THE WANADA BULLETIN

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

WANADA Bulletin # 45-09 **November 13, 2009**

Headlines…

"Affordable Health Care Act" Could Break the Dealer Bank

NADA Urges Dealers to Contact their Member of Congress

The much publicized health care legislation working its way through Congress, mandating that employers offer healthcare to both full <u>and</u> part-time employees could break the bank at many dealerships according to the National Automobile Dealers Association. The dealer association is urging all its members nationwide to press their legislative representatives to amend the measure and focus instead on reforming the private insurance marketplace that would provide small businesses and employees with more affordable coverage.

HR 3962, the House version of Health Care Reform legislation, which passed by the slimmest of margins last week, will be merged by year's end with similar legislation being formulated in the Senate. But NADA says that any measure

The WANADA Annual Meeting & Luncheon

Thursday, Nov. 19, 2009
Hyatt Regency Capitol Hill

"Looking Down the Road"

With

Rep. Chris Van Hollen, (D-Md.)
James Dinegar, CEO of the Greater Washington Board of Trade

Big changes are coming to the Nation and the Washington, DC area, as the Democrat - led Congress and administration push to recreate the U.S. economy and reshape how government interacts with the social, environmental and political issues of the day. States and localities are aiming to take similar actions, particularly when it comes to traffic congestion and reducing environmental impacts.

WANADA members will be impacted by these efforts, and we are particularly fortunate to have Rep. Van Hollen, a power broker as Special Assistant to the Speaker of the House and Jim Dinegar, president of the Board of Trade available to provide us with their insights on what to expect "down the road."

Please register early as we expect a large crowd. Click HERE for the registration form.

containing a "mandate" could mean economic ruin for dealers and other small businesses.

NADA says there are at least 11 reasons to oppose the health care reform proposals now under consideration.

1. **An employer mandate does not address the No. 1 issue facing small businesses: unsustainable costs.**
2. **The legislation on the table requires that all employees with a payroll of $500, 000 or more pay a payroll tax of up to 8 percent if they do not provide "qualified" health insurance to their employees.**
3. **Employers offering health insurance must:**
    a. **Offer "qualified" individual and family coverage**
    b. **Meet premium contribution requirements of at least 72.5% for individuals and 65% for family plans; and**
    c. **Offer a "qualified" plan as defined by a government-appointed board.**
4. **Employers can be fined up to $500,000 per year ($100 per employee per day) if they unknowingly offer coverage other than the "qualified" plan.**
5. **Employers with fewer than 50 employees may be required to cover some benefits that are not currently mandated under federal law.**
6. **A government run "public option" will further compromise the viability of private insurance and restrict choice to a single plan, which will ultimately be funded by small business.**
7. **The measure imposes still more tax-compliance paperwork requirements on small businesses.**
8. **The measure jeopardizes existing solutions for small businesses by prohibiting individuals from using HAS, MSA and HRA funds to purchase over-the-counter health products and limits contributions to FSAs and increases penalties on non-medical HAS withdrawals.**
9. **The measure mandates "auto-enroll" for all employees.**
10. **The measure provides an "unelected" insurance commissioner with "unbridled" authority to institute rules and regulations relative to employer/employee relations.**
11. **The measure opens the door to more lawsuits against employers by employees and trial lawyers.**

NADA is working in partnership with the Small Business Coalition for Affordable Health Care to ensure that any health care legislation passed by Congress includes "common sense and economically sound" reforms such as:

1. **Instituting insurance market reforms that increase access, expand choice and spur competition for private insurance;**
2. **Creating marketplaces that provide greater transparency and more efficient approaches for purchasing insurance;**
3. **Provide equity in tax treatment for the self-employed; and**
4. **Improving affordability and providing for sustainable cost containment by eliminating wasteful spending in the overall healthcare system.**

Jack Taylor Nominated for Time Magazine Quality Dealer Award

WANADA and VADA Team up on Alexandria Toyota Principal for TMQDA

Jack Taylor
Alexandria Toyota

Jack Taylor, who has operated Alexandria Toyota for more than 35 years, has been nominated by both WANADA and VADA as their Time Magazine Quality Dealer of the Year candidate. “Jack has been a tremendous contributor to the auto industry as well as to his community and we believe he exemplifies all that TMQDA is about,” said Gerard Murphy, president of WANADA. “We’re especially pleased this year to be joined with VADA on the TMQDA nomination,” he said.

