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NHTSA Improves on 'Clunkers Cash'

40% of Claims Paid as Approval Process Improves

NHTSA is making significant progress in getting "Cash -for-Clunker" rebate funds to dealers as newly hired processing staff "learn the ropes" and dealers improve filing accuracy. That is the news gathered from the organization's latest webinar on the program.



"We continue to see fewer problems," said program director Frank Norris of NHTSA, adding that all the rebate processing may well be done before September 30, a date Department of Transportation Secretary Ray LaHood had set as a deadline for getting all funds to dealers who participated in the program.

All NHTSA examiners now follow a check list to process claims and are also sent e-mails on how to handle specific issues anytime the agency notices that there are more than a few of the same questions related to it. NHTSA also has a live website its examiners are expected to check for updates on submission and repayment issues.

Thus far, NHTSA has paid out \$1.22 billion for 289,000 vouchers submitted by dealers. That is just about 40% of the requests put into the system.

The agency said the one remaining problem it was having is "inadvertent cancellation" of a submission, which can happen because the "cancel submission" button is very close to another activity area on the website. NHTSA says it hasn't yet been able to fix this issue because it requires taking down the site, something it does not want to do.

It's urging dealers to carefully follow the checklist for submission and resubmission, to help avoid the problem.

NHTSA says there is no date by which it will stop processing valid submissions, “We will keep going until we finish,” NHTSA’s Norris said.

Dealers Unify on “Dealer Rights” Effort in Congress

NADA, along with the National Association of Minority Dealers (NAMAD), Automotive Trade Associations (ATAE) and the Committee to Restore Dealer Rights (CRDR) have come together on an “alternative solution” to legislation that was introduced in Congress in June that is in the form of a proposal which Congressional advocates for the dealers’ position are prepared to carry forward to the Obama administration’s Auto Task Force.

The proposal includes measures that would establish channels of redress for GM and Chrysler dealers, which were disenfranchised in the bankruptcy reorganizations that advocates for the dealer rights legislation believe, are fair and substantive.

As has been reported in *Automotive News* and elsewhere, dealer group advocates for dealer rights legislation believe that the proposal is fair and helpful to dealers who lost franchises in the bankruptcy reorganization proceedings at Chrysler and GM.

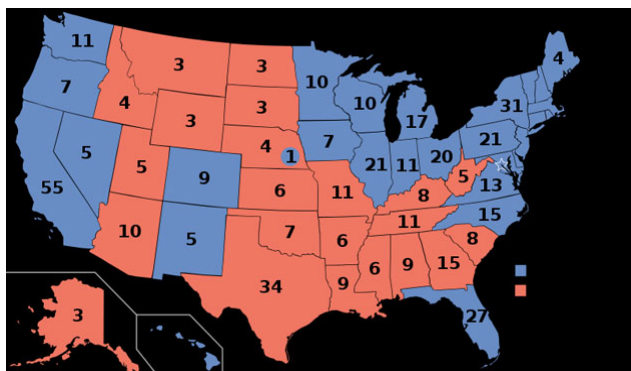
The proposal will be reviewed by parties on all sides of the issue in the days and weeks ahead with the hope of straightening out a lot of problematic issues.

WANADA dealer leaders Tamara Darvish and Jack Fitzgerald, working with the CRDR, have played an integral role with NADA and the other dealer associations across the country in focusing this issue before Congress.

More will be reported on this as developments occur.

As it stands now all advocates for dealer rights are unified in their collective effort, which bodes well for assisting those dealers caught short in the bankruptcy reorganizations which occurred last spring.

“Blue States” Outpace “Red States” in Clunker Rebates



Analysts crunching the data to determine who benefited the most from the federal government’s Cash-for-Clunkers program are finding that “Blue States” (states where the residents predominantly vote for Democrats) benefited the most. *USA Today* reports that the 28 states that voted for Barack Obama have requested nearly \$2.13 billion in rebates. On the other hand, states that voted for John McCain (a.k.a. “Red States”), have only requested \$757 million.

