



# THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 32-07

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## COMMUNITY OUTREACH

### *Area Business Leaders Look To Continue The Work of the "Yellow Ribbon Fund" For Iraq Vets Wounded in Action*

**W**ANADA Kindred-Line member Corky Crovato of Kasco-BG Products and Services is one of a number of tenacious Washington Area business leaders volunteering in an organized fashion to assist wounded Iraq war veterans with critical non-medical support services complementing treatment they receive at Walter Reed Army Medical Center and the Bethesda Naval Medical Center. The **Yellow Ribbon Fund (YRF)**, as the effort is known, was established in 2005 to furnish wounded vets with everything from housing and group transportation for relocating families to career mentoring and morale bolstering that frequently takes the form of tickets to sporting events. Complementing medical procedures and rehabilitation that are often complex and protracted, Yellow Ribbon's provision of needed social services clearly enhances recovery for the stricken service men and women.

Major news organizations, members of Congress and philanthropic groups are recognizing the inherent value of the Yellow Ribbon Fund and are offering support. Fitzgerald Auto Malls from WANADA's sector responded positively to Mr. Crovato's call for support by providing innumerable NextCar rentals to wounded veterans' families and support people.

"As more of our service men and women in the war zone are subjected to horrific explosion-style injuries the need for substantial medical and social service intervention increases and becomes more imperative," said Crovato.

Crovato says he and fellow organizers are looking to raise Yellow Ribbon's next million dollars to keep the support services readily avail-

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## INDUSTRY TRENDS

### **Tighter Credit, Rising Payments Add Pressure On Auto Sales**

Dow Jones Newswires reports that auto sales in the U.S. appear to be stabilizing in August after declining the previous two months, but the pace of sales remains historically weak as tighter credit fuels an already-tense atmosphere created by a soft housing market and high fuel prices.

For new-car buyers, Dow Jones says loans are becoming less affordable as people aren't tapping into home equity to pay for loans. Also, lenders are shortening loan maturities, which drives up monthly payments. The latest data from the Federal Reserve suggest the average monthly payment is up more than 5 percent from a year ago. Based on Fed data, the average monthly payment was nearly \$520 in June.

"The shock of higher payments is being felt at dealerships as buyers are walking away without buying because car payments are higher," said Dow Jones Newswires.

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## COMMUNITY OUTREACH

## Yellow Ribbon Fund

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able to the “noble service men and women injured for their country in the line of duty.” A member to member letter from Mr. Crovato is enclosed with this WANADA Bulletin, which includes the latest *Yellow Ribbon Update* (Spring, 2007) that catalogs the organization’s mission and activities.

Tax deductible contributions can be made to Yellow Ribbon Fund, Inc. ,7200 Wisconsin Avenue, Suite 310, Bethesda, Maryland 20814, and more information can be found online at <http://www.yellowribbonfund.org/>.

Corky Crovato himself is available to WANADA members to discuss Yellow Ribbon’s work by calling his office at (301) 423-5888.



Photo Credit: Courtesy Of Bill Fitzpatrick Photo  
**Bob Schieffer of CBS News chats with Army 1st Lt. Eivind Forseth, who was wounded in Iraq. In the background of the Yellow Ribbon fundraiser is White House spokesman Tony Snow.**

## INDUSTRY TRENDS

### Black Book Reports Resale Value Strong for Passenger Cars

Resale values in the passenger-car category remained strong during the past three months, but the same cannot be said of trucks and SUVs, Black Book reported last week. Black Book said 79% of 2005 model-year passenger cars either increased in value or depreciated less than \$300 from May 1 to July 31, whereas 32% of trucks and SUVs gained in value or declined less than \$300 during the same timeframe. During the previous quarter from April 1 to June 30, Black Book data showed that 59% of passenger cars either climbed in value or depreciated by less than \$300. This compares to 39% of trucks and SUVs during the identical period.

Black Book officials pointed out that the pickup truck and compact SUV segments "took the hardest hit" to their values in the past three months, with pickups depreciating by 7% and compact SUVs depreciating by 6.1%. Meanwhile, luxury and small-car segments depreciated by 2%, 1.3% and 1.4% respectively.

### CNW Says Relief on the Way for Used Car Sales

Art Spinella, head of CNW Research in Bandon, Oregon, told SubPrime News that August should be a strong month for used-vehicle sales as children preparing to go back to high school and college receive used vehicles as transportation. He noted however that actual sales numbers are not holding true to tradition. Spinella predicts that used sales will be down more than 3 percent for the month, with private party sales down by almost 11 percent.

“Franchised dealers are putting big-time effort into their used-car operations as new-vehicle interest has waned,” Spinella explained to SubPrime News. “Countering what has been a bad year for used sales, franchised dealers should register a 5-percent increase in August versus a year ago.” He said that independent dealers are “hanging tough” with a forecasted decline of 2 percent from last year.

“But the slide in transaction prices continues across the board,” Spinella said. “Franchised dealers are getting about 91 percent of asking price, the same as a year ago, but down from July, while independent dealers are at a similar 91-percent level. The problem is that, all dealers have been forced to ask for less to begin with. Franchised dealers are down more than \$150 with independent asking prices off about the same. Things might be looking up, though. Floor traffic has climbed nearly 9 percent versus a year ago indicating the next month or two could be decent used-car months,” he said.

