

THE WANADA BULLETIN

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

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Annual Washington Area sales of new autos rose again last year!



More Washington area buyers bought trucks like the Ford F-150 last year.

Consistent with year-over-year trends, Washington area new auto sales increased again in 2015, and did so by 4.2 percent. U.S. sales, which fell farther than area sales during the Great Recession, rose 5.7 percent in 2015. From November to December, Washington area sales fell 4.5 percent and nationwide declined 4.2 percent. Compared with 2014, December was not a strong month anywhere. But the year overall logged *record* sales—regionally 326,516 and nationally 17.5 million. Washington area figures are from WANADA's Area Report based on R.L. Polk new-vehicle registration data and are

available below. U.S. sales are from the Automotive News Data Center.

Washington, DC area sales for the 12 locality region in the Maryland suburbs and Northern Virginia totaled 79,282 for the fourth quarter. Area sales were slightly higher in October (25,612) than November (25,048). December sales were highest for the quarter, at 28,486, just not as impressive as December a year ago.

Sales of new imports in the Washington area made up 69.5 percent of overall sales, just a smidgeon more than last year's import share of 69 percent. Imports or non-Detroit 3 new vehicles made up 79.7 percent of Washington area car sales and 60.4 percent of light trucks and SUVs. Both percentages were slightly higher than last year's import share. Import sales are traditionally higher in the Washington area than nationwide.

Washington area new car sales were down a bit for the year, by 2.3 percent, while truck sales jumped 10.8 percent. For the fourth quarter, area car sales dropped 5.7 percent and truck sales

spiked 10.8 percent. (They were up 13 percent nationally.) Those increases in light truck sales meant that they came in at 52.8 percent of overall area sales. This is a reversal of the years-long trend where light trucks made up less than half the market here. That shift is in large part a reflection of the low gas prices seen here and across the U.S.

For the complete area report on fourth quarter and total 2015 Washington area new vehicle sales, WANADA members can click [here](#) and log in with their email and password.

MD plug-in electric vehicle tax credit depleted for FY 2016



Maryland customers buying a Chevrolet Spark or other plug-in electric will not be able to get a tax credit unless they buy it after July. ©General Motors.

The Maryland Motor Vehicle Administration advises dealers that the allotted funds for the plug-in electric vehicle excise tax credit has been depleted for FY 2016, as of February 19. MVA is processing several applications that will use the remainder of the funds. Once all funds are exhausted, no additional refunds will be issued for FY 2016. Dealers should tell customers this before they buy an electric vehicle.

MVA will continue to accept applications for the excise tax credit until the end of the fiscal year, even when the fund is depleted. Plug-in electric vehicle tax credits will resume in July 2016 for vehicles that meet the requirements.

If you have questions, contact MVA at 410-768-7346.

Four dealers appointed to Virginia Motor Vehicle Dealer Board

Four dealers have been appointed to the Virginia Motor Vehicle Dealer Board. They are: Michael Bor, CarLotz, Inc., Richmond; Larry T. Bailey, president, All In One Auto, Chesapeake; Robert S. Fisher, president and owner, Northside Auto Sales, Manassas; Hamid Senior Saghafi, owner and president, Dulles Motor Cars Inc., Great Falls. Alongside franchised new auto dealers, independent used car dealers serve in MVDB's leadership also.

Save the Date: MADA/VADA/WANADA Reception at NADA

Year after year, those enjoying the NADA Convention Reception that MADA, VADA and WANADA put on for their members say it is "one of the best parties at NADA." The 2016 Tri-Association Reception, set for Friday, April 1, should be no exception, particularly in light of its spectacular Las Vegas location.

This year's event venue is the Stratosphere Hotel & Casino. The reception location in the Stratosphere Tower features some of the most breathtaking views in all of Las Vegas. Dealer principals, key managers, business associates and



The site of the reception, the Stratosphere, offers one of the best views in Las Vegas.

guests are invited to attend. More information and an opportunity to register will go out to all members via email later this week. For more information, contact Kathy Teich at kt@wanada.org or 202-237-7200.

This year's MADA/VADA/WANADA Reception at NADA is generously sponsored by SunTrust, TRUECar, Charapp & Weiss, Rifkin Weiner Livingston Levitan & Silver, Chesapeake Petroleum, DealerTrack and JM&A Group.

WANADA F&I Certification Workshop a big success



The F&I Certification Workshop by JM&A at WANADA headquarters on Feb. 23 was a big success. The workshop, a service of the Automobile Dealer Education Institute (ADEI), brought together

many F&I professionals from area dealers to learn about hot button issues, including the Tax Reform Act and FinCen Form 8300; Truth in Lending/Truth in Leasing, Regs Z and M, respectively, etc.

Participants left the workshop with solid knowledge of best practices for review of ever expanding paperwork, general compliance and the keys to good selling. Attendees took an exam at the end of the day long workshop and received compliance certification upon passing the test.

If your F&I staff had to miss this one, WANADA offers its F&I workshop at least once per quarter with another coming this spring. On behalf of the F&I professionals served by this workshop, WANADA thanks its Kindred-line member, JM&A, for its partnership in this important training.



