



THE WANADA BULLETIN

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

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House Republicans press consumer finance agency on auto lending stance

A group of House Republicans sent a letter to the Consumer Finance Protection Bureau asking to see the information it used to develop its March guidance to auto lenders. The letter calls it “highly concerning” that the agency hasn’t given the public a chance to comment and hasn’t addressed the effect of the directive on consumer financing and choice.

The letter, signed by 27 members of the Financial Services Committee, follows a similar request by House Democrats, reported in a previous [Bulletin](#). The Republicans asked for detailed information on the Bureau’s “disparate impact methodology,” including “the metric used to determine whether pricing disparities exist (e.g., basis points, the dollar amount of the finance charge, etc.),” and the point at which the Bureau determined that a pricing disparity violated the Equal Credit Opportunity Act. In question is CFPB’s contention that auto dealers discriminate against minorities on car loans.

The letter says the signers are especially interested in any studies or analysis on “the impact on the auto financing marketplace, such as higher costs for consumers seeking auto credit or the possibility that lower-income car buyers may be pushed out of the credit market entirely.”

The letter expresses concern that “a loss to consumers would occur if the CFPB uses its supervisory and/or enforcement authority to weaken the intense competition that results from the ability to negotiate with the dealer to obtain financing terms that are more competitive than the best terms the consumers can secure from any other source.”

For the talking points NADA has developed for dealers to respond to questions from reporters or community members about the CFPB action, click [here](#).

WRAP interacts with Mayor Gray at Sober Ride strategy session for the 4th



Mayor Vincent Gray and WRAP Chairman John O'Donnell (center) flanked by Kurt Erickson, WRAP President (left) and Gerard Murphy, CEO of WANADA and WRAP founder

As is its custom, leadership of the Washington Regional Alcohol Program (WRAP) met at a local bar last week to make ready for the SoberRide program it will sponsor for the upcoming July 4th holiday.

WANADA's John O'Donnell, who chairs the sober driving coalition of businesses, safety organizations and area police departments, welcomed DC Mayor Vincent Gray to its lunch meeting at Hill Country Barbecue in downtown Washington.

Recognizing the invaluable life-saving contributions of WRAP to highway safety by reducing drunk driving deaths and injuries, the

mayor praised the "successful synergy of public private sector initiatives like WRAP which so greatly enhance quality of life in the city and the region."

At the same, time the mayor saluted businesses and advocacy groups like WANADA, wine and spirits wholesalers and AAA for their longstanding commitment to the cause of sober driving.

EV charging network plans 40 stations in DC metro area

Dealers are invited to participate

The privately funded eVgo network of electric vehicle charging stations opened a station by the Van Ness Metro Station last week and plans to open 40 stations in the region by the end of 2014. Area automotive reporters were invited to a presentation at the new station.

eVgo, a subsidiary of NRG Energy, is partnering with area dealers, as it has in Houston and North Texas. Dealers who join the eVgo network get two main benefits, said field sales representative David Holsopple: (1) they can use the charging stations for customer test drives, and (2) they can give their EV customers a 30-day trial membership that allows them to use the charging stations. The eVgo representatives said they can also train dealership salespeople.

Besides the DC station, set up in partnership with the Walgreen's on the site, two other stations are open in Northern Virginia, one in the Newgate Shopping Center in Centreville and the other in Dulles Town Center. The company aims to put



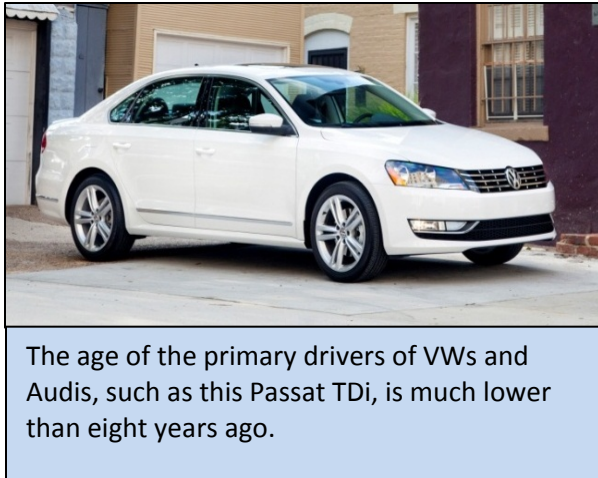
eVgo's Michael Krauthamer charges a Nissan Leaf at the Van Ness station.
Photo by Ted Orme

its stations in high-visibility areas with access to major thoroughfares and to retail operations, so the driver can shop while the vehicle is charging.

