

THE WANADA BULLETIN

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

WANADA Bulletin # 20-16

May 31, 2016

Headlines...

Attn. service mngrs: WANADA to hold auto tech Career Day, June 21

WANADA Open is set for June 8 at Lansdowne

Rental cars with open safety recalls must be grounded by June 1!

Recourse for dealers with cars with 'stop sale' notices

How 3 big dealer groups are handling cars on open recall

Midterm report on fuel economy standards coming soon

More millennials are getting car loans

Toyota deal enables automaker to sell more cars to Uber drivers

Auto loans top \$1 trillion; lease balances skyrocket

Autotrader picks top cars for new college grads

Staying Ahead...

Attn. service mngrs:

WANADA to hold auto tech Career Day, June 21



Career Day is designed to benefit both dealers and prospective technicians.

In preparation for the fall classes of the Automobile Dealer Education Institute (ADEI), WANADA will hold a special Career Day for auto technicians on June 21, 2016. The event, taking place at Montgomery College, Rockville, MD from 10:00 a.m. to 1:00 p.m., is intended for all interested dealers looking for “a few good techs” and for young people considering an auto technician career path.

WANADA will be placing ads and getting the word out to all interested individuals who aspire to become auto technicians. Tables will be set up for each dealership so entry-level techs can interact

and see what the various dealerships have to offer. Food will be included, as will some unique vehicles.

“It’s a great way for dealers to get the help they need for the service department,” said WANADA member services representative Billy Painter. “It’s also planning ahead for dealers looking to line up the next generation of technicians to staff fixed operations today and tomorrow,” he said, referencing ADEI’s industry mission with its Technician Development Program.

The aspiring technicians who come by ADEI's Career Day will all have the opportunity to be sponsored by dealers for ADEI's Technician Development Program at Montgomery College, no less than Marshall Academy in Falls Church, VA where the program is also offered.

ADEI's Career Day will be open to the public to make sure as many aspiring techs as possible become familiarized with the ADEI Technician Development Program. It will take place on the Rockville campus of Montgomery College, in the shop area of the Homer S. Gudelsky Building, North Campus Drive and Hungerford Drive (a.k.a. Rt. 355).

All WANADA member dealers and fixed operations managers are cordially invited!

Please RSVP by June 17 to Billy Painter at bp@wanada.org to participate in this staffing opportunity, or call him at 202-236-2270.

WANADA Open is set for June 8 at Lansdowne

The general golf tournament at the WANADA Open at the Lansdowne Resort in Leesburg, Va., on June 8 is full. But there's still space in the dealer-vs-dealer tournament and at the cocktail reception and dinner. And the registration deadline of June 3 is fast approaching. The event offers an idyllic setting and unparalleled networking with fellow dealers and industry colleagues. A good time is expected to be enjoyed by all.

This year marks the first-ever dealers-only tournament in a play-your-own-ball format. There are no golf cart restrictions, and prizes will be awarded for first, second and third place teams. Here is the schedule for June 8th:



- | | |
|------------|--|
| 9:00 a.m. | Registration (Sponsored by Penney Design) |
| 10:00 a.m. | Golf Clinic (Sponsored by Eyewitness Surveillance) |
| 11:00 a.m. | Shotgun Start |
| 4:00 p.m. | Cocktail Reception (Sponsored by Enterprise Rent-A-Car & SunDun) |
| 5:00 p.m. | Awards Dinner (Sponsored by Manheim Pennsylvania Auto Auction) |

All WANADA dealer members can register by clicking [here](#). Direct questions about the Open to Kathy Teich, 202-237-7200 ext. 27, or kt@wanada.org.

Rental cars with open safety recalls must be grounded by June 1!

Starting June 1, 2016, rental companies with an average of 35 or more vehicles in a rental fleet in a calendar year are barred from renting any vehicles with an unremedied safety recall. The requirement -- which does not apply to vehicles over 10,000 lbs.-- was passed as part of last year's national transportation bill, the FAST (Fixing America's Surface Transportation) Act.

NADA encourages dealers to:

- Use the www.safercar.gov or manufacturer VIN-specific lookup tools to regularly check the recall status of all rental and loaner vehicles;
- Refrain from renting or loaning any vehicle subject to an unremedied safety recall if the manufacturer has said in the recall notice that the vehicle should not be driven; and

- Disclose to any prospective renter or borrower the recall status of the rental or loaner vehicle.

Questions to the source at NADA may be directed to regulatoryaffairs@nada.org, or 703-821-7040.

Recourse for dealers with cars with ‘stop sale’ notices

Many of the recent recall announcements have been accompanied by a “stop sale” order from the manufacturer or NHTSA. The law prohibits the sale of such vehicles until the defect is remedied. What recourse do dealers have in such cases?

For new cars, the federal Motor Vehicle Safety Act says that manufacturers have “an obligation either to repurchase vehicles subject to defect recalls, or to provide a remedy for dealers to implement immediately.”

Manufacturers are required to pay dealers an additional 1% of the price dealers paid for the vehicle(s), per month, prorated from the receipt of the “stop sale” notice until the vehicle is repurchased or the repair made. Manufacturers must also pay dealers for associated parts and labor.

