

THE WANADA BULLETIN

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

WANADA Bulletin # 18-13

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WANADA Open set for June 4 at Lansdowne Resort

Golf skills and tennis competition set for annual event



WANADA members will want to put Tuesday, June 4 on their calendar for a fun filled day of camaraderie and competition at the association's annual golf tournament (WANADA Open) returning this year to the beautiful Lansdowne Resort in Leesburg, VA.

The "shotgun" start for the Open is set for 12:30pm on the Greg Norman course to be preceded with lunch on the patio. Golf registration is \$250 per golfer.

If you don't play golf, plan to be on hand for cocktails and dinner that evening, or come to play tennis or spend a few hours at the spa!

Again this year there are three golf skill challenges administered by Albatross Golf Events:

- The Lob Wall – Tests to see who can elevate the ball high enough to clear the lob wall
- The Glass Blast – measures ball trajectory to see who can break a pane of glass from 20 yards away, and
- The Money Putt – Pays \$2,500 to whoever can sink a fifty foot putt with one try.

The WANADA Special Events Committee has also instituted some improvements for this year's tournament to include the following:

- No golf cart restrictions
- 60 years and older will play from the White Tees; 59 years and below will play the blue tees

- Closest to the pin & longest drive prizes will be awarded for both Blue and White tee competitors

The WANADA Cup Competition will be open to all foursomes provided that each has a minimum of one dealer representative (each foursome will be designated Maryland or Virginia based on dealership location);

The winner of the WANADA Cup will be determined by totaling the scores of all VA foursomes and all MD foursomes, divided by their respective number of foursomes. The state with lowest average foursome score will win the title and the foursome with the lowest score on the winning state team will have their names added to the WANADA Cup plaque.

For tennis players, the Committee has arranged for a one-hour clinic with Lansdowne's tennis professional and day-long open play. Registration for the clinic, lunch, cocktails and dinner is \$125.

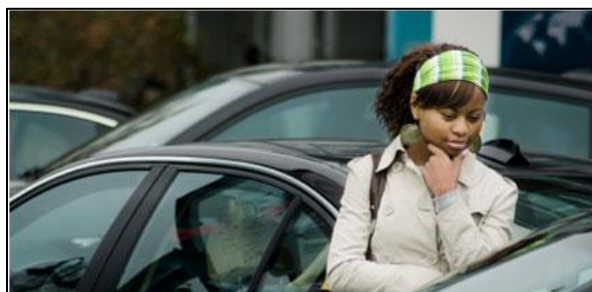
All are encouraged to register early for The WANADA Open as the number of golfers is limited to 128 players. To book your golf foursome or tennis clinic online, click this link [WANADA Open](#) or, for a paper registration form which can be sent in via fax, [click here](#).

Schedule of events

9:00am – 10:45am	Tournament registration and driving range warm-up
10:45am – 12:00 noon	Lunch on the patio
12:30pm	Shot Gun start
1:00pm - 2:00pm	Tennis clinic
5:30pm - 6:30pm	Cocktail Reception
6:30pm	Awards Dinner

For more information, call Kristina Henry 202-237-7200, ext. 18 or kh@wanada.org

Dealers weigh in on consumer regulator assault on auto lending



The new Consumer Finance Protection Bureau says lenders may be discriminating against Blacks and Hispanics when they condone dealer markup.

It's been a busy week on the auto lending regulation front. The Consumer Financial Protection Bureau (CFPB), the new U.S. regulatory agency, has issued subpoenas to auto lenders over the sale of extended warranties and other F&I products, the *Wall Street Journal* reports. Of greater concern across the industry is the well-publicized CFPB directive to banks it regulates to be watchful of dealers they say are discriminating on auto loans to minorities. Countering this, Damon Lester, president of The National Association of Minority Automobile Dealers (NAMAD), sent a letter to

President Obama on the CFPB allegations, asserting that "we do not condone discrimination on any level of the (car) buying experience."

In the course of the discrimination debate, CFPB has signaled that banks should pay dealers they work with a flat fee as opposed to the current reserve system, which many in the industry believe

is the basis for the agency's auto industry focus as opposed to the unfounded charge of discrimination against minorities.

As for dealers, the CFPB can regulate buy-here-pay-here dealers only. But the agency has said it will hold lenders responsible for dealership actions. Observers widely agree that the guidance could seriously affect dealers, as lenders react by lowering their dealer markup or potentially switching to a flat rate. "There is concern that enforcement actions are going to change the rules of the road, and that it's not just going to stop here," Liz Jordan, a director of Deloitte & Touche, whose clients include auto lenders, told the *Journal*. U.S. Bancorp has already lowered its markup from 2.5 percent to 2.0 percent, reports the *Journal*.

