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Finance Reform Conference Gets Underway

Maryland Rep. Elijah Cummings Among those to Decide on Legislation Critical to Future of F&I

The House/Senate conference to finalize Finance Reform legislation and whether dealership F&I operations will be subject to oversight by the proposed Consumer Financial Protection Bureau (CFPB) got underway on Thursday after House Speaker Nancy Pelosi (D-CA) named 10 members of the House Financial Services Committee to the conference committee. Among the conferees was Rep. Elijah Cummings (D), who represents Maryland's 7th District.

The House Democratic delegation is being led by Rep. Barney Frank (D-MA.), the head of the Financial Services Committee, who is also serving as chairman of the conference. He is being joined by five other chairmen: Agriculture Committee Chairman Collin Peterson (D-MN), Energy and Commerce Committee Chairman Henry Waxman (D-CA), Judiciary Committee Chairman John Conyers (D-MI), Oversight and Government Reform Chairman Edolphus Towns (D-NY), and Small Business Committee Chairwoman Nydia Velazquez (D-NY).

Representing the Republicans in the conference are the ranking members of the House committees who chairman Pelosi named. They include: Rep. Spencer Bachus (R-AL); Rep. Joe Barton (R-TX); Rep. Sam Graves (R-MO); Rep. Darrell Issa (R-CA); Rep. Frank Lucas (R-OK); and Rep. Lamar Smith (R-TX).

The Senate had previously named its members which include Democrats Christopher Dodd (CT), Blanche Lincoln (AR), Tom Harkin (IA), Charles Schumer (NY), Jack Reed (RI), Tim Johnson (SD), and Patrick Leahy (VT). The Republican members are Richard Shelby (AL), Saxby Chambliss (GA), Mike Crapo (IN), Judd Gregg (NH) and Bob Corker (TN).

The televised conference got off to a contentious start with Republicans noting that 300 additional pages of changes to the legislation the Senate passed had already been made, and that, according to Sen. Shelby "the majority is going to impose their will, and this bill will likely

become law.” Democrats countered that the conference was going to be the “most open” the Congress had seen in some time. NADA and other interest groups predict, however, that all the significant elements of the conference measures, including the exclusion for dealership F&I operations, will be decided behind closed doors. That effort will begin in earnest next week.

NADA says conferees are under immense pressure to eliminate language preserving auto financing as a convenient and competitive choice for consumers at dealerships and that to make an immediate impact with conference members, dealerships should fax, not mail, letters on dealership letterhead urging them to support keeping the pro-consumer Brownback/Campbell language in the final Wall Street Reform bill. The fax should stress that dealerships and auto loans had nothing to do with the meltdown of the financial industry and neither presents a “systemic risk” to the national economy. Dealerships should explain that the uncertain regulatory structure of a new agency risks local jobs, threatens vehicle sales and increases the cost of credit for consumers. For a list of conferees and their fax numbers, visit: www.NADA.org/KeepCreditAffordable.

Bobby Mitchell Tournament: July 10-11, Lansdowne Resort

20th Anniversary for WANADA Sponsored Event

The Bobby Mitchell/AutoTrader.com Hall of Fame Golf Classic to support leukemia and lymphoma research is but a month away and WANADA is notifying members to once again demonstrate their support for this worthwhile cause. The event is again chaired by Tamara Darvish of DARCARS and Todd Heavner of Enterprise. As it has for the past 20 years, the tournament weekend kicks off with a private practice round on Saturday morning at Lansdowne Resort in Northern Virginia, followed by a special banquet there on Saturday evening. The banquet will feature a tribute to this year's patient hero and an exciting silent and live auction. To register as a sponsor or play in the golf tournament please click on this link http://www.leukemia-lymphoma.org/all_page.adp?item_id=504567

The golf tournament itself will be played on Sunday, when Hall of Famers from the worlds of professional football and basketball will tee off with their playing partners at Lansdowne, named one of the "top ten new courses you can play" by Golf Magazine in 2005. For a five-dollar donation to The Leukemia & Lymphoma Society, the public can come out and cheer for their favorite sports legends as well as compete in a contest to win a trip to the Hall of Fame!

Gallery tickets can be purchased on the day of the event at Lansdowne Resort and children under the age of 12 are admitted free.

This year, a 2010 Scion tC, donated by DARCARS, will be given away through the [tournament raffle](#). To purchase tickets and help raise money for the cause, please call The Leukemia & Lymphoma Society at (703) 399-2900 or email [Loree Lipstein](#).

To learn more about six-year old Ryan Darby, this year's [Patient Hero](#), click on the link.

20th
Annual
BOBBY
MITCHELL

AutoTrader.com

Hall of Fame
Golf Classic

July 10 - 11, 2010
Presented by

WANADA
&
DARCARS

Clarification!

FTC Enforcement Delay of Red Flag Rule Does Not Delay Effective Date of June 1 !