Political analysts are puzzled to explain the findings. One democratic pollster suggested that it

was up to the political leanings of the dealers. "I know in Tennessee, dealers were pulling back, whereas in Illinois, the dealers were all gung-ho," he said.

A likely more significant factor was credit availability. Mississippi (a red state) finished second from the bottom. "I'm sure there are a lot of people who would have loved to trade in, but in Mississippi, income and credit right now are the worst I've seen," said the general manager of a dealership in the state.

Big Rise in Auto Loan Delinquencies

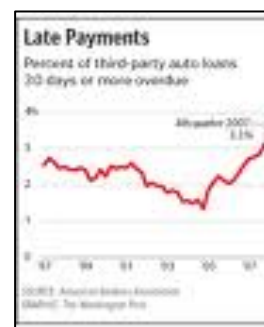
More than \$25.5 billion in loans at risk, according to Experian Automotive

Automotive loans that are 60 days past due, rose by 21.7 percent from the second quarter of 2008 to the second quarter of 2009, according to figures released by Experian Automotive.

Experian Automotive regularly reports on automotive lending trends, and said in the second quarter of 2009, 0.80 percent of all automotive loans were 60 days past due, compared with 0.66 percent for the same time period in 2008. Thirty-day delinquencies also rose by 14.6 percent in the second quarter to 3.06 percent, up from 2.67 percent the year before. Combined, 30- and 60-day delinquencies accounted for \$25.5 billion in at-risk loans.

"Challenging economic times continue to take a toll on the automotive finance world," said Scott Waldron, president of Experian Automotive. "As the recession continued to drag on during the second quarter, the rate of delinquency rose much faster from the first to second quarter than it did the previous year. This caused lenders to tighten criteria and push some consumers out of the new vehicle market."

Experian Automotive's analysis also showed that market conditions were pushing a higher percentage of vehicle shoppers into used vehicle financing.



Experian also reported that the average length of newly originated loans for new vehicles dropped from 63 months in the first half of 2008 to 62 months in the first half of 2009. In addition, the average loan amount rose by \$105 to \$24,265 in the first half of 2009, up from \$24,160 in the first half of 2008. Despite the rise in total loan amounts, average monthly payments on new car loans dropped from \$458 in the first half of 2008 to \$453 in the first half of 2009.

"Consumers were financing larger amounts for new vehicles in the first half of 2009 compared with the first half of 2008, which could be a sign that overall consumer confidence is starting to rebound," said Melinda Zabritski, director of Automotive Credit for Experian Automotive. "If new vehicle loan amounts continue to see increases into the third quarter, it will be a very positive sign for the auto industry."

Other findings:

- Top 20 lenders overall represented 42 percent of all loans originating in the first half of 2009. This was a 5.38 percent decrease from the same time the prior year.

- Three states had a reduction in 30-day delinquencies:

Alaska (15 percent), Nebraska (3 percent) and Michigan (2 percent).

The states with the largest percentage increase in 30-day delinquencies were Idaho (61 percent), Montana (38 percent), Hawaii (32 percent), Washington (28 percent) and Utah (27 percent)

SBA FLOORPLAN PROGRAM FAILS DEALERS

Just Three Dealers Approved

The Small Business Administration may be offering to guarantee floorplan financing loans for dealers but the nation's banks don't seem to be biting. After four months, only three small dealerships have been approved for a total of \$4.2 million in floor plan loans, Small Business Administration spokesman Mike Stamler said last week. None of the loans have closed.



The Obama administration launched the program in May, but "It's clear that after four months, lenders aren't participating," Stamler said.

SBA had estimated that it might guarantee as many as 4,000 loans by this time but many banks were put off by SBA red tape and many decided there were more profitable places to put their money than in inventory collateralized loans.

The SBA pilot program offers to guarantee bank loans for 75 percent of loan amounts from \$500,000 to \$2 million. The maximum repayment term is five years. About half of the 19,000 U.S. dealerships qualify as small businesses under the program, according to the National Automobile Dealers Association.

