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Staying ahead...

An OEM full house emerges for the 2011 Washington Auto Show

Fiat to make first appearance at the WAS since the 1960s



WAS show manager Bob Yoffe (R) officiates as Taylor Bukolt (L) of George P. Johnson Co. commits one of his OEM clients to space in the 2011 WAS.

Washington Auto Show (WAS) organizers held the space draw for next year last week and it is now evident that the 2011 WAS will be a larger, more diverse show. The domestic OEMs, GM, Ford and Chrysler, boosted the square footage of their exhibits, taking all the space available on the top exhibition floor of the Walter E. Washington Convention Center and formed a “Detroit Three” grouping for the first time at the WAS.

All the major import OEMs maintained or expanded their presence as well and, in the composite, will be substantially filling the entirety of the first level of the convention center. Additionally, the Italian automaker, Fiat, is taking space to re-introduce itself to the U.S. and Washington metro market where it will likely exhibit its iconic Fiat 500 models, slated to go on sale here in January 2011. The last time Fiat had an exhibit at the WAS was when they were sold in the Washington area, back in the 1950s and 60s.

In all, the 2011 WAS will have nearly ten percent more square feet of OEM exhibit space, not to mention the return of the very successful Advanced Technology SuperHighway (ATS) exhibit,

which will once again showcase the latest advancements in vehicle safety, alternative power systems, alternate fuels and vehicle management technologies.

“We’ve invested a great deal of time and energy over the years in positioning the WAS as the *public policy show* on the global auto show circuit, and we are seeing the fruits of that effort now,” said WAS chairman Charles Stringfellow of Brown Automotive. “All the manufacturers are here, first because they know that the WAS is at the nexus of the government/auto



WAS producer Gerard Murphy (L) with Tim Peters of GM (C) and WAS chairman Charles Stringfellow (R) of Brown Automotive at the 2011 Space Draw

industry relationship that has defined the future of this industry; and second, because the Washington metro area, with its highly educated and financially secure consumer base, is one of the most important new vehicle markets in the U.S.”

The 2011 WAS kicks off with Public Policy days on January 26-27 with the show itself opening January 28 and running through February 6, a full ten days and two weekends “open to the public.”

“We fully anticipate that this will be one of the most successful auto shows we’ve ever produced,” said Mr. Stringfellow, “and we encourage all WANADA members to stay tuned for more information, including the speaker lineup, which we believe will be impressive.”

As Obama signs Finance Reform into law, excluding dealers, consumer finance, including dealer F&I, will change

President Obama signed Finance Reform legislation into law last week. And while dealers are exempted from the oversight of the Consumer Finance Protection Bureau (CFPB) the new law will create, dealers and others involved in consumer financing likely will encounter new rules of engagement.

“Buy Here Pay Here” dealers, for example, will indeed be under the oversight of the CFPB unlike dealers in general. The reason BH/PH dealers are under CFPB’s jurisdiction is because they typically do not assign retail credit or retail leases to a third party lending source. Correspondingly, dealers located near military installations likely will have significant scrutiny by the government because the law specifically requires the Federal Reserve and the Federal

Trade Commission (FTC) to coordinate with the Office of Service Member Affairs to “ensure that service members and their families are educated and empowered to make better decisions regarding consumer financial products and services offered by motor vehicle dealers in the proximity of military installations.”

All automobile dealers need to also be mindful of the FTC’s expanded authority over F&I operations generally given the political fallout the Finance Reform legislation caused about the automobile business.

The most likely impact for all dealers, however, will be a push by the banks and other financial institutions with which dealers do business to burden them with CFPB compliance issues. Dealer attorney Michael Charapp says dealers should carefully review the master agreements they sign with their finance sources for clarity on the following issues:

1. The definition of “without recourse” may take on new meaning when finance sources attempt to redefine the terms to include some obligation on the dealer in the event of a customer default.
2. Dealer reserve and how chargebacks will be assessed could change.
3. Finance sources and lessors could start requiring guarantees from dealers regarding their trade practices with credit customers and start imposing tighter caps on interest rates.
4. Because of heightened federal oversight, finance companies are more likely to insist that disputes be heard in their home state, putting dealers at a disadvantage.
5. Finance companies may require that dealers certify that everything the customer has represented is true.
6. Finance companies may require dealers to guarantee, rather than verify, that insurance on the vehicle is in force for the duration of the loan period.
7. Finance companies could try to take over the sale of extended service contracts and the like, if they are included in the sale of the vehicle.

