995, said adding guns and ammo was all about customer service. "We've been a leader in online sales of off-road parts and accessories through our Adventure Accessories web site for many years. We plan to do the same with firearms and accessories on our website," says Lynch. He sells Glock, Sig Sauer, Smith & Wesson, Kimber, Colt, Benelli, Beretta, Browning, FNH, H&K, Springfield Armory, Ruger, Walther, Stoeger, Franchi, Uberti, CMMG, DPMS, Bushmaster and Barrett firearms.

World's Fastest Steam Car

One Good Use for a Lot of Hot Air

Generally speaking, we try to avoid stories involving a lot of hot air, but this week we'll make an exception. A team from England this past Wednesday shattered the speed record for a steam powered car that had stood for 100 years, the oldest record in all of motorsports.

They had been at it for almost 10 years and finally this week it all came together. *Inspiration*, the 25-foot-long, three-ton car with a complex set of multiple boilers, piloted by Charles Burnett III, tore across the Mojave Desert at a hefty two-way average speed of 139.843 miles per hour. The old record had been held since 1906 by Fred Marriott who went 127.659 mph in a Stanley Steamer Rocket.



Well done lads!

Thought for the week...

He had the unique capability to sit people down at the table together and really negotiate, which means compromising. He will not only be missed, he has already been missed.

-- Sen. John McCain, (R-Az.) reflecting on his Democrat colleague, the late Edward M. Kennedy