

THE WANADA BULLETIN

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

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MADA/VADA/WANADA Reception at NADA, April 1

“One of the best parties at the convention”

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 the convention!” The 2016 Tri-associations Reception, set for Friday, April 1, should be no exception, particularly in light of its spectacular Las Vegas location.

The Stratosphere Tower, this year’s venue for the Tri-association’s Reception features some of the most breathtaking views in all of Las Vegas. Dealer principals, key managers, business associates and industry guests are all cordially invited to attend.

Please [click here](#) to RSVP for the reception. You may print a copy of the invitation that was mailed out to all WANADA members earlier this week by clicking [here](#). 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.



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

Washington Auto Show reps visit sister show in Geneva



WAS reps at McLaren display at the Geneva Motor Show with the hot, new high-end sports car convertible, the 570GT. Left to right, Geoff Pohanka; JP Canton, communications director with McLaren; John O' Donnell; and Daniel Jobe.

Representatives from The Washington Auto Show (WAS) visited their counterparts at the recently concluded Geneva International Motor Show where they had the opportunity to interface with OEM operatives from the U.S and Europe and dealer association leadership from NADA and counterpart associations producing auto shows. One of the foremost annual events of its kind, Geneva's Motor Show attracts scores of industry leaders from around the world, with this year being no exception.

A WANADA delegation, led by Geoff Pohanka, Pohanka Automotive, in his role as chairman of the WAS, included Daniel Jobe, Capitol Cadillac, WAS producer John O'Donnell, Was manager Bob Yoffe and WAS communications director Barbara Pomerance. Being one of five U.S. auto shows on the industry's global circuit certified by the world-wide automaker group, *Organisation Internationale des Constructeurs d'Automobiles* (OICA), Washington's Auto Show uses venues like Geneva to interact with OEM exhibitors, the OICA organization, its member leadership, other OICA certified shows and industry stakeholder groups, such as NADA and the Alliance of Automobile Manufacturers.

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OICA meeting participants. Left to right, Rod Alberts Detroit Auto Show, Gabriele Zimmermann, Frankfurt Motor Show; John O'Donnell, the WAS; Gloria Bergquist, The Alliance; Etienne Cochet, Paris Motor Show; Christian Peugeot, chairman, French Automakers Association; Francois Rudier, communications, French Automakers Association



Detroit Auto Show Reception (from the left, then clockwise) Jeff Carlson, NADA chairman; Jon Collegio, VP/public affairs at NADA; Nancy Carlson; Anne Kline-Pohanka; and Daniel Jobe.

New director of Virginia MVDB conducts first meeting



William Childress heads his first meeting as executive director of the Motor Vehicle Dealer Board.



From the left, MVDB member Ron Kody, Richmond Ford; Bruce Gould, MVDB executive director *emeritus*; Rick Holcomb, commissioner, Virginia DMV; MVDB member Joe Tate, Peaks Motors.

William Childress, who was chosen last month as the new executive director of the Virginia Motor Vehicle Dealer Board (MVDB), held his first meeting in that capacity March 14. He replaces MVDB stalwart Bruce Gould, who is retiring after more than 30 years as executive director. Gould joined the agency soon after it was created. Childress, an Air Force veteran, spent nearly 15 years at Department of Motor Vehicles and eight with the Virginia Department of Transportation.

The Board briefly discussed its review of Tesla, which has sought a hearing for a proposed Richmond location. The Commissioner of Motor Vehicles, Rick Holcomb, who is also MVDB Chairman, said he would have to recuse himself from consideration of that topic because VADA has sued Tesla and the DMV, challenging DMV's authority to consider the proposed location. The matter was tabled until the next meeting of MVDB.

Commissioner Holcomb and Executive Director Childress also reported on the activities of Shift, a Web-based company that seeks to match buyers and sellers. Noting that the company engages in activities as a dealer, Childress said MVDB staff would continue to investigate the group's activities to ensure that they comply with Virginia laws.

In addition to MVDB chairman Holcomb, the 19 member dealer board is comprised nine franchised auto dealers, one motorcycle dealer, 7 independent--used auto dealers—and one consumer representative. The nine franchised dealers from across the Commonwealth are: Gardner Britt, Jr., Ted Britt Ford, Fairfax; Geoff Malloy, Malloy Auto Group, Vienna; Liza Borches, Carter Myers Automotive, Charlottesville; Jacques Moore, Jr., Moore Cadillac Company & Subaru of Richmond; David P. Duncan, Duncan Ford-Lincoln-Mazda, Blacksburg; George Pelton, First Team Auto Group, Roanoke; Clay Huber, Huber Motor Cars, Fredericksburg; Hamid "Senior" Saghafi, Dulles Motor Cars, Inc., Leesburg; Ronald Kody, Richmond Ford, Richmond. For the entire list of MVDB leaders, [click here](#).