WANADA dealer members are cautioned that the Federal Trade Commission (FTC) decision to delay enforcement of the “Red Flags” Identity Theft Rule through December 31, 2010, *does not* mean the law must not be adhered to. It simply means the agency will not enforce Red Flag until then. Dealerships and other businesses must have their identity theft regimen in place as of June 1, 2010 and are encouraged to apply Red Flags as a reasonable precaution to secure customer information and protection against identity theft.

Dealers Cautioned Over Identity Theft from Copier Hard Drives

WANADA members are being cautioned to take care when disposing of used copiers because personal information may be stored on them and can be hijacked by identity thieves. The warning is being issued by Maryland Attorney General Douglas Gansler following news reports of used copiers being sold or recycled with hard drives storing confidential personal information from copies made using the photocopier and thieves hacking into them.

Maryland laws requires businesses that maintain personal information to protect that information and dispose of it in a manner that renders its unreadable. Disposing of a copier with personal information stored on the hard drive would violate that obligation. Gansler notes it can also be considered a “security breach,” in which case notice must be given to consumers as soon as reasonably practicable following an investigation. That notice must be by mail or telephone and must include the following: a description of the information compromised; contact information for the business; toll-free numbers and addresses for credit reporting agencies, Equifax, Experian and TransUnion; toll-free numbers, addresses and websites for the Federal Trade Commission (FTC) and the Office of the Attorney General (OAG); and a statement that the individual can obtain information from these sources about steps to avoid identity theft.

Gansler urges anyone disposing of a photocopier to “scrub information from the hard drive,” before doing so.

Additional information is available at: www.oag.state.md.us/idtheft/copiersecurity.pdf

Reminder!

Vehicle Definition and Spot Delivery Language Should be in Virginia Buyer’s Order by July 1

New Vehicle Definition

New vehicles become used only when titled or when they accumulate 750 miles or more. A dealer selling a car or light duty truck with more than 750 miles on the odometer can sell it as new with this notice:

"Notice: This new motor vehicle has accumulated mileage in excess of 750 miles as the result of use as a demonstrator and/or as the result of delivery to a prior prospective purchaser who never took title to it and who returned it."

This disclosure must be given to a buyer either in the Buyer's Order or in a separate document no later than July 1, 2010. If it is in the Buyer's Order it must be in type no smaller than 10 point. If it is in given separately, the document must contain only the disclosure in type no smaller than 14 point, it must contain the actual odometer reading at time of sale, and it must be signed by the buyer(s).

Spot Delivery Language

Similarly, spot delivery languages should be in the Buyer's Order by July 1. The Virginia General Assembly enacted a law specifically permitting spot delivery and revising the notice that must be given to a buyer. Here is the buyer's order notice, in bold face type, no smaller than 10 point:

"IF YOU ARE FINANCING THIS VEHICLE, PLEASE READ THIS NOTICE. YOU ARE PROPOSING TO ENTER INTO A RETAIL INSTALLMENT SALES CONTRACT WITH THE DEALER. PART OF YOUR CONTRACT INVOLVES FINANCING THE PURCHASE OF YOUR VEHICLE. IF YOU ARE FINANCING THIS VEHICLE AND THE DEALER INTENDS TO TRANSFER YOUR FINANCING TO A FINANCE PROVIDER SUCH AS A BANK, CREDIT UNION OR OTHER LENDER, YOUR VEHICLE PURCHASE DEPENDS ON THE FINANCE PROVIDER'S APPROVAL OF YOUR PROPOSED RETAIL INSTALLMENT SALES CONTRACT. IF YOUR RETAIL INSTALLMENT SALES CONTRACT IS APPROVED WITHOUT A CHANGE THAT INCREASES THE COST OR RISK TO YOU OR THE DEALER, YOUR PURCHASE CANNOT BE CANCELLED. IF YOUR RETAIL INSTALLMENT SALES CONTRACT IS NOT APPROVED, THE DEALER WILL NOTIFY YOU VERBALLY OR IN WRITING. YOU CAN THEN DECIDE TO PAY FOR THE VEHICLE IN SOME OTHER WAY OR YOU OR THE DEALER CAN CANCEL YOUR PURCHASE. IF THE SALE IS CANCELLED, YOU NEED TO RETURN THE VEHICLE TO THE DEALER WITHIN 24 HOURS OF VERBAL OR WRITTEN NOTICE IN THE SAME CONDITION IT WAS GIVEN TO YOU, EXCEPT FOR NORMAL WEAR AND TEAR. ANY DOWN PAYMENT OR TRADE-IN YOU GAVE THE DEALER WILL BE RETURNED TO YOU. IF YOU DO NOT RETURN THE VEHICLE WITHIN 24 HOURS OF VERBAL OR WRITTEN NOTICE OF CANCELLATION, THE DEALER MAY LOCATE THE VEHICLE AND TAKE IT BACK WITHOUT FURTHER NOTICE TO YOU AS LONG AS THE DEALER FOLLOWS THE LAW AND DOES NOT CAUSE A BREACH OF THE PEACE WHEN TAKING THE VEHICLE BACK. IF THE DEALER DOES NOT RETURN YOUR DOWN PAYMENT AND ANY TRADE-IN WHEN THE DEALER GETS THE VEHICLE BACK IN THE SAME CONDITION IT WAS GIVEN TO YOU, EXCEPT FOR NORMAL WEAR AND TEAR, THE DEALER MAY BE LIABLE TO YOU UNDER THE VIRGINIA CONSUMER PROTECTION ACT."

