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As House/Senate Finance Reform Conference opens, dealers wait on F&I exemption

62 House Dems call on Conferees to stick with dealer exclusion from Finance Reform

Franchised auto dealers will have to wait at least another week before they know whether F&I operations will be further regulated under Finance Reform legislation now being hammered out in a conference between the House and Senate. That reality became evident the minute the cameras began rolling on the televised proceeding and as those for and against Finance Reform staked out their positions in prickly exchanges that highlighted the large philosophical distance between them.

The conferees are attempting to finish their work by next week so as to have the legislation to the president before the July 4th recess. But that timetable looks to be in trouble as those opposed to critical elements of the measure raise objections. Conference committee chairman Barney Frank (D-MA) had already chided a number of conferees for "time wasting" as the WANADA Bulletin reported, but it did not appear they would be heeding the chairman's admonition. The *dealer exemption* from Finance Reform is one of the "critical" elements of Finance Reform, with the House having voted to exempt dealers and the Senate, while not exempting dealers, did pass an "Instruction to the Conferees" motion to adopt the House position and exempt dealers by a vote of 60-30.

This week Rep. Bill Owens (D-NY) sent a letter signed by 61 Democrat colleagues to Chairman Frank urging him to exempt dealers from the legislation.

"Many auto dealerships are locally owned and operated and played no part in creating the crisis on Wall Street that caused millions to lose their jobs," Owens said. "During tough economic times when our local dealers are trying to expand their business and create jobs, they do not need new and uncertain regulations from Washington."

NADA continues to press all dealers to stay in contact with their members of Congress urging them to exempt dealers from the legislation.

NADA reiterated that conferees are under immense pressure, from the president on down, to include dealers in the legislation and its draconian regulatory scheme, which puts dealership F&I at great risk. The way to contact members of Congress at this point is via FAX. In addition to contacting your own members of Congress, have a look at the conference list below to see if you know a conferee, who may be a customer at your dealership, and contact him/her ASAP!

House & Senate Conferees on Finance Reform legislation and their fax numbers:

Alabama

Sen. Richard Shelby, R, 202-224-3416
Rep. Spencer Bachus, R, 202-225-2082

Arkansas

Sen. Blanche Lincoln, D, 202-228-1371

California

Rep. Howard Berman, D, 202-225-3196
Rep. Darrell Issa, R, 202-225-3303
Rep. Ed Royce, R, 202-226-0335
Rep. Maxine Waters, D, 202-225-7854
Rep. Henry Waxman, D, 202-225-4099

Connecticut

Sen. Christopher Dodd, D, 202-224-1083

Georgia

Sen. Saxby Chambliss, R, 202-224-0103

Idaho

Sen. Mike Crapo, R, 202-228-1375

Illinois

Rep. Luis Gutierrez, D, 202-225-7810
Rep. Judy Biggert, R, 202-225-9420
Rep. Bobby Rush, D, 202-226-0333

Iowa

Sen. Tom Harkin, D, 202-224-9369
Rep. Leonard Boswell, D, 202-225-5608

Kansas

Rep. Dennis Moore, D, 202-225-2807

Maryland

Rep. Elijah Cummings, D, 202-225-3178

Massachusetts

Rep. Barney Frank, D, 202-225-0182

Michigan

Rep. John Conyers, D, 202-225-0072
Rep. Gary Peters, D, 202-226-2356

Minnesota

Rep. Collin Peterson, D, 202-225-1593

Missouri

Rep. Sam Graves, R, 202-225-8221

New Hampshire

Sen. Judd Gregg, R, 202-224-3324

New Jersey

Rep. Scott Garrett, R, 202-225-9048

New York

Sen. Charles Schumer, D, 202-228-3027
Rep. Carolyn Maloney, D, 202-225-4709
Rep. Gregory Meeks, D, 202-226-4169
Rep. Edolphus Towns, D, 202-225-1018
Rep. Nydia Velasquez, D, 202-226-0327