The four largest U.S. banks -- JPMorgan Chase, Bank of America, Citigroup and Wells Fargo -- chose not participate in the SBA program, and GMAC Financial Service, which has been the primary source of floor planning for many dealerships, has cut back dramatically. NADA is conducting a lender survey to recommend possible changes in the SBA program before it ends in September 2010.

Labor Drops Demand for Card Check

AFL-CIO President Sweeney publicly confirmed this week that his organization would accept the elimination of the card check provision from the proposed Employee Free Choice Act bill. Organized labor would, however, insist on "quickie" NLRB secret ballot elections, i.e., within 5 or 10 days of the filing of the Petition, and continues to insist that the EFCA contain a provision for binding arbitration on the terms for an initial collective bargaining agreement.

Binding arbitration would permit a Government appointed arbitrator to set employee wages, health insurance, and retirement programs, and as the U.S. Chamber of Commerce has noted, that provision alone requires continued opposition to the EFCA.

Consumers Gain Pointers on Car Buying at Sport Chevrolet Event

MD AG Doug Gansler and Mont Co Exec Ike Leggett Welcomes Attendees to Evening Session

Some 60 Washington area consumers from Montgomery County and across the region gathered at Sport Chevrolet this past Thursday evening to hear from car buying experts on topics ranging from auto lending and leasing options, lemon law issues, repossession rights, buying tips and the impact of dealership closings and manufacturer bankruptcies. Emceed by Washington Post auto writer Warren Brown, the event was a joint effort by the Montgomery County Office of Consumer Protection and dealers to educate and inform local residents.

Montgomery County Executive Ike Leggett welcomed the audience and thanked WANADA dealer member Robert Fogarty for hosting the event and all the area dealers for their support of consumer protection initiatives in the county. Leggett was joined by Maryland Attorney General Douglas Gansler, Ben Greunbaum, staff assistant to Senator Barbara Mikulski (D-Md.), Evan Johnson from the Montgomery Office of Consumer Protection, Michael Mora of the Federal Trade Commission, Andre Lucas of the Maryland and District of Columbia Credit Union Association, John O'Donnell, EVP of WANADA and Mark Steinbach of the Maryland Consumer Rights Coalition.

The wide-ranging two hour discussion was an informative and spirited affair and concluded with an



An attentive audience listens in as Washington Post Auto Writer Warren Brown Leads the discussion on Car Buying Pointers

observation by WANADA dealer member and MADA chairman Sam Weaver who noted that, between the cash-for-clunkers rebates and the state and federal new vehicle sales tax deductions made possible by legislation sponsored by Sen. Mikulski, this year was likely the best year ever to buy a new vehicle.

Mr. Fogarty, who hosted the event in his role as vice chairman of the Advisory Committee to the Montgomery County Office of Consumer Protection also secured a GM hydrogen fuel cell Equinox vehicle to demonstrate the advances being made in power systems for tomorrow's vehicles.



Robert Fogarty and MD Attorney General Douglas Gansler

20% Ad Discount Available on 2010 WAS Program

Cheryl Isaacs, the new advertising manager for this year's 2010 Washington Auto Show media packages, believes the 2010 show has all the makings of an enormously successful automotive event and wants to be sure WANADA members take full advantage of the huge audience it is likely to attract.

She is providing WANADA dealers a 20% discount from last year's rates for advertising in this year's media program. She is also offering members a free page of editorial about their new car line or a feature story (350 word text and a photograph) about the dealership. This will run adjacent to the ad with the purchase of a full page ad in the show guide.

Isaacs is also providing discounts for multimedia purchases should a member decide to buy the digital television and online packages available.

Details on all the options and discount will be sent to WANADA members shortly.

For more information on the advertising opportunities available at the 2010 WAS, WANADA members are urged to contact Cheryl Isaacs at: 404-312-2741 or at salesgal6@aol.com

Thought for the Week on the 8th Anniversary of 9-11 ...

We are likely to preserve the liberty we have obtained only by unremitting labors and perils. But we shall preserve it.

Thomas Jefferson