"Eliminating a dealer's ability to discount the credit rates would undoubtedly increase the cost of credit for millions of consumers," said NADA Chairman David Westcott. NADA then quotes Rep. John Campbell (R-CA), who in an opinion piece in the *Wall Street Journal* described the CFPB's proposal as a "noxious attempt to solve a problem that doesn't exist."

If the CFPB eliminates dealer markup in favor of flat fees, NAMAD's Lester said in his letter to the White House that consumers will be hurt, especially the "protected class" of African-Americans and Hispanics. Small dealerships could be forced to lay off employees or even to close down, car prices could go up, and F&I employees might no longer be incentivized to help buyers find financing, especially those with lower credit scores.

"Financial institutions determine the buy rate and the dealership has the discretion to mark up no more than two percentage points as compensation for arranging the financing," Lester wrote, adding that the average dealer reserve is less than a percentage point.

Public dealership groups such as Asbury, AutoNation and Group 1 appeared unconcerned about the prospect of the flat fee CFPB is advocating for dealers as credit arrangers because their dealer reserve is already so low, according to *Automotive News*.

DOL issues notices for health care reform law

The U.S. Department of Labor last week issued temporary guidance on the forms employers are required to provide to their workers about the Patient Protection and Affordable Care Act (a.k.a. health care reform.) Companies with 50 or more employees must provide each employee with information about the state and federally-facilitated health insurance exchanges and how to request assistance, explain the availability of a premium tax credit (if applicable) and outline what occurs if an employee decides to buy a health plan through an exchange.

The deadline for the notice to be distributed was originally March 1. Now it appears that notices will be distributed in the late summer or early fall.

DOL has also issued these model notices:

- Model notice for employers who offer a health plan to some or all employees
- Model notice for employers who do not offer a health plan
- COBRA model election notice
- COBRA model election notice redline version

Dealers with questions may call John O'Donnell in the WANADA office, 202-237-7200, or email him at jod@wanada.org.

Further clarification on Chesapeake Bay storm water fees in Md. and Va.

Last week's WANADA Bulletin gave an update on the statewide storm water fee for businesses and residences in Maryland and the corresponding approach in Virginia where there is no state level storm water fee *per say*. But like Maryland, Virginia's localities assess storm water fees to property owners. To pay for pollution for storm water runoff into the Chesapeake Bay as required by the U.S. Environmental Protection Agency, several counties and cities in Northern Virginia have levied fees, just as is the case in Maryland.

Fairfax County approved an increase in its storm water tax last year from \$0.015 to \$0.02 per \$100 of assessed real estate value. As of 2010, Arlington County had a charge of 3 cents per \$100 value and Alexandria, \$0.5 cents per \$100. Prince William County's fee for commercial property is \$17.54/1000 sq.ft./year. Loudoun County has no storm water fee.

Good news and bad news on traffic congestion

In a recent index showing hours wasted in traffic, the Washington area came in ninth. The top three cities were Los Angeles, Honolulu and San Francisco. It was INRIX's sixth annual report on the subject. Drivers in the 100 largest metropolitan areas wasted an average of 42 hours in 2012, just above Washington's 41 hours. For this area, that figure was up 18 percent from 2011. In the first quarter of this year, traffic congestion rose another 5 percent.

"While bad news for drivers, the gains we've seen in the U.S. in 2013 are cause for some optimism about the direction of the economy," said Bryan Mistele, INRIX president and CEO.



Higher traffic congestion nationally shows an improved economic picture.

Spring brings 1.5% drop in used-car prices

Overall market prices for all used-vehicle segments fell by an average of 1.5 percent from March to April, reports NADA. The wholesale price decline was in line with what analysts expected in the first full month of the spring selling season.

The mid-size car segment led the price drop, at 1.9 percent lower than in March. Prices on compact cars and compact utilities fell by 1.8 percent each, and midsize utilities by 1.2 percent. Midsize vans and large pickups did better, with wholesale prices falling by 0.7 percent and 0.6 percent, respectively.

Year over year, used-vehicle prices grew 0.2 percent in April from a year ago.