At the meeting, outgoing director Gould was given a plaque in recognition of his many years of service with the Board. WANADA was pleased to recognize Bruce Gould similarly at its Annual Meeting and Luncheon last December.

Thanks to Kindred-Line member and attorney Michael Charapp of Charapp & Weiss LLC for his input to this article.

Dealer Seminar: The Future of Your Dealership – April 20



Dealers can bring questions about dealership worth and taxation to the WANADA workshop April 20. Photo by DenLee.

Washington Area New Automobile Dealers Association Business Seminar Series a service of the Automobile Dealer Education Institute (ADEI) Presents “The Future of Your Dealership,” at WANADA Headquarters on April 20, 2016. The seminar is sponsored and presented by WANADA Kindred–line member, Planning Solutions Group, and SC&H Capital. The event, at no cost to WANADA members, will be helpful to dealers trying to decide what to do with their stores and will answer questions, including these: Should I sell to a megadealer or private equity group, or keep it in the family?

What is my dealership worth? How do I structure a sale to avoid hefty taxation? Who is buying dealerships now? What about the dealership real estate? Can my heirs run the dealership without jeopardizing my retirement? How do I maintain control but transfer ownership? What incentive programs do I need to retain key people? What about my children not in the dealership?

Join Donald S. Hannahs of NADA, Chris Dionot, JD, of PSG and Christopher Helmrath of SC&H Capital to answer these questions and more. The session is from 9:30 a.m. to 11:30 a.m. April 20 at WANADA, 5301 Wisconsin Ave., NW, Suite 210, Washington, DC 20015. If you have questions about the seminar, contact Kathy Teich at WANADA, kt@wanada.org or 202-237-7200.

Predictions for CFPB actions on auto lending in 2016

These predictions about the CFPB come from Amy L. Hanna, an Atlanta-based automotive attorney with Baker Donelson who has represented a national auto lender against plaintiff lawyers’-inspired consumer claims.

1. *The Senate will pass H.R. 1737/S. 2663, the “Reforming CFPB Indirect Auto Financing Guidance Act,”* which would require the CFPB to withdraw its guidance on auto financing. NADA, which praised Sen. Jerry Moran (R-KS) for introducing the Senate version, said the original CFPB guidance tries to eliminate a dealer’s ability to discount auto financing for consumers. The House passed the measure last year by a vote of 392-96. Hanna said President Obama would likely veto the bill if it passed the Senate, but Congress probably would override the veto.
2. *The CFPB will probably issue a proposed rule this year that would limit the use of arbitration clauses in consumer lending agreements.* The agency announced its plan last fall to limit arbitration clauses that affect a consumer’s right to join a class action suit. Expect a proposed rule in mid- to late 2016. If a final rule limiting the use of arbitration clauses is enacted, it could well go before the Supreme Court later.
3. *Look for greater scrutiny of credit reporting.* Between November 2015 and January 2016, the CFPB received an average of 3,536 consumer complaints, per month, about credit reporting. Even though that represents a 7% drop from a year earlier, it’s still the third most common type of complaint the CFPB receives.

20 automakers agree to standard auto-emergency braking

Twenty automakers have reached a voluntary agreement with NHTSA to make automatic emergency braking (AEB) *standard* on all new models by September 1, 2022. The agreement was announced in McLean, Va., by NHTSA and the Insurance Institute for Highway Safety (IIHS).

Automakers making the commitment are Audi, BMW, FCA, Ford, General Motors, Honda, Hyundai, Jaguar Land Rover, Kia, Maserati, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Porsche, Subaru, Tesla, Toyota, Volkswagen and Volvo. NHTSA estimates that the voluntary agreement means AEB will be standard three years sooner than it would be through the regulatory process. During those three years, IIHS estimates, the technology will prevent 28,000 crashes and 12,000 injuries.

AEB systems use on-vehicle sensors such as radar, cameras or lasers to detect an imminent crash, warn the driver and apply the brakes if the driver does not take action quickly enough.

“The benefits of this commitment are far-reaching,” said IIHS Executive Vice President David Zuby, “from injuries and deaths averted to the recovery of productivity that would otherwise be lost in traffic jams caused by the crashes prevented. It also assures that all Americans will benefit from this technology.”