North Carolina

Rep. Heath Shuler, D, 202-226-6422
Rep. Mel Watt, D, 202-225-1512

Ohio

Rep. Mary Jo Kilroy, D, 202-225-3529

Oklahoma

Rep. Frank Lucas, R, 202-225-8698

Pennsylvania

Rep. Paul Kanjorski, D, 202-225-0764

Rhode Island

Sen. Jack Reed, D, 202-224-4680

South Dakota

Sen. Tim Johnson, D, 202-228-5765

Tennessee

Sen. Bob Corker, R, 202-228-0566

Texas

Rep. Joe Barton, R, 202-225-3052
Rep. Jeb Hensarling, R, 202-226-4888
Rep. Lamar Smith, R, 202-225-8628

Vermont

Sen. Patrick Leahy, D, 202-224-3479

West Virginia

Rep. Shelley Moore Capito, R, 202-225-7856

First quarter new vehicle sales jump 17.8% in Metro Washington

R.L. Polk Company confirmed what many WANADA dealer members already knew this week, that first quarter new vehicle sales in the area were up significantly from the same period last year.

Total truck sales led the way with a 22.2% rise for the first three months of the year. That amounted to 20,404 new truck sales for WANADA dealers, just under 4,000 more than they sold in the first three months of 2009.

On the new car front, dealers sold 25,847 new domestic and import models, which was 14.5% and just over 3,000 units up from the year previous. Import cars continue to maintain a significant share of the metro market, totaling just over 81%.

The Washington Metro auto market typically outperforms the U.S. market as a whole and has less volatility as well, largely because of the stability of the local job market. WANADA dealer members sold 202,417 new cars and trucks last year and expect to boost that number in 2010 by at least 10%, though the sales increase won't be a steady climb higher.

WANADA dealers wishing full details of the Polk Report, including sales by county, can find this information at <http://wanada.org/members/SalesData/1st%20Qtr%202010-2009.pdf> after using their member password to enter the site.

Latest survey shows DC Region consumers are in a “wait and see” mood

Consumer confidence in the D.C. region has remained virtually unchanged over the past six months, according to the results of the Greater Washington Board of Trade Mid-Year Consumer Confidence Survey.

The Index rose only two points since the last survey in November 2009. (The survey's margin of error is +/- 2.83.)

Concern about the employment market is the main culprit, according to the survey, with 61 percent of the respondents saying that jobs in the area are “scarce” and hard to find.

When asked about the future, half the respondents predict that the job market will either stay the same or get worse over the next six months.

“Consumer confidence in our region has barely moved since last November, indicating that there is growing trepidation in the economy,” said Jim Dinegar, president and CEO of the Greater Washington Board of Trade. “There have been too many disruptions to the recovery to give people confidence through the recession, but confidence will return.”

The percentage of consumers saying it is a good time to make major purchases has remained the same as it was in November 2009, at 43 percent.

Survey data indicate that homeowners in the D.C. region are a little less optimistic about home values rising over the next six months, dropping from 33 percent to 30 percent.

In contrast to the Greater Washington Board of Trade's Consumer Confidence Survey, the Business Outlook Survey, which is based on a survey of the region's business executives, jumped a hefty 15 points, from 68 to 83, between December 2009 and April 2010.

OSHA increases penalties for safety violations

OSHA has announced a new Severe Violator Enforcement Program and higher civil penalties for repeat offenders. The changes are the result of a year-long OSHA study that found current penalties “are too low to have an adequate deterrent effect,” according to the OSHA announcement.

The new Severe Violator Enforcement Program is aimed at employers who endanger workers by demonstrating indifference to their responsibilities. The program calls for increased OSHA inspections at such worksites, including mandatory OSHA follow-up inspections and inspections of other worksites of the same employer where similar hazards and deficiencies may be present. The new policies become effective in the next 45 days.