Dealers no longer must display labor poster, court rules

NADA was on the winning side of a federal court decision last week stating that six million employers no longer must post notices informing employees of their rights under the National Labor Relations Act (NLRA). NADA is a member of the Coalition for a Democratic Workplace, which successfully argued that the National Labor Relations Board lacked the statutory authority to require the poster.

The decision read, in part, “there is nothing in the text of the NLRA to suggest the burden of filling the ‘knowledge gap’ should fall on the employer’s shoulders.”

Other parties to the lawsuit included the National Association of Manufacturers, the National Federation of Independent Businesses and the U.S. Chamber of Commerce.

WANADA salutes NADA and the other employer groups for a *job well done* stifling this Big Labor inspired measure.

Traffic deaths up 5% in 2012



An increase in traffic deaths may be a downside of an improved economy.

Traffic fatalities rose five percent last year, according to preliminary data from the National Highway Traffic Safety Administration. That would mark the first year-to-year increase since 2005. Traffic deaths fell about 26 percent from 2005 to 2011.

As with traffic congestion, analysts say the increase in traffic deaths means more people are driving, which is a sign of increased economy activity. “With the improving

economy and historically low levels of motor vehicle deaths in recent years, we expected deaths to increase,” said the Governors Highway Safety Association. (Vehicle miles traveled increased nine billion miles, about 0.3 percent.) Even with the projected increase in traffic deaths, they are dramatically lower than five or ten years ago, the group said.

The region that includes Maryland, DC and Virginia, plus Kentucky, North Carolina and West Virginia, saw a four percent rise in traffic deaths.

43% of teen drivers say they text and drive And, tragically, they are 23 times more likely to crash

Nearly 43 percent of high school students of driving age reported texting and driving at least once in the past month, says a new study from the American Academy of Pediatrics. Males were more likely to text while driving than females (46 percent vs. 40 percent), and older teenagers more likely than younger ones. Fifty-two percent of those over 18 reported texting and driving.

Car accidents are the leading cause of death among teenagers, and texting while driving makes the car 23 times more likely to crash.

The study found that state laws provide little deterrent: 39 percent of teens say they text in states where it is illegal versus 44 percent in states that permit it.

“Technological solutions will likely need to be developed to significantly reduce the frequency of texting while driving,” said the study’s senior investigator, Dr. Andrew Adesman of Cohen Children’s Medical Center of New York.

New study finds the problem: Parents are texting with kids in car

Almost 90 percent of parents of children aged 1 to 12 say they engaged in at least one technology-based distraction while driving with their child in the past month. Most drivers engaged in four distractions while driving, according to the study from the University of Michigan.

The distracting behaviors were talking on the phone (including hands-free), texting or surfing the Internet, self-care such as grooming or eating, helping a child by picking up a toy or feeding the child, getting directions from a map or navigation system, and changing a CD or DVD.

Parents were also asked about their own and their children’s seat belt use. Not surprisingly, parents who said they always wear a seat belt were much more likely to say their child always uses an age-appropriate restraint. Ethnic minority parents were significantly less likely to report that their child always uses the appropriate restraint than white parents, regardless of education, income and the child’s age.

Parents were surveyed while their children were being treated at two Michigan emergency rooms, not necessarily after a car accident.

Area dealers honored by Montgomery County for long record of career education

ADEI Auto Tech Training and MCPS mini-dealership cited

WANADA was one of a number of groups and individuals recognized last week by the Montgomery County Commission on Children and Youth for “outstanding service to youth.” Referenced in the case of WANADA were the high school and college level career programs area auto dealers have led and supported “literally for decades” in the county and metropolitan Washington region at large.

In particular, WANADA and the dealer community’s longstanding support of the Montgomery Students Automotive Trades Foundation that oversees an award winning career education program in auto technology and body shop training through the Montgomery County Public Schools. The dealers were additionally recognized for the Automobile Dealer Education Institute Technician Development Program at



At the Montgomery County presentation (from left) Billy Painter, WANADA; Steve Boden, Montgomery Auto Trades Foundation; Harold Redden, Fitzgerald Auto Malls; Gerard Murphy, WANADA; and Shirley Brandman, Mont. Co. Board of Education

Montgomery College that works in tandem with graduates in the MCPS auto trades programs where they go on to become line technicians while engaged in ADEI training.

Joining Shirley Brandman from the county at the awards presentation were County Executive Ike Leggett, and County Council Vice President Craig Rice

Staying Ahead...

President Obama insists he's still committed to closing Gitmo, but can't figure out how. Here's what he should do --- declare Gitmo a small business, then simply tax it out of existence.

--Jay Leno