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## **Senate/ House Conference is Next Step for “Dealer Exemption” from Finance Reform**

**NADA Says Dealer Legislative Effort Continues, Albeit from Good Positioning**

The next step in getting dealer F&I operations exempted from Finance Reform legislation will begin the first part of June when Senate and House conferees are expected to return to Washington and begin hammering out the differences between the bills passed by the Senate and House. As WANADA enthusiastically reported earlier this week, the Senate voted 60 to 30 to accept the Brownback “motion to instruct” Senate conferees to exempt dealers from Finance Reform so that the Senate input mirrors what came over from the House, which excluded dealers by amendment.

Dealers have reason to be optimistic about the exemption, but NADA is taking no chances. It is urging all its members to remain in contact with their senators to press Senate conferees on the “instruction” language. NADA notes that “instruction to the conferees” is not binding and it is not impossible for a House/Senate conference to create a bill out of different Senate and House measures that looks nothing like either of them.

WANADA members, accordingly, are encouraged to stay in touch with Maryland and Virginia senators since all the Democrat Senate conferee appointees voted *against* excluding dealers because the conference chairmen, Sen. Christopher Dodd (D-Conn) remains convinced that dealers should be covered by Finance Reform. Recall from WANADA’s Special Bulletin last week, however, that Maryland Senators Cardin and Mikulski supported the Brownback motion to exclude dealers, and Virginia Senator Mark Warner abstained from the vote. Only Sen. Webb voted against the Brownback motion.

The timetable for the conference, some of which will be televised, calls for the measure to be ready by June 23, with the Senate and House then voting on it by June 26 and the measure on the president’s desk for signature before the July 4<sup>th</sup> holiday.

The talking points, most of Congress accepts, are the following:

1. Dealers don't extend credit to car buyers, but only arrange it and don't belong in Finance Reform;
2. Dealer assistance in acquiring a car loan is a *bona fide* value-added benefit that unequivocally gains car buyers the lowest rates on credit;
3. The instances of consumer fraud and consumer complaints over dealership car loan assistance to car buyers is next to none, with the problems of service men and women with car loans being misstated against new car dealers by opponents of the dealers' exemption;
4. An abundance of consumer protection laws, with consumer regulators to administer them, exist from the Federal Trade Commission on down to state attorneys general offices and to state motor vehicle agencies; so regulation of dealers by the new BCFP is unnecessary and misdirected simply because dealers are *not* financial institutions.

You can link directly to Maryland and Virginia senators and representatives by [clicking here](#). You can also contact them by phone by calling the Capitol switchboard at (202) 224-3121.

Dealer success on keeping themselves out of Finance Reform is close at hand, so it's important that the conference process be monitored which NADA is doing. Any feedback from members of Congress to WANADA dealers would be appreciated. Call Gerard Murphy or John O'Donnell at (202)236-4646 or (202) 669-8144, respectively, with any information.

Stay Tuned!

## **NADA Chairman Thanks Allied Automotive Trade Associations (ATAE) for Orchestrating Dealer Grassroots on Finance Reform**

*My sincere and heartfelt thanks to all of you for your tremendous efforts to achieve the favorable Senate vote on the Brownback Amendment language. Despite intense pressure from the United States Department of Defense, consumer groups and even President Obama himself, the power of our collective strong grassroots efforts persuaded the Senate to vote in favor of exempting auto dealers from the new Consumer Financial Protection Bureau.*

*It is indeed a major victory and although we must remain vigilant to ensure the language makes it into the final bill, with the 60-30 margin of victory, we are hopeful and confident it will.*

*I am very clear on one point I must share with you: I know that without your ATAEE dealer association efforts we could never accomplish something like this. You make all the difference and your mobilization of your dealer body, constant reminders, and diligence on issues like this is neither unnoticed nor unappreciated. On the contrary, I admire your abilities and truly appreciate what you do for the dealers of our country.*

*Thanks again to all.*

*Best regards,*

*Ed Tonkin, NADA Chairman*

## **FTC Extends Enforcement of Red Flag Rule Yet Again! New Date is December 31, 2010**

At the request of several members of Congress, the Federal Trade Commission is further delaying enforcement of the "Red Flags" Identity Theft Rule through December 31, 2010, while Congress considers legislation that would affect the scope of entities covered by the Rule. This is the fifth time that the FTC has delayed enforcement of the Rule.

## **Memorial Day Sales Look Promising**

WANADA dealer members looking forward to the Memorial Day weekend have reason to be optimistic, according to Edmunds.com analysts.

"So far, this month hasn't been particularly good for the car business, but we anticipate that the holiday weekend will more than make up for it," said Jessica Caldwell, director of Industry Analysis for [Edmunds.com](http://Edmunds.com).

If that is true, Edmunds.com forecasts May industry sales will total 1,080,200 vehicles for a nearly 18-percent increase from May 2009 and a nearly 11-percent improvement from April. That would put May's Seasonally Adjusted Annualized Rate (SAAR) at 11.4 million vehicles, up from 11.2 million in April. The [SAAR in May 2009](#) was 9.9 million.