JM&A presenter Andy Allen with F&I professionals at WANADA workshop.

Legal trends to watch for in 2016: FTC oversight

This is the second in a series of articles highlighting the legal trends that dealers should watch for in 2016. This one focuses on Federal Trade Commission enforcement of its consumer protection laws.

1. *FTC advertising oversight will continue.* The FTC has used its increased authority and budget to regulate auto dealers to police advertising. That will continue for the rest of 2016. Those in charge of dealer advertising, therefore, need to be up to speed on FTC rules.
 - a. When advertising credit or leasing, a dealer should use follow-on disclosures after a trigger terms, as required by TILA and the Consumer Leasing Act.
 - b. Avoid *bait-and-switch* advertising. Advertised vehicle prices net of incentives or rebates of limited availability should disclose clearly and conspicuously the qualifications for the programs.
 - c. "Zero money down" leases must truly require no up-front dollars.
2. *The FTC will increase its emphasis on data protection and prevention of identity theft under its Safeguard Rule.* The FTC won a significant victory in federal court in 2015 on its Safeguard Rule. The decision allows the FTC to charge a business with unfair trade practices for failing to protect private customer information.
 - a. Dealers must ensure their programs under the FTC's Information Safeguard Rule are updated regularly. It is imperative that customer information does not "walk out" the door with departing salespeople.

- b. Update your policy under the FTC Red Flags Rule annually. The dealership will be the biggest victim in an identity theft scenario!

Thanks to attorney and Kindred-Line member Michael Charapp of Charapp & Weiss, LLP, for providing this information.

Audi tops auto brands in Consumer Reports survey

Consumer Reports' annual vehicle ratings offered *good news* for Audi dealers who saw sales drop – though much less than their Volkswagen counterparts – in the wake of the diesel emissions scandal. Audi attained the highest overall score in the magazine's annual ranking of auto brands, followed by Subaru, Lexus, Porsche and BMW.



Consumer Reports' ranking of Audi as the top auto brand could help sales of the A4 and other Audi models.

The highest ranking non-luxury brand, Mazda, was #6, and the highest Detroit brand, Buick, was #7. Rounding out the top 10 were Toyota, Kia and Honda. When testing cars, CR looks at reliability, safety and owner satisfaction as well as drive and handling.

CR also announced its top vehicle picks for 2016, with seven new vehicles in each of their respective categories: the Mazda MX-5 Miata, Kia Sorento, Toyota Sienna, Toyota Camry, Lexus RX, Honda Fit and Ford F-150. The redesigned Ford F-150 was named best pickup truck, “thanks in part to its fuel economy, quiet and spacious cabin, and much-improved infotainment system,” said CR. It's Ford's first win in the pickup category since 1999.

The choices in the widely read rankings were revealed at the Washington Automotive Press Association (WAPA)'s recent meeting. WAPA is a cosponsor of the Media Breakfast at the Washington Auto Show's Industry/Media Day.

Technology woes hurt reliability ratings – JD Power

Problems with technology continue to hurt vehicle reliability ratings, according to the J.D. Power 2016 U.S. Vehicle Dependability Study. The problems with infotainment, navigation and in-vehicle communication systems have increased and now account for 20 percent of all customer-reported problems in the study. Those problems are the cause of the industry's three percent year-over-year decline in vehicle dependability.

The problems most often reported by owners are Bluetooth pairing/connectivity and built-in voice recognition systems misinterpreting commands. Navigation systems that are inaccurate or hard to use are also in the top 10 reported problems.

“If consumers can't rely on their vehicle to connect to their smartphone, or have faith that their navigation system will route them to their destination, they're certainly not yet ready to trust that autonomous technology will keep their vehicle out of the ditch,” said Renee Stephens, vice president of U.S. automotive at J.D. Power.

The company found in a previous study that more than half of owners cite “expected reliability” as one of the most influential reasons for choosing a specific make and model. And only 41 percent of owners who experienced three or more problems with their vehicle stayed with the same brand for their next purchase, according to NHTSA.

87% of drivers practice unsafe behavior while driving

About 87 percent of drivers engaged in at least one risky behavior while behind the wheel in the past month, according to a new report by the American Automobile Association Foundation for Traffic Safety. The unsafe behaviors include driving while distracted, impaired or drowsy, along with speeding, running red lights or not wearing a seat belt.

“The vast majority of motorists believe they are more careful than others on the road, though most of them are not making safe decisions while behind the wheel,” said Peter Kissinger, president and CEO of the AAA Foundation. Some examples of what drivers reported doing in the past month while driving:

- More than 70 percent report talking on a cell phone, and 42 percent admit to reading a text message or email while driving. Nearly one in three admit to typing or sending a text or email.
- Nearly half of all drivers report going 15 mph over the speed limit on a freeway – and that’s just the ones who admit it.
- Nearly one in three say they have driven when they were so tired they had a hard time keeping their eyes open.

Thought for the week

I would not like to be replaced by someone who immediately sets about undoing what I’ve tried to do for 25-26 years.

-Antonin Scalia (1936-2016)

Former associate justice, Supreme Court of the United States