The final rules and regulations of Finance Reform will be several years in the making, but most observers expect the CFPB to be up and running within months from now, with continuing demand from consumer advocates for greater government oversight of consumer financial practices. Dealers and others closely involved in consumer finance should plan accordingly.

Subprime loans almost always rejected

GM and Chrysler line up subprime lenders

Automobile loans to poorer credit risks are being approved less than 10 percent of the time as the U.S. recession drags on and are posing a serious obstacle to new vehicle growth at General Motors Co. and Chrysler Group LLC, according to the *Associated Press*.

The current reject rate for sub-prime auto lending is a huge drop from historic standards that, prior to the economic meltdown, saw about 60 percent of sub-prime auto loans approved. Encouragingly, however, today's 9-percent approval rate is up compared to last year, when the approval rate fell to just 5 percent, the *AP* article said.

Subprime buyers currently account for about 25 percent of the total auto-loan market, but subprime business at GM and Chrysler is said to amount to only about 6 percent of all vehicles financed.

Chrysler recently announced an alliance with Santander USA, a sub-prime lending specialist, through which it hopes to boost its ratio of loans to buyers with sub-prime credit. And General Motors said Thursday that it had agreed to buy subprime financing company, AmeriCredit, for \$3.5 billion.

“Our dealers have been telling us that not having an in-house finance arm hurt our ability to finance certain loans and leases,” Edward E. Whitacre Jr., GM’s chief executive, said. “It hurt our ability to meet rising customer demand for GM cars and trucks. Now we’re going to fix that.”

GM said its sales to customers with subprime credit ratings have increased “significantly” since beginning a program with AmeriCredit aimed at writing loans for shoppers in that category last September. Ownership of AmeriCredit, which already has a relationship with about 4,000 GM dealerships, “will allow us to provide a full range of financing alternatives for all customers throughout all economic cycles,” Whitacre said.

AmeriCredit, which has 800,000 customers, specializes in lending to consumers who have credit ratings between 500 and 650. A rating below 640, on a scale that ranges from 300 to 850, is generally considered subprime.

President wants federal workers to drive less

President Obama wants federal workers to cut down on business travel and commuting by car as part of his administration’s effort to reduce heat-trapping emissions produced by the federal government.

The move is part of an announced goal of reducing government generated carbon dioxide and other greenhouse gas emissions from indirect sources like employee driving by 13 percent in 2020, compared with 2008 levels.

Earlier this year the president directed agencies to reduce pollution from direct sources, such as buildings and government fleets, by 28 percent in the next decade.

The federal government is the largest energy consumer in the U.S. economy, and the combined reductions would be the equivalent of removing emissions from 235 million barrels of oil, the White House said.

Federal employee travel and commuting accounts for the biggest category of what the White House calls indirect sources of pollution and it believes that encouraging employees to travel less for business and to use mass transit for their commutes will go a long way toward reducing that pollution.

OEMs want federal help on push for EVs

Automakers and the nation's utility companies are urging the Obama administration to do more to boost the growth of electric vehicles (EVs).

In a letter to President Barack Obama, the heads of trade associations representing automakers, utility companies and battery companies have asked the administration "to establish a task force to provide a necessary forum for public and private sector information exchange, and to collaboratively address challenges to large scale deployment of plug-in electric drive vehicles and the necessary infrastructure."

The groups said the task force should be led by the Department of Energy, and include federal and state regulators; utilities; environmental groups; vehicle, fueling and grid officials; and consumers groups.

They also called for an interagency working group to coordinate federal efforts. It would "provide greater coordination of federal expenditures related to electric drive technologies and regulatory efforts across the federal government."

The president has called for 1 million plug-in electric vehicles on the roads by 2015 and Congress has approved \$2.4 billion in grants to boost EV and battery efforts.

"Aligning efforts between the public and private sector is the logical next step to bringing our nation closer to achieving widespread acceptance of electric drive technologies," said Mike Stanton, CEO of the American International Automobile Manufacturers Association (AIAM), one of the signers of the letter to the president.

Congress is considering proposals to add another \$6 billion or more to EV development efforts.

8th Annual Michael Wilbon\James Brown Celebrity Golf Classic

Friday, September 10, 2010

WANADA members are invited to join Michael Wilbon, *The Washington Post* Sports columnist, and co-host of the popular TV sports show "**Pardon The Interruption**," and Washington's own James "JB" Brown, co-anchor of "**Fox NFL Sunday**," on Friday, September 10, 2010 at The Golf Club at Lansdowne in Virginia benefiting the DC College Access Program (**DC-CAP**).