Jack began his career in the auto business as a salesperson with Bill Page Toyota in 1972 and in 1973 bought Hunter Motors with his partner Frank Page and changed its named to Alexandria Toyota. He bought Frank out in 1984 and in 2000 relocated the dealership to a bigger facility to handle the growing business. In 2008, Alexandria Toyota generated nearly $120 million in total sales and employed 166 people.

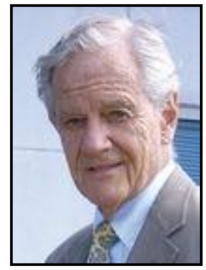
Jack was the first chairman of the Lexus National Dealer Council and served for four years on the Toyota National Dealer Council. Most important to Jack, however, is the fact that he has won the Toyota President Award every year since its inception, some 23 years ago. The award is given for exceptional customer service.

In 1991 Jack was among a handful of concerned dealers who established an independent political action committee called Automotive Free International Trade Political Action Committee (AFIT PAC) to assure that dealers had a voice in electing free trade oriented members of the U.S. House of Representatives and U.S. Senate. He served as its chairman from 1997 to 1998 and remains active in its activities to this day.

Jack is active in a variety of community organizations including the Scholarship Fund of Alexandria, which provides college scholarships to academically worthy students regardless of their financial situation, and a leader for Capitol Hospice, for which he has raised more than $2 million over a 20 year period. Additionally, he each year donates $500 to each of 16 school PTAs in the Alexandria Public Schools. Among his more unusual contributions to the community, is the funding of Alexandria’s first skateboard park. Built in 2004, the park is still a vibrant part of the City.

Time Magazine Quality Dealer of the Year Awardees are recognized at the annual NADA Convention, which next will be in Orlando, Fla. February 13-15, 2010.

Automotive News Names Jack Pohanka Among "Visionary Dealers"



Jack Pohanka
Visionary Dealer

John J. Pohanka of Pohanka Automotive was cited by *Automotive News* this week for his outstanding lifetime contributions to the automobile industry. One of fifty dealers across the U.S. so recognized, *AN* said they chose Jack Pohanka and the others for "their original thinking and the new ways they developed to satisfy customers, move the metal, boost profits and get along with the factory."

A second generation dealer whose organization began in Washington shortly after the First World War, Jack became one of the first multi-franchised dealers in the U.S. when he combined Fiat with Oldsmobile in the 1950s. There, Pohanka Automotive became what it is today, which is a multi-franchised, multi-location "mega dealer organization" a term which Jack is credited with coining as a description of the trend he started.

A longstanding advocate and innovator in dealership career building, Jack conceived and founded the National Institute of Automotive Service Excellence (ASE), a regimented process for training and testing technicians in automotive repair, which continues to be the gold standard of measuring auto repair professional competence since its beginnings in the 1970s. He similarly caused to have formed the National Automotive Technical Education Foundation (NATEF) which certifies technician training schools across the country.

In more recent times, Jack brought forward the Real Estate Investment Trust (REIT) as a tool for automobile dealers to leverage their resources to become more successful. One of the first of its kind in automotive retailing, Jack founded the Capital Automotive REIT in the late 1990s in Metropolitan Washington.

A past chairman of WANADA and NADA, Jack was the national winner of the Time Magazine Quality Dealer Award in his TMQDA year.

WANADA salutes this longstanding dealer member on the well-deserved recognition from Automotive News.

A Reminder on Used Car Buyer's Guide and Warranty Disclosure

Because the questions has come up recently, WANADA dealer members are reminded that the description of a used car's warranty on the Used Car Buyers Guide cannot serve as the warranty under federal law. The dealer must provide to the buyer a <u>separate</u> warranty document.

The FTC has stated that the description of the warranty in the legally required Buyers Guide sticker does not eliminate the need to comply with the Magnusson Moss Warranty Act because the Buyers Guide does not provide sufficient disclosures required by the Act. The dealer must provide a written warranty as a separate document which must disclose five items of basic information to the consumer: what items the warranty covers/does not cover, the period of coverage, an explanation of the remedies available to the consumer under the warranty, how the consumer can obtain warranty service, and that state law may give the consumer other specific additional rights under the warranty such as in DC and Maryland where retailers cannot disclaim or limit implied warranty of serviceability. If the warranty contains conditions that limit the duration of an implied warranty, restrict the seller's liability, or restrict the buyer's rights under the warranty, such as a first-purchaser limitation or mandatory dispute resolution, these must be disclosed to the buyer as well.

