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Bill to Restore Dealer Franchise Rights Gains Momentum in Congress

Companion bill to the House just introduced in the Senate

The legislation to restore franchise rights to dealers who lost them in the Chrysler and GM bankruptcies picked up a head of steam this week as the number of co-sponsors in the House of Representatives has grown to 163 and, just yesterday, June 18, a companion bill was introduced in the Senate (S. 1304) by Sen. Chuck Grassley (R-Iowa.). The Senate action, taken together with the growing support in the House, significantly enhances the chances of passing the legislation, which is only two weeks old.

The burgeoning, dramatic success of the measure emanates from the joint press announcement in the House last week from Majority Leader Steny Hoyer (D-Md.) lending his support to HR 2743, along with that of Democratic Caucus head Chris Van Hollen (D-Md.) and Barney Frank (D-Ma.), chairman of the powerful House Financial Services Committee. Behind the scenes, NADA is working the legislation hard in conjunction with its network of state and metro dealer associations across the U.S. to achieve passage of the Maffei, Kratovil & Van Hollen bill. Besides Reps. Hoyer and Van Hollen around the Capital Beltway, Reps. Gerald Connolly (D-Va.) and Jim Moran (D-Va.) from Northern Virginia are signed on. The move now will be to get the cosponsors in the Senate to sign on as some in Maryland, Virginia and elsewhere are poised to do.

Principally, the measure provides that state franchise protection laws can't be set aside by the bankruptcy proceedings, meaning that *all* Chrysler and GM dealers are assisted, those who have lost franchises, no less than those who have had their franchise agreements substantially abridged. Indeed, dealers of all brands are benefited by this legislation with its goal of defeating the first ever federal level assault on state franchise laws.

Assisting the concerted dealer association effort on the legislation is an individual dealer group consortium that has formed known as the Committee to Restore Dealer Rights (CRDR), which is recruiting other dealers and raising funds at \$1,000 per supporter to mount a comprehensive public information campaign. With time of the essence on the bill, this separate public affairs effort could make a difference. CRDR is located at 150 East Bridge Street, Elyria, OH 49035, and has a website at hometownautodealers.org. WANADA dealers Tamara Darvish, DARCARS, and Jack Fitzgerald, Fitzgerald Auto Malls, are on the CRDR organizing committee, which is working in tandem with NADA on the bill.

A number of senators have joined House members in going public with their concerns and support of dealers in the Chrysler and GM bankruptcies, which has already included a Senate Committee hearing looking into dealer franchise rights and contact with operatives on the Auto Industry Task Force and the Obama administration at large.

Hot off the Press!

Congress Passes "Cash for Clunkers"

Senate approved bill yesterday; Obama expected to sign it into Law

The much discussed stimulus legislation "Cash for Clunkers" *passed* the Senate yesterday, June 18, on a close vote of 60-36 as part of the Supplemental Appropriations Bill (HR 2346). This is good news for U.S. dealers! From here, the measure goes to the president, who is expected to act quickly signing the bill into law so that consumers can be incentivized to trade-in old vehicles (clunkers) with comparatively high mpg ratings for new vehicles with comparatively low mpg ratings. Patterned after a law enacted in Germany that successfully stimulated consumers there to buy new vehicles, the new law here will offer two levels of tax credits to car buyers: \$3,500 and \$4,500 depending on the features of the "clunker" and the new vehicle, which can be a passenger car, light duty truck or work truck. Besides mpg, there is a limited timeframe for cash-for-clunkers and an MSRP ceiling on the new vehicle of \$45,000. There are also scrappage requirements the dealer must observe on the trade-in.

Attached is a chart compiled by NADA, who worked diligently to see the "cash for clunkers" legislation through to success, that details the extensive criteria.

WANADA commends NADA on a job well done!

Like a High End Watch, the President's Pick for Ambassador to Switzerland is Classy



WANADA dealer member Don Beyer, president of Don Beyer Volvo-Alexandria and 2006 AIADA chairman, has been nominated to become ambassador to Switzerland and the Principality of Lichtenstein. Mr. Beyer served as lieutenant governor of Virginia from 1989 to 1998 and had played a significant role in the successful election campaign of President Barack Obama.

Mr. Beyer is currently on the board of Lightly Expressed, a fiber optic lighting design and manufacturing firm and serves on the Volvo International Product Development team. Additionally, Mr. Beyer is a member of the Northern Virginia Business Roundtable and the Northern Virginia High Tech Council, which he co-founded. He also serves

on the boards of Youth for Tomorrow, the Washington Community Foundation, and the Red Cross. WANADA salutes Don Beyer on his well earned nomination.

WANADA Dealers Join other Community Leaders in Honoring Mayor Fenty

WANADA dealers and other leaders from the region came together last week at The Georgetown Club to recognize DC Mayor Adrian Fenty for the good he has done the city of Washington and the Metropolitan Washington area at large. For its part, WANADA thanked Mayor Fenty for his personal leadership and commitment of his administration in assisting Washington Auto Show organizers in positioning the event as the Public Policy Show on the industry's global circuit. Hosting the reception with WANADA was former mayor Tony Williams, who also lent considerable support and assistance to The Washington Auto Show when he was DC's chief executive.



