

BOARD REPORT

New VA DMV Commissioner Smit Presides at Motor Vehicle Dealer Board July Meeting

The Virginia Motor Vehicle Dealer Board held its regular bi-monthly meeting on July 14, 2003. The meeting was the first presided over by new DMV Commissioner D.B. Smit, who had been on the job for only six weeks and admitted he hadn't had a chance to see how the MVDB functions. However, he did exercise "executive privilege" to recognize the excellent service of the charter members who have served since the MVDB's creation in 1995 and have now reached their limit of two four-year terms.

In addition to several founding members who will be leaving, other MVDB members have chosen not to be reappointed for a second term. Smit said Gov. Warner is considering

new appointments to the MVDB. It is expected that the September board meeting will see a turnover of at least six of the 16 MVBD members.

The following are highlights of a light mid-summer agenda:

- **Advertising.** The MVDB considered an advertisement in

which a dealer made an offer and the disclaimer was simply "see dealer for details." The MVDB notes that the law requires that "terms, conditions, and disclaimers shall be stated conspicuously." A disclaimer that a customer may "see dealer for details"

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Industry, Government, Auto Show Issues Top Agenda at Annual Dealer Association Meeting

Dealer association chief executives from across the country, including WANADA, came together last week to discuss the national dealer agenda and compare notes on programs of mutual interest and assistance at the Annual Summer Conference of the Automotive Trade Association Executives (ATAE) in Brewster, Massachusetts. ATAEs heard from senior NADA staff and prominent government and industry authorities. Highlights of the meeting included:

- The General Session featured presentations by Gary Dilts, senior vice president of sales for DaimlerChrysler, who spoke about retail strategies; and NHTSA Administrator Dr. Jeffrey Runge, who emphasized the importance of his agency's partnership with NADA for increased seat belt and child seat use.
- The Executive Business Session featured reports from the ATAEE Committees and NADA leadership, who discussed top legislative, regulatory, industry relations and dealership operations issues. The session also included an update on AYES by its new president Larry Cummings. Dealership legal expert Jerry Coker discussed a range of legal issues that dealers are currently facing, including workplace violence, internet use policies, and cell phone liability policies.

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VA Dealer Board Highlights *(continued from page 1)*

does not meet this standard.

The MVDB also considered an advertisement in which a dealer offered to make the first monthly payment for a customer. It was noted that advertising dealer rebates is specifically prohibited by law. An offer to match down payments, guarantee minimum trade-in allowances, or offer cash or money back are forms of dealer rebates that are prohibited. The MVDB considered the offer to make a first payment to be an offer of cash paid on behalf of the customer, a dealer rebate prohibited by law.

- **Unlicensed Sales People.** A franchised dealer received a \$3,400 penalty for sales by unlicensed sales people. Dealers should take note that the largest penalties assessed against

franchised dealers in the history of the MVDB result from sales by unlicensed sales people. Dealers should have in place procedures to ensure that sales people are licensed at all times.

- **Dealer Records.** The MVDB approved three applications for variance from the on-site records storage requirement. Dealers are reminded that the Virginia Code requires that dealer records be maintained on site. A dealer who wishes to store records off site must receive a variance approved by the MVDB.

- **Budget.** The MVDB considered a new fiscal year budget, which has been reduced consistent with directions from the Governor's Office to reduce governmental expenditures.

VA Dealer Alert:

Purchaser's On-line Systems Filing Fee

Virginia dealers are reminded that, effective July 1, 2003, they must charge vehicle buyers for the amount of the on-line fee charged per transaction by the electronic service provider processing a customer's registration. Based on a letter the Virginia Automobile Dealers Association recently received from the Virginia Department of Motor Vehicles, dealers must collect the fee from customers. Dealers may choose to absorb the fee in a discount to the customer, but the statute requires that the fee be charged, and the DMV is interpreting it that way, according to Michael G. Charapp of Charapp, Deese & Weiss, LLP, WANADA's government relations representative for Virginia matters.

To comply with Virginia law, Charapp says it is important that the Buyers Order identify this charge to the customer as the "purchaser's on-line systems filing fee." The amount must be precisely the amount charged by the on-line vendor for the transaction.

Unlike the processing fee, there is no requirement of a sign, and there is no minimum type size requirement for this disclosure on the Buyers Order. "There is no requirement that this fee be preprinted, so the fee can simply be printed

onto the transaction documents via the F&I computer printer. The fee is not taxable," says Charapp.

The dealership should have in place a procedure whereby a refund is generated for the customer if the on-line fee is charged, but the dealership does not process the transaction through the on-line system.

For more information, Charapp can be contacted at (202)463-9100 or mike.charapp@cdw-law.com.