**NADA MONTHLY DEALER OPERATIONS COMMENTARY**

## **Adverse Action Notices: What You Need to Know** *Two Timely Web-Based Seminars*

It's the law. The Equal Credit Opportunity Act (ECOA) requires "participating creditors" to issue "adverse action notices" when they deny a request for credit. Another federal law, the Fair Credit Reporting Act (FCRA), requires adverse action notices when such action is taken based on information from a credit-reporting agency or other third party.

But how do the requirements apply to dealers? When must you issue an adverse action notice, what information has to be included, is there a specified manner of delivery, and when can you rely on a finance source's notice?

Dealer members have received NADA Management Education's publication, *A Dealer Guide to Adverse Action Notices*, which was mailed in June. The guide uses examples, scenarios, and a flow chart to examine the requirements and explore the many questions surrounding dealers' compliance obligations. The guide also contains sample notices and forms that you can use as templates to create documents that fit your business.

Now, *from your own computer*, you can take advantage of a *web-based, real-time seminar* that will provide up-to-the-minute information on your compliance obligations in this evolving area of the law. Plus, you'll have the opportunity to submit your own questions to the experts.

"**Adverse Action Notices: What You Need to Know**," will be presented twice—on Wednesday, August 29, and on Tuesday, October 23, from 1:00-3:00 p.m. Eastern. Presenters will include the authors of the Management Education Guide, attorneys Anne Fortney and Lisa DeLessio (8/29 only), and NADA's director of regulatory affairs, attorney Paul Metrey. Lead author Fortney is recognized as one of the leading experts in the nation in this legal area.

The fee for one web-based seminar is \$199 per computer connection.

Register for "Adverse Action Notices: What You Need To Know" at [www.nada.org/seminars](http://www.nada.org/seminars). Email any questions to [seminars@nada.org](mailto:seminars@nada.org) or call 703-821-7273.

## **NADA Says "REAL ID" Act is Unfunded Mandate That May Slow DMVs**

In 2005, Congress passed the REAL ID Act, a program recommended by the 9/11 Commission, to require states to make identification more secure by verifying the name, date of birth, Social Security Number, residence and citizenship status of each driver's license applicant prior to issuing identification. The act has been controversial based on privacy concerns and funding. Nationwide costs of complying with the act are estimated at \$11 billion to \$25 billion over 10 years, and there is concern that state DMV offices will be forced to pull resources from other areas, such as vehicle title processing and registrations.

To date, Congress has appropriated only \$40 million for REAL ID programs. In July, Sen. Lamar Alexander (R-Tenn.) proposed \$300 million in federal funds to help states implement the REAL ID Act. The amendment to the Homeland Security spending bill was killed by a 50-44 vote, in part because some lawmakers did not want to shift funds from other Homeland Security priorities, such as border security. The failure of Congress to provide significant financial assistance for states to comply with Real ID will increase the call by states to further delay or dismantle the federal program.

The Senate funding bill as passed would not provide any funds to aid states in complying with this new mandate; the House-passed measure would provide \$50 million. A conference committee will determine the final funding figure. Funding for the REAL ID program will continue to be a key topic. The American Association of Motor Vehicle Administrators (AAMVA) estimates visits to DMV offices will increase 75 percent annually. Citing unfunded federal mandates as well as privacy concerns, implementation of the act has already been delayed two years — until 2009. NADA will continue to keep dealers posted on developments of this new law.

## NADA NEWS

### Seven Hotels Sold Out for NADA's 2008 Convention *Register Now to Secure the Hotel of Your Choice*

Seven hotels have already sold out for NADA's 2008 Convention & Exposition in San Francisco, February 9-12, due to the record pace of early online registrations. They include: The Fairmont, Mark Hopkins, Ritz Carlton, W San Francisco, Westin, Palace, and Palomar. Dealers are encouraged to register as soon as possible to get a hotel of their choice.

For additional details on the convention -- themed "Focus on Profitability!" -- and to register online, visit [www.nada.org/convention](http://www.nada.org/convention). A convention promotional was mailed to all NADA members recently. Look for additional information on speakers and programs in the coming weeks.



## REGULATORY REMINDER

### Safeguarding Customer Information

Do you know what kind of customer information on your computer system you are required by law to protect? Find out the type of information you need to protect and how to do it. Other useful information on designing and operating your system is also available. Go to the STAR Dealership Infrastructure Guidelines (DIG) at <http://www.starstandard.org/index.php?n=STARDEALERS.FrequentlyAskedQuestions#toc62>

## SIGN UP TODAY!

### *WANADA Presents*

#### Mark Tewart's High Performance Selling: The Contrarian Auto Concepts Workshop

*September 25, 2007 – 8:00 am - 5:00 pm, McLean Hilton, Tysons Corner*

Internationally renowned automotive sales, marketing and management consultant Mark Tewart is coming to the McLean Hilton on Sept. 25. A regular on the NADA Convention seminar circuit, Tewart consistently ranks in the "top ten" for his explosive, cutting-edge presentations. He leaves dealership sales managers with successful strategies that inform, inspire *and work!* This is your chance to discover Tewart's innovative but proven secrets of high performance selling!

The cost for this event is \$225 per person, which includes continental breakfast, all-day refreshments and lunch. A convenient fax-back registration form is enclosed. For more information, contact WANADA's Kristina Henry at (202) 237-7200, or log on to Mark Tewart's website at <http://www.tewart.com/>.

## Staying Ahead...

*Between two evils, I always pick the one I never tried before.*

— Mae West, Klondike Annie (1936 film)

### Enclosures:

- Member to Member letter from Corky Crovato, Kasco-BG Products and Services
- *Yellow Ribbon Update* (Spring, 2007)
- Mark Tewart's High Performance Selling Workshop Registration Form