How much is Old Chrysler Worth?

According to a confidential liquidation analysis prepared by the investment firm Chilmark Partners for Chrysler lenders, unsecured debtors shouldn't get their hopes up when "Old Chrysler" goes to liquidation. The firm says there will be little more than \$2 million to share between them when all is said and done.

The Chilmark analysis, which was reported in the Wall Street Journal, indicates that Old Chrysler will have approximately \$2.1 billion of assets on its books (seven assembly plants worth \$1.4 billion, 8,500 company cars worth \$200 million and \$200 million in derivatives). Chilmark estimates the plants and cars will fetch about \$100 million each and that the derivatives are worthless.

That will leave \$200 million in liquidation proceeds; but administrative fees and "wind down" costs will eat up most of that. What's left is about \$2 million. The firm says the deal offered by the Treasury Department in the bankruptcy of Chrysler may have been the best all the lenders could have hoped for.

NADA Launches New “Buy Now” Campaign



“My mommy says we’re gettin’ a new car for free!”

This is John. His mommy just got home with their new car. There’s nothing new for mommy but John sure liked what she brought for a down payment. The new car is a new car and it’s a new car for free!

Well, John sure got a big surprise. The trade-in value of his old car had gone up in some months and he was able to use it as the down payment. That way, John never needed for any money because, now, his payments are lower than before.

John sure was so happy the next day he was getting a brand new car for free!

Now when your “Mommy” says she is the driving wheel and you will never need a payment! John’s mommy and daddy program are helping your family do just this. Why not pick up the phone and call your local dealer to see if you qualify?



Consumers this summer are hearing about more good reasons to “buy now” as phase two of NADA’s national media campaign kicks off the sales season. The new TV, radio, print and online ad campaign, “No Kidding,” touts the federal sales-tax deduction and the potential for lowering monthly payments thanks to the great deals available. With children as the ads’ spokespersons, the messages are sure-fire attention grabbers. The collaborative effort comes about thanks to the California ad agency Brandtillers that volunteered to produce updated versions of last fall’s “Best Time to Buy” messages for free. That campaign—the most comprehensive in NADA’s history—resulted in tens of millions of dollars worth of free airtime and print. [Click here](#) for the complete *AutoExec* story on NADA’s national media ad campaign. [Click here](#) to view and download the new “No Kidding” ads.

The Family and Medical Leave Act Now Includes Military Families

Among the Family and Medical Leave Act changes effective January 2009 is the extension of FMLA leave in certain circumstances to allow eligible employees to care for family who serve or served in the armed forces. Eligible employees are entitled to up to a total of 12 workweeks of unpaid leave during any 12-month period for any qualifying exigency arising out of the fact that the spouse, son or daughter (of any age), or parent of the employee is on active or call to active duty status in the Reserves, National Guard, or are retired members of the Regular Armed Forces or Reserves in support of a contingency operation. This leave is not available to family of Regular Armed Forces members. The regulations provide an exclusive list of eight qualifying exigencies or needs that would qualify employees for FMLA leave. They are listed in abbreviated form below:

1. Short-notice deployment. The service member must be notified of an impending call or order to active duty seven or fewer days prior to the date of deployment.
2. Military events and related activities. Employees may take leave to attend official ceremonies, programs, or events sponsored by the military, and for family support and assistance programs and informational briefings sponsored or promoted by the military, military service organizations, or the American Red Cross, that are related to the active duty or call to active duty status of a covered service member.
3. Childcare and school activities. An employee may take leave for qualifying childcare and school activities requiring attention because a covered service member is on active duty or call to active duty status.
4. Financial and legal arrangements. Employees may take leave to address financial or legal arrangements related to the service member’s absence.
5. Counseling. Employees can take leave to attend counseling provided by a person other than a health care provider (e.g., by a military chaplain, pastor, or minister, or by a military or military services organization).

6. Rest and recuperation. Employees may take FMLA leave to spend with service members on short-term, temporary rest or recuperation leave during the period of deployment.

7. Post-deployment activities. Employees may take leave to attend arrival ceremonies, reintegration briefings and events, and other official ceremonies or programs sponsored by the military for a period of 90 days following the termination of the covered service member's active duty status.

8. Additional activities. Employees may take leave for additional activities that arise out of a service member's active or call to active duty status not otherwise enumerated, if the employer and employee agree that the leave is qualifying and to both the timing and duration of the leave.

For complete information, see *A Dealer Guide to the Family and Medical Leave Act: Update 2009 (L33)*, from which this article is adapted. You may order the guide online at www.nada.org/mecatalog or by calling NADA at 800-252-NADA, ext. 2.