Thanks to the Wisconsin Auto and Truck Dealers Assn for framing this report.

How 3 big dealer groups are handling cars on open recall

AutoNation, Asbury Automotive Group and Sonic Automotive have all decided *not* to retail *any* vehicles recalled for safety reasons, according to *Auto Remarketing*.

AutoNation announced last September that it would not sell, lease or wholesale any new or used vehicle on open safety recall. It has since decided to auction some recalled vehicles, with a clear disclosure. Asbury told *Auto Remarketing* that about 10 percent of its used inventory is affected by safety recalls, and those vehicles are not for sale. Sonic made the same decision for safety reasons, it said.

Midterm report on fuel economy standards coming soon



The Ford F-150 is the sort of vehicle that is selling well now, not the more CAFE-compliant “fuel sippers.”

The EPA will soon issue its midterm report on fuel economy standards passed in 2012, which require an overall U.S. fleet fuel economy of 54.5 mpg by 2025. All the major automakers endorsed the standards when they were passed, mainly because they wanted a single national standard instead of the patchwork of state laws that was then forming. They were also encouraged by the prospect of a midterm review, writes the *Wall Street Journal*.

The problem, in the automakers’ view, is that they must *sell* cars that meet the stringent standards, not just build them. And as everyone in the industry knows, with gas prices hovering just above \$2.00 a

gallon, all the growth in sales in the past year or so has been in SUVs and light trucks, not in passenger cars, much less alternative fuel vehicles.

But as regulators indicated in the Society of Automotive Engineers panel at this year’s Washington Auto Show (covered [here](#)), and as an EPA spokeswoman told the *Wall Street*

Journal, those arguments are unlikely to sway regulators. The feds and environmental groups have noted that automakers are on track to meet the CAFE requirements. Regulators say their concern is not with the ups and downs of gas prices and auto sales, but with lowering greenhouse gases.

Automakers would at least like the 2025 deadline for the standards extended, the *Journal* says. They also say they should get credit for autonomous driving features, such as automatic emergency braking, which raises fuel economy.

More millennials are getting car loans



Millennials favor the Nissan Altima, Dodge Charger, Honda Accord, Chevrolet Impala and Chevy Tahoe.

Every day, it seems, another study belies the myth that young people aren't buying cars. A new report from the online loan marketplace LendingTree says that millennials' share of auto loan requests has climbed from 27 percent in early 2013 to about 34 percent in 2016.

LendingTree CEO Doug Lebda attributes the increase to rising employment and lower interest rates and gas prices. "Although the share of millennial auto loan requests is relatively lower in densely populated urban areas, the auto market appears to be enticing aging millennials," Lebda said. Auto loans for millennials average \$14,825, compared with \$17,938 for those age 35 and older.

More than half – 54 percent – of millennial auto loan requests in the past 12 months were for new vehicles, and 46 percent were for used. The most popular vehicles requested by loan-seeking young people are, in order, the Nissan Altima, Dodge Charger, Honda Accord, Chevrolet Impala and Chevy Tahoe.

Toyota deal enables automaker to sell more cars to Uber drivers

Toyota has found a way to enter the ridesharing arena and also sell more cars. The automaker signed a strategic deal with ridesharing company Uber for an unspecified amount, allowing the companies to run trials in several countries.

Part of the investment comes from Toyota Financial Services. The companies are working on a plan that will allow Uber drivers to lease a Toyota through the captive and make the payments from their Uber earnings.

"Ridesharing has huge potential in terms of shaping the future of mobility," said Shigeki Tomoyama, senior managing officer of Toyota Motor and president of the Connected Company, a Toyota subsidiary.

Earlier in the week, Volkswagen announced a \$300 million investment in the ridesharing app Gett, which operates in 60 cities, including New York.

Auto loans top \$1 trillion; lease balances skyrocket

Auto loans climbed 11 percent in the first quarter of 2016, passing \$1 trillion for the first time on record, said Experian Automotive. Leases grew even faster, increasing by 27.5 percent to a record \$76.9 billion.

“Automotive financing certainly has started off the year with a bang, seeing steady growth in balances and loan volumes throughout the first quarter,” said Melinda Zabritski, senior director of automotive finance for Experian. “With more and more consumers relying on financing, it is important for lenders to keep a close eye on delinquency trends to ensure the market remains healthy.”

Banks continued to hold the top position in auto loan and lease volume, growing 7.9 percent over first-quarter 2015. But finance companies saw the largest growth in market share, growing 25.6 percent.

Autotrader picks top cars for new college grads

Autotrader provides a good marketing tool for summer sales with its list of top vehicle picks for new college graduates. The editors chose nine new and CPO cars that are affordable to buy, lower cost to own, practical and, in their view, offer great styling and a lot of available equipment.

The winners: Fiat 500X, Honda Civic, Kia Soul, Mazda3, Scion iA, Subaru Crosstrek, CPO Chevrolet Equinox, CPO Lexus CT and CPO Hyundai Sonata.

“All of the vehicles we picked for this list are fun, reliable and thoughtfully designed,” said Brian Moody, executive editor at Autotrader.

Staying Ahead...

Do the right thing. It will gratify some people and astonish the rest.

--Mark Twain