The current maximum penalty for a serious violation, one capable of causing death or serious physical harm, is \$7,000 and the maximum penalty for a willful violation is \$70,000. Under the Severe Violator Enforcement Program those penalties rise to \$12,000 and \$250,000 and will be adjusted for inflation as well. For more information on the penalty policy, visit <http://www.osha.gov>.

Fed rules to limit credit card late fees, require rate review

The U.S. Federal Reserve (Fed) has approved rules to protect credit card holders from unreasonable late payment fees and to require issuers to review interest rate increases.

The Fed’s rules prohibit credit card issuers from charging consumers more than \$25 for paying late unless the card holder has “engaged in repeated violations,” ban inactivity fees for not using the card, prevent multiple penalties on a single late payment and require issuers that have increased rates since Jan. 1, 2009, to consider reducing those rates.

“The new rules require that late payment and other penalty fees be assessed in a way that is fairer and generally less costly for consumers,” said Federal Reserve Governor Elizabeth Duke in the statement. “Card issuers must also reevaluate recent interest rate increases and, if appropriate, reduce the rate.”

President Obama signed credit card legislation in May 2009 to be implemented in three stages. Provisions of the law already in effect include giving consumers the right to reject rate increases within 45 days and to pay off balances at the current rate. Companies also must mail bills 21 days before the due date, up from 14, previously.

The changes announce by the FED this week take effect on Aug. 22.

Bobby Mitchell Tournament: July 10-11, Lansdowne Resort



The Bobby Mitchell/AutoTrader.com Hall of Fame Golf Classic to support leukemia and lymphoma research is once again being sponsored by WANADA and members are asked to demonstrate their support for this worthwhile cause. Tamara Darvish of DARCARS and Todd Heavner of Enterprise will chair this year's event, as they have in the past. The tournament weekend kicks off with a private practice round on Saturday morning at Lansdowne Resort in Northern Virginia, followed by a special banquet and silent and live auctions that evening. 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

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](mailto:Loree.Lipstein).

SoberRide program running short on funding

The WANADA supported program that offers free cab rides home to people in the Washington region who have been drinking around certain holidays may not be available on Independence Day.

Kurt Erickson, president of The Washington Regional Alcohol Program's SoberRide program, says declining contributions from private supporters because of the economic downturn have left the program with a \$31,000 gap between revenues and the cost of cab fares.

SoberRide has been offering free rides home to people on St. Patrick's Day, July 4, Halloween and during the Christmas - New Year's period for 17 years.

Erickson says if that money can't be found, the program won't be offered over the July 4 holiday. WANADA members wishing to make a contribution to this worthwhile program can do so by going to <http://www.wrap.org/soberride/>

Autotrader.Com and Hertz hook up on Rent2Buy listings

Hertz is broadening the scope of its online vehicle sales program, Hertz Rent2Buy, this time with AutoTrader.com.

Hertz Rent2Buy gives customers the option of taking a vehicle on a three-day test drive to decide if they would like to purchase it. Consumers who find the AutoTrader.com listing for program vehicles are then forwarded to Hertz Rent2Buy's website. From there, the customer can complete a reservation for a test rental of the vehicle.

During the rental period, the potential buyer can drive the vehicle under real-world conditions and get it inspected by an independent mechanic. Rental fees for three-day test rentals vary depending on model, but if the customer proceeds with the purchase of the vehicle, the rental

charges are waived. If the customer decides not to buy the vehicle, the transaction will be treated as a standard rental, according to the company.

Hertz currently has an agreement with Chase Auto Finance to offer its Hertz Rent2Buy customers financing options. In the first phase of the agreement with AutoTrader.com, more than 3,000 vehicles at about 2,500 Hertz locations in 20 states will be available to AutoTrader.com visitors.

Free home charging for EV pioneers

The first several thousand buyers of GM's Volt, Nissan's Leaf and Ford's electric Transit Vans are all going to be eligible for free home-charging stations under a program sponsored by the Department of Energy.

