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Effort to Exempt F&I from Finance Reform Grinds On House/Senate Conference to Finalize Legislation to begin Next Week

House and Senate conferees are slated to begin the markup of final Finance Reform legislation next week, and WANADA dealer members and dealers around the country are hoping their hard fought grass roots effort to have dealer F&I operations excluded from the law pays off. As it now stands, the House version of the legislation *excludes* dealers and the Senate conferees are working under an “instruction motion,” passed 60 to 30 in the Senate, to join the House in that position. “The bottom line is that the dealer position in Finance Reform right now is promising, but it ain’t over till the fat lady sings,” said Gerard Murphy of WANADA who has been in the midst of the legislative initiative.

The lawmakers who will comprise the conference have not all been named. But Democrats in the House and Senate slated to take part in the negotiations are overwhelmingly opposed to the exemption and outnumber the Republicans headed to the conference. It is also expected that the White House will ratchet up its already vocal campaign opposing the dealer carve-out.

“We’re not taking our foot off the pedal,” said Bailey Wood, spokesman for NADA. “They still have to get this bill back through the House and Senate where there will likely be an increased amount of White House meddling,” said Wood who acknowledged that dealer advocates have their work cut out for them in the days ahead.

Just before the Memorial Day Holiday the Senate named seven Democrats and five Republicans to the conference. All the Democrats voted *against* the dealer exemption, with the exception of Blanche Lincoln (Ark.), who abstained. House speaker Nancy Pelosi (D-Calif.) will announce the official House conferees early next week. Interestingly, Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee who also opposes the exemption, has recommended a *mix* of conferees for purposes of the dealer exemption: Democrat Reps. Paul Kanjorski (Penn.), Mel Watt (NC), Luis Gutierrez (Ill.), Maxine Waters (Calif.) and Gregory Meeks (NY) opposed to the exemption; but Democrat Reps. Carolyn Maloney (NY) and Dennis

Moore (Kan.) supported the carve-out. Of the 20 lawmakers already expected to take part in the negotiations, only two Democrats and five Republicans support the dealer exemption.

The talking points, or more correctly, the drumbeat, that have preserved the dealer position in the provocative Finance Reform debate are reiterated below:

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.

NADA's effort to keep dealers out of Finance Reform grinds forward, 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 reconnaissance.

Stay Tuned!

WANADA Dealers Invited to Free NADA University Webinar

Monday – June 7 2:00 pm, EDT.

WANADA Member Tamara Darvish and Marilyn Youngs of NADA Dealer Operations, to Host Session

Metro Washington director for NADA, Tamara Darvish of DARCARs, has invited all dealer principals and GMs to an exclusive webinar she will host with Marilyn Youngs, senior director of NADA Dealership Operations, to introduce the portfolio of services being offered through NADA's online University and answer questions about them.

NADA recently launched the unprecedented online education and cutting-edge technology resource exclusively for NADA's dealer members to enhance business performance in a complex marketplace.

NADA University offers dealership-oriented training and resources, as well as online information and insights provided by NADA and other industry leaders, at ***NO CHARGE***.

NADA has created four (4) Automotive Centers of Excellence:

Experts Debate Long Term Sales Trend for Auto Industry

Does Less Teen Driving Now Mean Fewer Sales in Future?

AdAge, the advertising industry bible, published a story this week noting that teenagers no longer seem to be interested in cars like those before them and that the implication for the auto industry was flat sales or worse for the coming decade.

In 1978, nearly half of 16-year-olds and three-quarters of 17-year-olds in the U.S. had their driver's licenses, according to Department of Transportation data. Thirty years later only 31% of 16-year-olds and 49% of 17-year-olds had licenses, and the decline continues to accelerate.

William Draves, president of Lern, a consulting firm which focuses mainly on higher education, and co-author of "Nine Shift," blames teenager's interest in the internet for the decline and maintains that the digital age is reshaping the U.S. and world early in this century, much like the automobile reshaped American life early in the last century.

He believes that almost everything about digital media and technology makes cars less desirable or useful. Interestingly, auto industry research firm J.D. Power & Associates reported recently that Gen Y-ers don't talk about cars nearly as much as their elders in social media. Both Draves and J.D. Power see this trend as a permanent effort on the part of the generation to be more productive with their time, noting that most young people live in cities and have access to public transportation where they can work while commuting.

The *AdAge* story notes Ford and many other car companies are responding to this reality by putting features in their vehicles that make them a "node on the internet," always connected and functionally a PC with voice and video features.