The Act provides that any "supplier or other person" who provides a written warranty must disclose the terms of the warranty in a single, clear, simple to read document.

The Act provides a private right of action, but the jurisdictional requirement for federal court action under the Act generally precludes action in federal court for a single claimant.

Advertising Age Names Hyundai "Marketer of the Year"

How do you explain an auto company that boosts year-over-year sales and gains market share in a year when the overall industry is in near freefall; brilliant marketing according to trade industry publication *Advertising Age*. So brilliant in fact, that the weekly magazine has just named the Korean automaker as "Marketer of the Year."

Ad Age cited the company for both the boldness of its messages and its willingness to be radical in reaching out to its audience, noting that it bought Super Bowl commercial air time to advertise a very simple commercial stating the following: "Now finance or lease any new Hyundai, and if you lose your income in the next year, you can return it free with no impact on your credit," and then followed that up with the outrageous notion that luxury need not be out of the reach of "everyman."

It accomplished that by scooping up all of General Motors' abandoned ad spots during the Oscars, an event that skews heavily female, and advertising its new luxury Genesis Sedan to people with "intact dreams." Long story short, Hyundai's market share is up during the first ten months of 2009 from 3.1% to 4.3% and in September, when the rest of the industry experienced a 22% sales drop, Hyundai's sales went up 27%.

Auto Insurance by the Mile May Mean Less Driving

California, looking for any and all ways to cut air pollution, is moving to allow insurance companies to use mileage verification for pay-as-you-drive policies. Studies have shown that per-mile pricing lures drivers to alter their habits, which then reduces air pollution, congestion and traffic accidents.

In Texas, insurance companies like MileMeter, already offer six-month policies of 1,000-6,000 miles that drivers refill when their miles run out. The company wants to move into California where State Farm, Allstate and Progressive insurance companies are considering offering a yearlong policy based on a projected mileage. All the insurers are also considering offering such policies nationwide, noting they would either refund or bill their insured drivers based on how much they went over or under the measured mileage or estimated mileage.

Privacy advocates believe insurance companies want to install electronic devices to track miles driven, but there are other options. Odometer readings by agents, DMV records or states with smog-check stations could all provide the verification.

A study by the Brookings Institute confirmed the environmental and economic benefits of by-the-mile insurance pricing. If all of the country's drivers adopted this type of policy, driving would drop 8% nationwide and oil consumption would fall by 4%. Two-thirds of U.S. households would save an average of $270 per car.

New Volvo Will Stop Automatically

2010 Volvo S60

Volvo is developing a system that will automatically stop cars from hitting pedestrians at speeds of up to 16 mph. The move is part of the company's efforts to enhance its safety image and will be introduced in the 2011 Volvo S60 sedan that goes on sale in the U.S. next September.

The pedestrian safety system consists of a camera mounted on the rearview mirror and a radar unit installed behind the front grille of the car which relays information to computer systems that controls the brakes. Volvo engineers worked for a decade with Delphi Corp. to develop the necessary algorithms that recognize human head, neck, legs and shoulders of all sizes and shapes.

Adam Kopstein, manager, automotive safety and compliance for Volvo, says the camera detects objects 150 ft. to 200 ft. ahead of the vehicle and has a 45-degree field of view. The radar system has a 60-degree field of view and can "see" 500-650 ft. down the road.

Kopstein says that when the system detects a possible collision with a pedestrian, it will automatically slow the S60 to 16 mph, regardless of how fast the vehicle is traveling and with or without the driver stepping on the brake. He said the system will only fully stop the vehicle from 2 to 16 mph. A 16 mph collision between a moving vehicle and a pedestrian is considered “survivable” by safety experts.

The pedestrian-detection system differs from Volvo's City Safety System that's available only in the XC60 model. City Safety applies 50% of braking force to prevent frontal collisions with another vehicle. It is not capable of recognizing and stopping for pedestrians.

Approximately 4,700 pedestrians were killed in the U.S. by motor vehicles in 2007, according to data gathered by National Highway Traffic Safety Administration.

Volvo announced earlier this year that it was establishing a goal of preventing auto fatalities completely in any Volvo by 2020.

Position Wanted: Auto Detailer, extensive experience and own set of equipment. For more information contact: John O’Donnell or Joe Koch at 202-237-7200

Staying Ahead…

Never make the mistake of being more agreeable than you should be.

- -Walter Bagehot
English Economist