Michael C. Martin Elected New Virginia NADA Director

Congratulations to WANADA member Michael C. Martin of Dudley Martin Chevrolet, Manassas, Va., who was recently elected to serve the remainder of NADA Chairman Emeritus Carter Myers' term, followed by a three-year term of office ending in February, 2008. In Maryland, Tad Hinder of Hinder's Lincoln-Mercury/Isuzu was re-elected. Geoff Pohanka of Pohanka Automotive is the NADA Director for Metropolitan Washington.

Extra, Extra, Read All About It in the "e-Bulletin"

But We Must Have Your E-mail Address and Department Contacts Now!

As announced in *The WANADA Bulletin*, July 7, 2003, your association is launching an exciting new *WANADA e-Bulletin* this month as part of an overall effort to improve the quality and timeliness of our member communication. The *WANADA e-Bulletin* will supplement – not replace – our printed weekly newsletter, and will be e-mailed weekly directly to all "e-enrolled" WANADA members as well as any key people on your team who request it. This cost-free member benefit will feature major headline news and announcements from WANADA as well as business and tax articles, such as the "When You Get a Call From a Reporter" featured below. The *WANADA e-Bulletin*, which will operate in concert with our upgraded web site, www.wanada.org, also offers easy referral, external links and the opportunity to reply with your feedback. A sample of the *WANADA e-Bulletin* can be seen by clicking on: www.wanada.org/bulletin.

Send Your Contacts Today!

To launch the *WANADA e-Newsletter* properly, upgrade our web site and be able to alert dealers instantly about breaking news and announcements, WANADA must have your current e-mail address and fax numbers. Your association wants to be able to target specific dealership managers to seminar and workshop opportunities that are relevant to them. Please respond right away to the fax-back WANADA Dealership Contact Form enclosed with this WANADA Bulletin, or log on to: www.wanada.org/contact. For more information, contact Isabel Garcia or Nick Champeau at WANADA, (202) 237-7200, or e-mail: ig@wanada.org.

When You Get a Call From a Reporter

When you get a call from a reporter wanting to talk about your company or your new product, don't be lulled into a false sense of security. This is a business transaction and you need to follow these six pointers to turn yourself into a media-savvy executive. The following article was featured on the WANADA e-bulletin, July 16, 2003.

For months, you've been trying to get some media attention. Finally, the local television station or newspaper wants to interview you about your company's new product.

"Great," you think, "some publicity at last." But don't be fooled into thinking this interview will be a snap because you know your company and products inside out. If you aren't prepared, whether it's a print or broadcast interview, you may not make the most of the opportunity. Even worse, you might leave a false impression or come off poorly.

Here are six pointers to help you prepare for an interview and turn it to your advantage:

- **Be wary of the friendly persona.** Treat the interview as a professional transaction and handle yourself accordingly. This doesn't mean you shouldn't be personable — just don't be lulled into a false sense of security. The reporter isn't there to be on your side or sympathetic to your cause.
- **Get across your points.** The reporter may not ask the questions you feel are relevant, so look for opportunities to bring up what you want to say. Speak in conversational language, free of jargon.
- **Do your homework.** Get to know the media outlet where the interview will appear. Look into the target audience and the general tone of the medium. If you don't think it will enhance your cause, turn the interview down. Not all publicity is good publicity.
- **Know the interviewer.** If you have time, read or watch interviews the reporter has done before. It may give you insight into the person's style. However, be aware that a reporter may call and need to talk with you *immediately* because he or she is working on an article for the next day. Try to accommodate deadlines or you could be left out.
- **Choose the right words.** The interviewer may not want to present you in a favorable light. Editors often assign "angles" to stories and your interviewer may ask leading questions to bait you into saying something negative to bolster an assumption. Determine the purpose of the interview and how to present information about your company and yourself positively.
- **Get coaching.** If you find yourself being interviewed on a regular basis, you may want to hire a professional media trainer to help you make the most of interviews.

FOOTNOTES:**NADA Offers Talking Points in Response to SUV Protests**

As everyone is now aware, a coalition of environmental groups staged anti-SUV events in the Washington, D.C. area last Friday and Saturday (July 18 & 19), where "tickets" were placed on 15,000 SUVs in the Washington, DC/Baltimore area on Saturday to "demand cleaner vehicles" and "save our planet from the catastrophe of global warming." Anticipating media inquiries following these events, NADA is re-sending the *KEY MESSAGES SUVs and FUEL EFFICIENCY* talking points it provided earlier this year on SUVs (fuel efficiency and safety) as a reference for all dealers. They are enclosed with this WANADA Bulletin.