To cover leases, include the following language below the paragraph quoted above:

IF YOU ARE LEASING THIS VEHICLE, THE SAME PROCEDURES, RIGHTS, AND OBLIGATIONS APPLICABLE TO A TRANSACTION INVOLVING A RETAIL INSTALLMENT SALES CONTRACT STATED ABOVE APPLY TO THIS LEASE TRANSACTION.

"HIRE Act" Forms Now Available

On March 18, 2010, President Obama signed into law the Hiring Incentives to Restore Employment Act (the "HIRE Act").

The WANADA Bulletin of that week outlined the key provisions for dealers/employers to be aware of in the "HIRE" Act, one of which was the payroll tax holiday for the employer's share of Social Security (but not Medicare) taxes on qualified new employees.

The payroll tax holiday can be claimed on the revised Form 941 as of the second quarter of 2010 (here is the link for the form: <http://www.irs.gov/pub/irs-pdf/f941.pdf>). The reduction in payroll taxes is reported and calculated on lines 6a, 6b, 6c and 6d.

Additionally, the employer is required to obtain a signed affidavit certifying that the qualified new employee was not employed for more than 40 hours during the 60 day period ending on the date the new employee starts work. The IRS has released Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, which employers should have any qualified new employees sign in order to satisfy this requirement (here is the link for the form: <http://www.irs.gov/pub/irs-pdf/fw11.pdf>).

Your payroll company should be able to assist you with claiming this "payroll tax holiday."

Rockville City Council Backs Off Public Space Requirement

The Rockville City Council reversed itself this week and voted to reduce the amount of "public space" it will require of developers. The Council had been pressing for as much as a 20 percent set aside, or a "fee in lieu of" such development as part of its master plan for the city, but hot on the heels of strong public opposition, including testimony from WANADA and WANADA dealer member Sue Seboda, Congressional Motors, and a recommendation from planning commission staff, the council voted on June 7 that a 10% set aside is more reasonable.

The vote does not end the controversy, however, as the master plan for the city, which is due to be completed in another year or so, may well override that vote and/or go in a completely different direction in addressing the public space set aside issue.

Property owners in the city had been fearful that the proposed "public space" requirements in the city's master plan would have significantly hampered their ability to develop property on a financially feasible basis, either because the land loss was significant or the "payment in lieu" dollar amounts could have amounted to millions of dollars.

"We are certainly encouraged by this decision, but we are by no means giving up on having a "reasonable solution" to the public space issue," said Sue Seboda.

WANADA historically works on local zoning matters that affect auto dealers in different jurisdictions around the Capital Beltway and see through the Rockville City action.

Chrysler PT Cruiser to End Production



Chrysler Group LLC won't confirm the rumor, but a number of auto industry publications are reporting the last of the iconic, retro-styled four door will roll off the assembly line on July 9.

More than 1.2 million have been built and sold around the world, including a convertible model that was discontinued in 2007. Chrysler officials concede the car does not fit into the new styling direction the company is taking as it integrates Fiat models.

Chrysler dealers sold 106,829 PT Cruisers the first year in North America and retailed a peak number the following year with sales of 160,382. Sales declined every year thereafter, but did not drop below 100,000 units until 2008.

According to Ward's, Chrysler dealers had 4,576 PT Cruisers in stock through May, for a 119 days' supply.

VWoA Provides Town of Herndon with Two Concept Police Cars



Volkswagen of America, Inc. has presented the Herndon, Va. police department with two specially modified VW Passat models for use as police vehicles because of the OEM's headquarter location in the town.

Volkswagen of America Chief Operating Officer Mark Barnes handed over the keys to the cars to Herndon Mayor Steve DeBenedittis at a presentation ceremony held at the Depot Main Stage.

VW engineers and designers overhauled the Passat and Passat Wagon to feature serious upgrades including, a Hi-Def body styling package, spoilers, high performance wheels, tires and brakes, and an engine package that produces 250 hp and 299 lbs. ft. of torque.

Thought for the Week...

"Be more concerned with your character than your reputation, because your character is who you really are, while your reputation is merely what others think you are."

-- John Wooden, Famed UCLA Basketball coach, who passed away this week.