EcoCar Winner

Students Boost Saturn Vue MPG 300%



The EcoCar competition, whose winners have been featured at The Washington Auto Show for the past several years, announced its latest champions this week. After a year of countless hours working in their Green Garages to design the next generation of green vehicle technologies, student engineers from Ohio State University took top honors at the EcoCar competition finals. The winning team's next generation design is an Extended Range Electric Vehicle (EREV), which predicts a 300% increase

in fuel economy over the production 4 cylinder vehicle. The second place vehicle design was engineered by students at the University of Victoria, and the bronze medal went to Mississippi State University.

The EcoCar competition is sponsored by the U.S. Department of Energy, General Motors and the Government of Canada.

Nano, Nano

Tata's ultra-small, ultra-cheap Nano, which costs roughly \$2,500 in India, may end up being sold stateside, reports the Detroit News. The paper says a Tata spokesman confirmed that the India-based company plans to sell the car in the U.S. by 2011.



It's not a done deal yet, though, as the car still has to meet U.S. emissions and safety regulations. As sold in India, the Nano doesn't offer airbags, antilock brakes or an electronic stability system. Required safety features for the U.S. include dual front airbags, a tire pressure monitoring system and, by 2012, an electronic stability system, which also necessitates antilock brakes. Any safety equipment added not only to pass U.S. crash tests but also to quell consumers' safety concerns will undoubtedly increase the car's price.

Another obstacle will be finding a dealership network to sell the car; as of now there are no announced plans.

Attachment/ NADA Chart detailing the features of the new "Cash for Clunkers" law.

Thought for the Week.....

A father carries pictures where his money used to be.

(Happy Father's Day)

Cash for Clunkers Program Eligibility Chart June 18, 2009

Eligible Trade In Vehicle “Clunker”	New vehicle requirements for \$3,500 credit	New vehicle requirements for \$4,500 credit	Effective Dates and Limitations	Scrappage Requirements/ Trade In Value of Old Vehicle
<p>Car, light truck, or large light duty truck:</p> <ul style="list-style-type: none"> • With combined (hwy/city average) fuel economy of 18 mpg or less, which can be found by visiting www.fueleconomy.gov • Manufactured less than 25 years since the date of the trade-in. <p>OR</p> <p>Category 3 Work Truck</p> <ul style="list-style-type: none"> • An 8,500 to 10,000 lb GVW work truck model year 2001 or older. <p>Ownership Requirements</p> <ul style="list-style-type: none"> • Is in drivable condition. • <i>Continuously insured</i> consistent with applicable State law. <p>AND</p> <ul style="list-style-type: none"> • <i>Registered to the same owner for a period of not less than 1 year</i> immediately prior to such trade-in. 	<p>New Passenger Car: Must achieve a combined (highway/city) fuel economy improvement of at least 4 mpg (minimum of 22 mpg) above the trade-in.</p>	<p>New Passenger Car: Must achieve a combined (highway/city) fuel economy improvement of at least 10 mpg (minimum of 22 mpg) above the trade-in.</p>	<p>Effective July 2009 through November 1, 2009*</p> <p>*The National Highway Traffic Safety Administration (NHTSA) must finalize detailed rules and create an online system for dealers to complete these transactions. NHTSA has to complete the final rule 30 days after the bill becomes law.</p>	<ul style="list-style-type: none"> • Dealer must certify the old vehicle will not be resold for reuse as an automobile or truck in the United States or any other country. • Dealer must transfer the old vehicle to an entity that will ensure the vehicle is crushed, shredded, and not returned to road use. <p>These are the general guidelines as written in the bill. NHTSA must finalize specific rules for this process, which will be sent to dealers as soon as it is complete.</p>
	<p>New Light Duty Truck: Must achieve a combined (highway/city) fuel economy improvement of at least 2 mpg (minimum of 18 mpg) above the trade-in.</p>	<p>New Light Duty Truck: Must achieve a combined (highway/city) fuel economy improvement of at least 5 mpg (minimum of 18 mpg) above the trade-in.</p>		
	<p>New Large Light Duty Truck (6,000-8,500 lbs GVW): Must achieve a combined (highway/city) fuel economy improvement of at least 1 mpg (minimum of 15 mpg) above the trade-in.</p>	<p>New Large Light Duty Truck (6,000-8,500 lbs GVW): must achieve a combined (highway/city) fuel economy improvement of at least 5 mpg (minimum of 15 mpg) above trade-in.</p>	<p>No customer income limitations under this program.</p>	
	<p>Category 3 Work Trucks (8,500-10,000 lbs GVW): No fuel economy requirement. Vehicle must be model year 2001 or older.</p>	<p>No \$4,500 work truck voucher</p>	<p>New vehicle must be \$45,000 MSRP or less.</p> <ul style="list-style-type: none"> • Limit 1 voucher per customer. • Not more than 1 voucher may be issued for the joint registered owners of a single eligible trade-in vehicle. • Excludes leases less than 60 months. 	