Move over, Millennials – Gen Z plans to own cars

The auto industry has been focusing on Millennials, but Gen Z (those now age 17 and younger) have expressed more interest in owning cars. A new survey by AutoTrader and Kelley Blue Book shows that 92 percent of Gen Z own or plan to own a vehicle, and 97 percent have or plan to get a license. They say a car represents freedom and convenience.

Having been raised in the Great Recession, Gen Z representatives said price is the most important attribute to them when car shopping. They want “environmentally friendly cars,” but mainly to save money on gas rather than to prevent global warming.

Gen Z is less focused on style or brand than Millennials. Gen Z named Ford, Chevrolet and Honda as their *preferred* auto brands, describing them as traditional, practical and trusted. Gen Z also values safety features more than previous generations.

And they don’t expect to buy their cars online. Gen Z members value the experience of buying a car, with 68 percent agreeing that face-to-face interactions are important. Test drives are critical for Gen Z, with 52 percent saying they need to test drive a vehicle at least twice before making a decision.

“The best news from this research is that auto sales are not going to take a hit because of this generation,” said Isabelle Helms, vice president of research for Cox Automotive, AutoTrader and Kelley Blue Book’s parent company. “Their love for cars and driving is very much alive.”



Standard automatic emergency braking will no longer be limited to luxury models, like this Acura RLX.

Senate hearing: Federal rules needed for driverless cars

A recent Senate Commerce Committee hearing showed lawmakers and witnesses alike are concerned about the need for federal rules on autonomous vehicles.

Google, which has had a self-driving car project for seven years, is worried about the growing patchwork of state laws. In the past two years, 23 states have introduced 53 pieces of legislation on autonomous vehicles.

“If every state is left to go its own way without a unified approach, operating self-driving cars across state boundaries would be an unworkable situation,” said Chris Urmson, director of self-driving cars at Google.



Google's self-driving Lexus RX450h

Another witness, Mary Cummings of Duke University, spoke of the need for more research, testing and federal leadership before driverless cars are ready for public use.

“While I enthusiastically support the research, development and testing of self-driving cars, I am decidedly less optimistic about what I perceive to be a rush to field systems that are absolutely not ready for widespread deployment, and certainly not ready for humans to be completely taken out of the driver’s seat.”

At the hearing, members of Congress expressed concern about the potential for cyberhacking autonomous cars. “One small defect could end up in a massive safety crisis,” said Sen. Bill Nelson (D-Fla.). Sens. Richard Blumenthal (D-CT) and Ed Markey (D-MA) advocated for national cybersecurity standards.

DOT to host public meetings on autonomous vehicles

NHTSA will hold a public meeting April 8, 2016 in Washington, DC, to gather comments as it develops guidelines for the safe deployment of automated safety technology. That meeting and another one in California are designed to gather information on issues around safe operation of autonomous vehicles, as part of NHTSA’s efforts to provide manufacturers with operational guidance.

The guidelines for manufacturers are one of five NHTSA autonomous vehicle initiatives that Transportation Secretary Anthony Foxx announced at this year’s Detroit Auto Show. The others are:

- President Obama’s budget proposal for a 10-year, \$3.9 billion investment in advancing autonomous vehicle technology, including large deployment pilots in communities around the country.
- Working with states to develop model state policy.
- Using NHTSA’s authority to interpret current regulations, and offer limited exemptions from them, in pursuit of advances that could increase safety.
- Determining what new regulatory tools and authorities might be required to meet NHTSA’s safety mission in an era of rapidly changing technology.

The April 8 meeting will be at DOT headquarters in Washington. The California meeting has not yet been scheduled.

MD bill would require OEM parts for vehicle's first two years

A proposed Maryland bill backed by MADA and WANADA would require the use of OEM parts for the first two years of any vehicle's life. Bill 1258 is also supported by the Washington Metropolitan Auto Body Association and opposed by the Automotive Body Parts Association.

"Customers often choose cars for the length and coverage of the warranty, so the original warranty should be preserved by insurers unless the customer agrees to a noncompliant part," MADA wrote in a letter to the state House Economic Matters Committee.

The association is concerned that aftermarket parts could void portions of the new car warranty, Travis Martz of MADA told *Automotive News*. Non-OEM parts could also hurt trade-in value, he said.

Thought for the feast of St. Patrick:

That is the Irish all over:

They treat a joke as a serious thing and a serious thing as a joke.

--Sean O'Casey