Paul Taylor, chief economist with the National Automobile Dealers Association, argues, however, that it is the economy, rather than any long-term secular trend, that has impacted driving and licensing among younger people. He says unemployment has led some younger consumers to drive less and that rising insurance costs for 16-to-19-year-old drivers has likely discouraged cash-strapped parents from allowing them to get licenses. "If job prospects improve," he said, "people will want the personal freedom and mobility that owning a car provides."

Who is right? Only time will tell. It is agreed by most economists, however, that in the near term a recovery in auto sales is under way, driven largely by the need to replace a fleet that on average is 9.4 years old, and that this recovery will last for several years with sales near the 14 million mark by 2012.

Mercury Brand Comes to an End at Ford

Eleven WANADA dealer members got the news this week that their Mercury franchise will be coming to an end this year. Ford Motor Co. confirmed what had been rumored for some time, that it will eliminate its Mercury sales division. The company said the decision came after an extensive business and product review Ford conducts every spring and was approved by Ford's board of directors at its regularly scheduled June meeting.

Ford officials said the last Mercury vehicle will roll off the line in the fourth quarter of this year. At the same time, Ford said it will accelerate the Lincoln brand with seven all new or significantly freshened vehicles in the next four years.

Mercury has managed to get a .8 percent share of the U.S. market, and has been in decline for many years. Ford has 1,712 dealers with the Mercury franchise. Of those, 925 are Ford-Lincoln-Mercury; 276 are Lincoln-Mercury and 511 are Ford-Mercury. There are no standalone Mercury dealerships. Among the WANADA membership there are eight LM stores, though most are dualled with other franchises.

Ford said it will compensate all Mercury dealers for the loss of the franchise. It remained unclear as to whether Lincoln will become a standalone franchise.

NADA's concern is that Ford treats each of its Mercury dealers fairly and equitably, especially the 276 of whom sell Lincoln and Mercury exclusively. Another important concern is that Mercury customers be reassured by Ford, and that all warranties will be honored and parts and service will continue to be available.

Ford also needs to move quickly to take into account the millions of dollars that dealers have invested in facilities, equipment, personnel and training. They deserve fair compensation.

“It’s a sad day for this 70-year-old marquee, and its loss is disappointing for the more than 1,700 dedicated dealers who sell the Mercury brand,” said NADA Chairman Ed Tonkin.

ADEI Technician Training Program Graduates Four from Montgomery College

WANADA’s nationally recognized, *NATEF Certified* Auto Technician Training Program graduated four of its best this month from Montgomery College (MC). The four will be working “on the line,” in four separate WANADA dealer service departments going forward.



The graduates, who successfully completed the two year program, are pictured here as follows: from the left; Samuel Perlmutter, Steve Byington, Jose Cuellar-Solorzano, Nicholas Vasquez and their instructor Mike Carretta.

ADEI has a number of talented candidates available for its Auto Technician Training Program in both Maryland and Virginia. Besides MC, ADEI technician training is offered at Northern Virginia Community College. Dealers interested in hiring the technicians or placing a promising young worker in the program should contact Bill Belew, program manager, or Jake Kelderman, ADEI director, at (202) 237-7200. A detailed explanation of the program and its many benefits for dealership service operations can also be obtained by clicking [here](#). Check it out!

Dealers May be Eligible for Small Business Health Care Credit

The Affordable Health Care Act of 2010 provides a tax credit for up to 35 percent of employee premiums starting this tax year. An estimated 4 million small businesses, including some dealerships, may qualify for these tax credits, totaling about \$40 billion over the next 10 years. This federal credit is *in addition to* state-level credits eligible employers might receive. To qualify for the health care tax credit, firms must have less than the equivalent of 25 full-time workers (e.g., a firm with fewer than 50 half-time workers would be eligible), pay average annual wages below \$50,000, and cover at least 50 percent of the cost of health care coverage for their workers.

The credit is worth up to 35 percent of a small business's health premium cost in 2010, which increases to 50 percent on January 1, 2014. Small businesses offering their employees dental, vision and other limited-scope health insurance coverage will also receive a tax credit for those. It should be noted, however, that the credit is scaled, meaning the more employees you have above 10, the smaller the credit. Businesses can claim the credit from 2010 through 2013 and for any two years after that. [Click this link to learn more about the tax credit](#)

Position Wanted

A dealership controller, with 15 *plus* years experience with ADP, financial statement preparation, tag and title work and business management is seeking a similar position in the Washington metro area. For more information, please contact John O'Donnell at (202) 237-7200, or jod@wanada.org.

Staying Ahead...

Women who want to be equal with men lack ambition.

--Timothy Leary