Caldwell notes that in the past three years, Memorial Day weekend car sales were about 40 percent higher than non-holiday weekends in May. Sales on the last day of May were about 130 percent more than the average sales day.

## **Congress Proposes a \$10K Incentive to Chevy Volt and Nissan Leaf Buyers in Select Cities**

Congress is considering giving buyers of the Chevrolet Volt and Nissan Leaf a \$10,000 federal tax credit in some cities as part of a \$10 billion plan to boost electric vehicles.

The House and Senate have slightly different versions of the incentive plan but the general aim is to create a viable and sustainable market for the vehicles.

The House version would dedicate \$800 million to five "deployment communities" to speed 700,000 plug-in vehicles into use and establish recharging networks. The Senate version would spend about \$10 million in up to 15 communities and extend the current \$7,500 tax credit for 200,000 plug-in vehicles per manufacturer to 300,000. It would also raise the credit to \$10,000 in those 15 communities.

The Senate bill also creates a \$10 million prize for the first manufacturer of a battery with a range of 500 miles on a single charge and both bills set aside billions for battery research.

The Senate bill would require that one of the 15 deployment communities be a rural area of fewer than 125,000 people and would "reflect diverse populations" and geography.

The legislation is likely to be taken up after the Congressional summer recess.

## Rooftop Test Track for World's Largest Dealership



Talk about grandiose: A new car dealership in Istanbul, Turkey, featuring a roof-mounted test track outside and 56 separate bars inside, will be the largest car dealership in the world.

To be called Autopia Europa, its designers see the 708,661 square-foot dealership as a car mall featuring 200 individual showrooms, 48 service stations, 42 insurance companies and 24

banks. Over 400 brands will be represented with 2,426 models. The rooftop track is not for racing, but rather for new car test drives, free from the congestion of the metropolis below.

## Car Buyers Still Loyal to their Brand

The latest survey from Consumer Reports says brand loyalty is still alive and that 73% of car buyers are “somewhat” or “very likely” to purchase the same make they currently drive the next time they shop for a new car.

The survey also found that women are more likely to be brand loyal than men, with 54% compared to 43% claiming they are “very likely” to purchase another car of the same make as they currently own. The same applies for older drivers. Among drivers 35 and older, at least 50% plan to stay with the brand they already own. Only 41% of drivers aged 18 to 34 years old felt the same. CR also found that household income does not play a role in car brand loyalty. Affluent consumers and those of lesser means were nearly equal in their attachment to a brand.

Asked what it would take to make them switch brands, respondents listed dealer issues as the least likely reason to switch, suggesting that the overall dealership experience in the industry is very satisfactory regardless the franchise. Ranked well above dealership reputation and location as a reason to switch brand are higher quality-75%; better fuel economy-73%; lower price-67%; better safety record-65%; more standard equipment-62%; better overall reputation-61%; lower-cost financing-57%; free maintenance-57%; generous trade-in allowance-57%; and bigger cash rebate-56%.

Men and women weigh those factors differently. Women are most drawn to better fuel economy (76%), a better safety record (72%), and more standard equipment (65%). Men share similar priorities, though the percent of men influenced by these factors was lower.

The magazine says automakers have direct control over all of the factors that influence more than 60% of consumers. A dealer's influence is mostly limited to how they advertise and present a vehicle in the showroom and such factors as customer-service reputation and financial dealings.

## ***In Memoriam*** **Armeda Smith Pallone**

Armeda Smith Pallone, wife of WANADA dealer member Mike Pallone of Pallone Chevrolet, passed away on May 23, 2010. The Pallones had been married for over 40 years and where together when Pallone Chevrolet of Springfield was founded in Springfield, Va. Alongside Mike, Armeda was part of the Pallone dealership team over the many years.

Besides Mike, she is survived by her brother and sister-in-law, Robert and Roberta Smith, as well as numerous nephews and nieces.

A memorial service for Armeda was conducted on May 26, at the Demaine Funeral Home in Springfield. In lieu of flowers, the family asks that donations be made in her memory to Capital Hospice, 10530 Linden Lake Plaza, Suite 200, Manassas, VA 20109.

WANADA extends it sincere condolences to Mike Pallone and his family at this sad time.

## **Summer Holiday Closing Signs Sent**

As has been WANADA's custom, optional closing signs for the summer holidays denoting Memorial Day, July 4<sup>th</sup> and Labor Day were mailed to all dealer members recently. Each WANADA dealer member was sent one for the showroom and one for the service department. If additional signs are needed for July 4<sup>th</sup> or Labor Day, contact Trish Frisbee at (202) 237-7200 or tf@wanada.org.

### **In Consideration of Memorial Day...**

(We meet) here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to the cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom— and that government of the people, by the people, for the people, shall not perish from the earth.

--A. Lincoln

Dedicating a federal cemetery at Gettysburg honoring the Civil War dead, Nov. 14, 1863