The tournament co-hosts will be joined by WANADA kindred line member Don Graham, chairman of The Washington Post Company, and Martin Kady, who all will remember from his many years as senior advertising manager for automotive at *The Washington Post*.

Members will have an opportunity to play golf with a host of celebrity and sports guests, including Mike and "JB," enjoy a post-play party and auction, and also contribute to a worthy cause. **DC-CAP** is a privately funded, nonprofit organization that gives every DC public and public charter high school student a chance for a college education. Since its founding in 1999, **DC-CAP** has awarded more than \$21 million in scholarships and helped more than 15,000 students enroll in college, 3,000 of whom have already graduated.

If you would like to become a sponsor, purchase an individual ticket (\$500) or make a donation, please contact Nick Cericola at 202.719.8068 or ncericola@oai-usa.com. To learn more about DC-CAP, visit its website at <http://www.dccap.org/>.

ASE testing is coming up

Technicians must register by September 30

The National Institute for Automotive Service Excellence (NATEF) will be conducting ASE Certification tests nationwide on November 9, 16 and 18. WANADA dealer members are encouraged to remind their technicians they must register for these tests by September 30, 2010, and that this can be done online at www.ase.com

August 15 is sign up deadline for WANADA flu shot program

WANADA has again negotiated with Norvar Health Services to provide onsite seasonal flu immunizations.

WANADA will assist member employers in contacting Norvar Health Services to schedule dealership flu shots. Please complete the attached form and fax it back to the flu shot fax line by August 15, where it will be forwarded to Norvar. If you have multiple locations requiring onsite visitations, please forward an addendum listing the address and information for each location. A representative from Norvar will then contact your designated coordinator about flu shot administration logistics.



A minimum of twenty (20) participants at each location is required to schedule an onsite flu shot program. The cost per shot, which protects for *all three major flu strains* (H1N1 [swine flu], H3N2 and Brisbane/60/2008), is \$23. This is a substantially improved flu shot product!

WANADA does not schedule the dates for the flu shot program, nor can WANADA be responsible for ensuring supplies of the vaccine. The program, accordingly, is on a first come, first served basis. Please bear this in mind when signing up!

Staying ahead...

Why do people complain about the weather? There's no such thing as bad weather – only different kinds of good weather!

--Col. Harlan Sandars
1890 - 1980



**DEALER EMPLOYEE
ON-SITE FLU SHOT PROGRAM
FALL, 2010**

Our dealership is interested in participating in this year's On-Site Flu Shot Program. We understand that shots will be administered on-site by Norvar Health Services medical professionals beginning October 1, 2010, at a cost of \$23.00/shot. Norvar Health Services will order enough vaccine for my organization if we commit to this program by August 15, 2010. After this date, price/availability is subject to change. We understand that a minimum of twenty (20) participants per location is required to schedule an on-site flu shot program.

DEALER ORGANIZATION

ADDRESS WHERE PROGRAM IS TO BE HELD

POINT OF CONTACT NAME

PHONE #

FAX#

E-MAIL

ESTIMATED NUMBER OF FLU SHOT PARTICIPANTS

BEST DAY OF WEEK FOR PROGRAM

ALTERNATIVE DAY OF WEEK

BEST TIME OF DAY FOR PROGRAM

ALTERNATIVE TIME OF DAY

WE HAVE NO PREFERENCE FOR DATE(S) OR TIME(S)

OTHER COMMENTS

SUBMITTED BY _____ TITLE

FAX BACK TO Flu Shot Fax Line (202) 237-7779

AS YOU ARE AWARE, THE CENTER FOR DISEASE CONTROL (CDC), AS WELL AS SLOW AND/OR DISRUPTED MANUFACTURING PROCESSES HAVE INTERRUPTED THE VACCINE SUPPLY SEVERAL TIMES IN RECENT YEARS. WANADA CANNOT BE HELD RESPONSIBLE FOR INTERRUPTION IN THE SCHEDULING SHOULD THIS OCCUR AGAIN THIS YEAR. SHOULD RESCHEDULING BECOME NECESSARY FOR ANY REASON, THE RESCHEDULING IS DONE BY MUTUAL AGREEMENT BETWEEN YOUR DEALERSHIP AND NORVAR HEALTH SERVICES.