The 240-volt charging stations will be provided by two companies and will allow owners to recharge their vehicles faster.

The chargers will be networked, allowing the Energy Department to study electric vehicle charging and usage, and ultimately to understand what is required to bring more electric vehicles to market. In total, the Energy Department is awarding federal grants to help install more than 15,000 home and public charging stations at a savings of \$1,000 to \$2,000.

The first 4,700 GM Volt buyers will be eligible for the chargers as will the first 4,000 Nissan Leaf buyers and 5,000 Ford electric Transit Van buyers when the vehicles come to market this year.

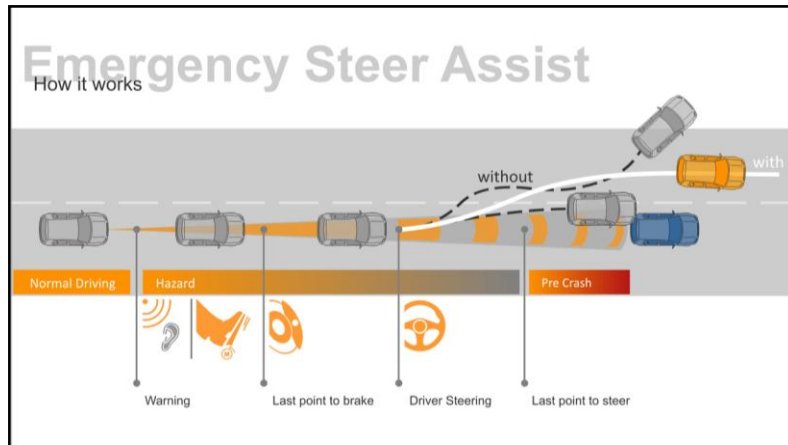
Coulomb Technologies and ECOtality are the two companies providing the charging systems. ECOtality won a \$100 million federal grant last August to build home and public charging stations in five major markets: Phoenix and Tucson, Seattle, Portland, Salem, Corvallis and Eugene, San Diego and Nashville.

Coulomb Technologies is offering free public and home charging stations in nine regions as part of a \$37 million program. They include: Austin, Texas; Detroit; Los Angeles; New York; Orlando, FL; Sacramento, CA; the San Jose/San Francisco Bay Area; Redmond, WA; and Washington, D.C.

Emergency "Steer Assist" next "new thing" in driver safety

System helps drivers when there's no time left for braking

Dealership technicians will have yet another space-age system to diagnose in the years ahead as the auto industry continues to pursue technologies that make driving safer. Continental, the international automotive supplier, is pursuing an entirely new approach to accident-prevention driver assistance systems. It is called Emergency Steer Assist, and it kicks in when a vehicle has gone beyond the last possible point where braking would have an effect, but it is still possible to avoid an accident through steering or by taking evasive action.



The system incorporates existing technology like radar, used in Adaptive Cruise Control and video cameras used for intelligent headlamp Control, to determine (in real time) where the vehicle is on the road relative to all other moveable and immovable objects and thereby all avoidance options available.

The decision as to whether to brake before reaching an obstacle

or to steer past always remains with the driver, but the assistance system will warn the driver when he is about to come across a dangerous situation. If the driver decides to take evasive action, the system calculates in milliseconds what line the optimum evasive maneuver could follow and assists him by applying a light force in the steering wheel.

Continental says all the systems necessary to make Emergency Steer Assist a reality are already installed in many production vehicles. More than 80 percent of all new vehicles registered in Germany are now equipped with Electronic Stability Control (ESC), a critical component of the Emergency Steering Assist System, and this will be mandatory for all new models introduced in 2011 and for all vehicles beginning 2015. In the U.S., ESC in all cars, SUVs, pickups, and minivans will be required by the 2012 model year.

Staying Ahead...

The main danger in life is the people who want to change everything - or nothing.

--Nancy Astor, *British politician (1879 - 1964)*