Feds Call for Safer Big Vans

Federal safety investigators last week recommended that 15-passenger vans – popular with school and church groups – be equipped with additional safety belts and stronger roofs to prevent injuries during accidents, especially rollovers. Investigators also called for better training and licensing for drivers, who are often ill-equipped to handle the vehicles during an emergency or abrupt maneuver when fully loaded with passengers and cargo. The National Transportation Safety Board made the findings following a two-year investigation into high-profile van crashes in Texas and North Carolina. The board is recommending that the National Highway Traffic Safety Administration apply the same standards for interior padding and roof strength to both 15-passenger vans and cars. "We will look closely at what the NTSB is asking us to do," Ford spokeswoman Carolyn Brown told The Detroit News. "If and where appropriate, we will respond to them. We believe the big van is a very safe vehicle as it is today. People need to understand they are not cars. They have a higher center of gravity. They should wear safety belts and avoid excessive maneuvers."

Dealer Association Summer Conference *(continued from page 1)*

- An all-day meeting of the Auto Shows of North America featured very informative, candid roundtable discussions with auto show producers, and automakers and a presentation by Peter Brown, associate publisher of Automotive News.
- A panel discussion with the Alliance of Automobile Manufacturers and NADA lawyers explored ways dealer associations and automakers can work together to address a large number of federal and state issues. When they do, it was noted, they are very successful.
 - The newly formed American Financial Services Association, made up of top auto finance companies, held a panel discussion of hot topics in automotive finance.

Happy Birthday DC !

On July 16, 1790, the District of Columbia was established as the seat of the U.S. government.

Thought for the Week...

We will prevail against the forces of tyranny, not with our guns, but with our beliefs.

Great Britain

— Tony Blair, prime minister of

Enclosures:

- WANADA Key Person Contact Form
- NADA *KEY MESSAGES SUVs and FUEL EFFICIENCY Talking Points*

July, 2003
KEY MESSAGES
SUVs and FUEL EFFICIENCY
Prepared by NADA Public Affairs

- Today's SUVs run cleaner than ever. Starting in 2004, SUVs will drive 99 percent cleaner than 1960s cars. And by 2009, all SUVs will meet the same strict tailpipe emissions standards as passenger cars.
- Lawnmowers and barbeques produce more emissions than SUVs.
- Automobile manufacturers are making great strides toward developing practical, low-emission, fuel-efficient vehicles for wide use by consumers.
- Fuel-efficient hybrids (gas/electric) are available, and more are coming soon. Many automakers are developing and introducing hybrid vehicles that will substantially increase fuel economy and meet consumer demands for performance, utility and comfort.
- GM has announced plans to manufacture one million hybrids this year. Ford is producing a hybrid Escape for consumers who want an SUV that is fuel efficient and more environmentally friendly.
- Ultimately, consumers will determine whether hybrids gain popularity. Currently, automakers produce 30 different types of vehicles with gas mileage of 30 mpg or better, but they have not yet proven popular with consumers.
- Car shoppers have a wide variety of vehicle-buying options today. With an increase in the number of hybrids, they will have even more choices. Automakers and dealers will continue to respond to their preferences and needs.
- NADA supports energy conservation and believes technology to improve automotive fuel economy should continue to be pursued.
- *(On supporting terrorism)* America imports less than a quarter of its oil from the Persian Gulf region, according to the U.S. Department of Energy. If every SUV on the road today were parked and never driven again, it would only lead to a 2 percent decline in oil revenue in the Persian Gulf region, while it would cripple the economies of Canada and Venezuela.
- *(On SUV prevalence)* Light-duty trucks, which include SUVs, pick-ups, vans and minivans, account for roughly 51 percent of sales. Regular SUVs are roughly 17 percent, and the smaller, crossover SUVs account for about another 7 percent. So all types of SUVs combined represent less than a quarter of total new vehicle sales.

SUVs & Safety

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- **Crash data show that Sport utility vehicles (SUVs) are one of the safest types of vehicles to drive.**
- **SUVs perform exceptionally well in the most common type of accidents -- Front, side and rear crashes, which account for nearly 98 percent of all accidents. In fact, SUVs score among the highest of all vehicles in front and side-impact crash tests.**
- **New technology, such as electronic stability control systems, side and head air curtains, and other features are making SUVs even safer.**
- **Rollovers account for 2.5 percent of all accidents. In 80 percent of rollover fatalities, the victims were not wearing their seat belts.**
- **The most important safety message for all drivers and passengers is to always wear safety belts. It's the most important step consumers can take for vehicle safety.**
- **SUV owners have the added value of knowing that their vehicle can perform well in all kinds of weather, including snowstorms and blizzards.**

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NATIONAL AUTOMOBILE DEALERS ASSOCIATION

WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION