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"Looking Down the Road" The WANADA Annual Luncheon

With Rep. Van Hollen and James Dinegar, CEO of the Board of Trade
Nov. 19, Hyatt Regency Capitol Hill



There has never been a year like this year in the auto industry, so WANADA members and dealer community associates will want to make sure to attend this year's Annual Meeting and Luncheon featuring Congressman Chris Van Hollen (D-Md), and Jim Dinegar, president of the Greater Washington Board of Trade. The two will be providing us with a "look down the road," on the national, global and regional business landscape.



Rep. Chris Van Hollen

Rep. Van Hollen, besides representing many WANADA members who reside or have businesses in his Congressional District, is one of the power broker leaders of the majority party in the House of Representatives and in his position as Assistant to the Speaker of the House has played a key role in managing many issues critical to auto dealers and the industry. Mr. Dinegar, as chief executive officer of the Greater Washington Board of Trade, leads the foremost business organization in



James Dinegar

the region, which counts among its membership Fortune 100 companies, scores of small businesses and many not-for-profit organizations. In light of the extraordinary and unprecedented economic climate that has befallen the nation and Washington region this year, these leaders promise to deliver a comprehensive and insightful perspective on 2010 and beyond which WANADA members will not want to miss!

This year's program will consist of an industry report *year in review* by WANADA Chairman Tamara Darvish, election of the 2010 WANADA Board and the Van Hollen/Dinegar presentations.

Luncheon arrangements are set for Thursday, November 19, 2009, at the Hyatt Regency Washington on Capitol Hill, with a networking reception commencing at 11:30 am, followed by lunch at noon. All activities should be concluded by 1:30 pm.

Click [here](#) for a Meeting Details and Registration Form and direct any questions to Kristina Henry in the WANADA office 202-237-7200 or kh@wanada.org.



Hyatt Regency, 400 New Jersey Ave. NW
Union Station Metro

New Federal Regulations WANADA Dealers Need to Act On FTC "Red Flags" & IRS Unicap, November 1 and Next Year Respectively

WANADA dealer members are reminded that the Federal Trade Commission's (FTC) "Red Flag Rules" are effective Nov. 1, 2009. Those who have not implemented the requisite program to guard against identity theft should review the NADA Guide "A Dealer Guide to the Red Flags and Address Discrepancy Rules: Protecting Against Identity Theft."

WANADA dealers should also know that the FTC will shortly be issuing its final "Risk Based Pricing" regulations. These regulations will provide that if a dealer or other creditor grants credit to a consumer on terms that are "materially less favorable than the most favorable terms available to a substantial proportion of your credit customers, based in whole or in part from information contained in a consumer credit report," the creditor must provide the customer a notice.



The purpose of the rule is to educate consumers on the importance of maintaining a good credit score and its impact on interest rates when securing a loan, but complying with the regulations might prove to be a nightmare for dealers. It is anticipated, however, that the FTC may allow dealers to simply provide a notice to all credit customers containing a copy of their credit score, a disclosure that is already mandated in the California Car Buyer's Bill of Rights. The FTC is also expected to provide dealers several months lead time to implement the rule before it commences enforcement.



WANADA dealers will also want to be aware of new IRS regulations known as UNICAP, which will require them to speed up federal income tax payments and likely change their accounting methods in order to comply with the regulations. Because the rules are complex, the IRS has already agreed to suspend the examination of dealerships for UNICAP compliance until January 1, 2011 and will also be joining with NADA to offer educational programs for dealership accounting personnel on the issue.

The first of these is a Webinar that has already been scheduled for Wednesday, Nov. 18, from 1-3 p.m. EST, which will feature IRS Motor Vehicle Technical Advisor Terri Harris and be moderated by Paul Metrey, director of NADA's Regulatory Affairs. Thirty to 60 minutes of the

Webinar will be devoted to Q & A. The cost of the Webinar is \$199 per computer connection. Registrants will have access to the Webinar recording for up to six months. To register for the webinar go to: www.nada.org/seminars or call (800) 248-6232, ext. 7273.

Sunset of Estate Tax in 2010 Looking Less Likely

But Obama and the Democrats Support Raising the Exemption Level

Planning to die to in 2010 to avoid federal estate taxes? Think again. Rep. Steny Hoyer (D-Md.), the Majority Leader of the U.S. House of Representatives, said this week that the House will revise the estate tax -- or inheritance tax -- before it expires at the end of 2009 to go away in 2010.

"I expect it to come forward this year, whether it comes in the next two weeks or the next six weeks, I expect the estate tax to move in the House of Representatives," Hoyer said at a news conference.

Abolition of the estate tax, or "Death Tax" as it is sometimes known, has been a focus of dealer and small business organization advocacy for a number of years. It was set to disappear for one year at the end of 2009 as part of the Economic Recovery Act, provided there was no congressional action to prevent it; Rep. Hoyer's announcement seems to have snuffed out that possibility.

The current policy exempts the first \$3.5 million in an individual's estate, with a maximum tax of 45 percent on property after that.

After 2010, the tax is scheduled to revert to pre-2001 levels exempting \$1 million in property, with a maximum rate of 50%, but the Obama administration has already proposed a budget wherein the estate tax exemption will rise to \$7 million for a married couple (\$3.5 million for a single taxpayer) and a maximum rate of 45% on property after that.

Update on Dealer Rights Effort

GM CEO visits Capitol Hill, Meetings Continue, Legislation Waiting

General Motors Co. president and CEO Fritz Henderson came to town this week to brief the government on how its investment in GM was progressing and, according to Automotive News, "meet with key members of Congress in an effort to head off legislation to reverse the closing of 2,000 GM and Chrysler Group dealerships.

Among those he visited was House Majority Leader Steny Hoyer (D-Md.), who has been deeply involved in the effort to find a fair and effective non-legislative alternative to the dealer closings. Few details were available on what was discussed, but GM spokesman Greg Martin said recently that the company hopes to "reach a non-legislative solution that preserves our dealer consolidation plan as approved by the bankruptcy court and allows us to help dealers wind-down in an orderly manner."

Henderson also met with Sen. Richard Durbin of Illinois, the number two Democrat in the Senate, who had sent Henderson and Chrysler CEO Sergio Marchionne letters pushing them to reach a settlement with the dealers.

Meanwhile, meetings between representatives from GM, Chrysler, NADA, the Committee to Restore Dealer Rights (CRDR), the National Association of Minority Dealers (NAMAD), Automotive Trade Associations (ATAE) and representatives from various legislative offices are going forward to find a non-legislative solution out of the public eye and without comment from participants.

The House still has legislation pending (HR 2743) that would undo the dealership closings, which has 284 co-sponsors while the Senate version (S 1304) now has 44 supporters.

It was also learned that investigators for the Inspector General's office are now in the field talking with dealers who lost their franchise looking to understand the implications of that action. They are acting at the behest of a request from Sen. Jay Rockefeller (D-WVa.), chairman of the Senate Commerce, Science and Transportation Committee, who had previously held hearings on the impact of the closings on communities.

Consumer Reports Says Auto Reliability Continues to Rise

Cites Ford as Among Most Reliable Carmakers



Consumer Reports, which each year produces a Car Reliability Survey that gets a lot of attention from the auto buying public, says in its latest report that overall car reliability continues to improve and that Ford is the best of the domestic automakers with about 90% of its products having average or better reliability.

The firm says the Honda Insight is the most reliable vehicle under its testing regimen, but that many vehicles from all manufacturers received high ratings. It will announce its full findings on November 3, 2009.

Consumer Reports says small car reliability stood out in particular in its survey, with fully 20 of 37 models having above average predicted reliability, and that family cars fared nearly as well, with 21 of 42 scoring above average. It said European brands continue to improve in reliability, though Japanese brands continue to hold their historical lead in its surveys. It noted that fully 20 of the 48 GM models it has tested have average or better reliability scores and that it was recommending the new Chrysler Dodge Ram 1500 four-wheel drive pick-up.

Consumer Reports' findings are based on responses from more than 1.4 million vehicles owned or leased by subscribers to Consumer Reports and covers vehicles from model years 2000 to 2009. The firm's statisticians and engineers use the data to predict reliability for new 2010 models.

Baby Boomers Throw the Auto Market a Curve

As they have in so many other aspects of life, America's Baby Boomers now in their late 50's and early 60's are taking a different route than their parents in car buying behavior, even now as they are beginning to retire.

Demographers report Baby Boomers are not opting for the house in the country and the comfortable luxury car their parents strived for, but increasingly are choosing instead to move into central city condominiums and own just one smallish, well-equipped-sedan or crossover vehicle that can fit easily in a parking space.

The industry believes that as much as 24% of the market in 2010 will be controlled by Baby Boomers looking for efficient and sophisticated hatchback and small, wagon-style vehicles with the right blend of versatility and style to suit their new "one-car-per-couple," city dweller need.

The trend is not good news for luxury and big car and truck makers, who have already had to resort to significant discounting to maintain reasonable sales levels. Mercedes-Benz, for example, is currently offering discounts of as much as \$15,000 on its SL-class and Nissan has a \$5,000 discount available on its Titan SUV, to name just two. Other makers, however, look to be better prepared, with models scheduled to be introduced in 2010 that should meet those very needs. They include makers like Ford (Fiesta), GM (Cruz), Mazda (MX2), Suzuki (Kizashi), Volkswagen(City), Audi(A2) and Nissan(Micro), to name just a few. It is unclear, though, if the industry can be profitable selling vehicles of this size at prices in the \$17,000 - \$23,000 range.

Automotive Policy Council to Look After Detroit Automakers

Stephen Collins will be president of the new American Automotive Policy Council (AAPC), an organization representing Chrysler Group, Ford Motor Co., and General Motors Co. AAPC will be the only trade association solely representing the interests of the Big Three, Collins said. Collins has worked for auto industry associations for over 30 years, most recently as president of the Automotive Trade Policy Council. He previously worked at the State Department as a human rights policy adviser and was a legislative assistant for the late Sen. Edward Kennedy (D-Mass.).

Debbie Dingell, a prominent Michigan Democrat and the wife of Rep. John Dingell (D-Mich.), is also joining the council, helping launch a policy-based project aimed at affecting the administration's agenda for the Big Three. She was previously vice chairwoman of the General Motors Foundation and executive director of GM public affairs and community relations.

Collins said the Council will look out for the Big Three's needs that are unique from internationally based manufacturers, including their relationship with the United Auto Workers and sizable legacy costs.

Positions Wanted:

Service Director: Extensive experience in the Washington market and dealership operations, seeking similar position.

Comptroller/CFO: Extensive experience in dealership business management in the Washington area, seeking similar position.

For details please contact John O'Donnell at 202-237-7200.

Staying Ahead...

Always forgive your enemies. Nothing annoys them more.

---Oscar Wilde