The stations, called Freedom Stations, will have three types of chargers. A DC charger charges 3 to 6 miles in an hour and is useful for consumers who want a boost while they shop so their car can drive a short distance. The level 2 charger, appropriate for small cars like the Volt, can charge 12 to 24 miles in an hour. The fast charger can provide EVs such as the Nissan Leaf with up to an 80 percent charge in less than 30 minutes. (Smaller EVs such as the Volt and Prius cannot take a fast charge.) The stations can charge all electric cars, plug-in hybrid electrics and plug-in hybrids.

For information on the dealer program, contact David Holsopple at 202-740-2192 or david.holsopple@nrgenergy.com.

Median age of new vehicles' primary drivers is lowest since 2005



The age of the primary drivers of VWs and Audis, such as this Passat TDi, is much lower than eight years ago.

The median age of primary drivers of new vehicles rose substantially from 1985 to 2005. But in the first half of this year, it was the lowest it has been since 2005, at 49.6 years old. In the heyday of the auto industry in 1985, it was 39.2. Figures are from CNW Research.

The median age in 2011 was 49.8, slightly above this year's. The peak was 50.8, while the recession receded. Primary driver age rose significantly through the 1990s, as vehicle prices were rising. That was when leasing was increasing as a way to keep monthly payments down.

Ford and VW-Audi have been especially successful at lowering their primary driver age, with Ford's down 11 percent from 1985 and VW-Audi's down by an impressive 32 percent. Hyundai, largely because of its effort to move upscale, has seen a 16 percent *increase* in primary driver age, according to CNW.

How will Supreme Court's ruling on same sex marriage affect businesses?

There will be much discussion in coming weeks of how the Supreme Court's ruling on same sex marriage last week will affect spousal benefits. If your dealership is in Maryland or DC, where same sex marriage is legal, will your benefit plans suddenly cover more spouses?

A preliminary analysis by Aon Hewitt says the Court's decision means "federal law will now defer to state law in determining whether a couple is legally married for purposes of federal laws defining terms such as 'marriage' and 'spouse.'" WANADA will strive to keep members informed as updates become available. Dealers with specific questions are advised to check with their attorney.



As with all the complex aspects of the Affordable Care Act, employers need to have the best available information for employees on health exchanges

Employees may gravitate to private health insurance exchanges

Private health insurance exchanges are expected to become more important as health insurance vehicles for many of the 170 million people nationwide who receive benefits through their employer, according to a report by Accenture. By 2017, health insurance exchanges – which are expected to provide insurance for about 18 percent of Americans – may be evenly split between public and private administrators, the report says. Last year, fewer than one million people were enrolled in private exchanges.

Currently, the public is poorly informed about the exchanges and may well be dissatisfied with the changes, which will probably result in higher premiums. Employers, brokers and insurers should be prepared to respond to employees with questions, Accenture says.

Accenture cites other research to back up its prediction about private exchanges. Mercer, for example, found that 56 percent of employers are considering a private exchange for their employees or retirees. Correspondingly, Aon Hewitt found that 28 percent of employers could take such a step in the next three to five years.

Meanwhile, the Obama administration announced it will set up a website and 24-hour call center to help consumers navigate changes in the law. Secretary of Health and Human Services Kathleen Sibelius said the federal government will also negotiate health insurance rates across the country, with close examination of rates that are much higher or lower than the rest of the market.

In the interim, WANADA members can rely on WANADA's Employee Benefits Department which is as up-to-speed as any resource on navigating the Affordable Care Act. For more information, please contact Joe Koch at (202) 237-7200 or jk@wanada.org.

Late auto loan payments higher in first quarter

As lenders, especially banks, are making credit more available to auto buyers, the rate of late payments rose slightly in the first quarter, to 0.88 percent for payments 60 days late or more. That's up slightly from a year ago, but down from 1 percent in fourth-quarter 2012. Figures are from TransUnion, as reported by the Associated Press.

Subprime borrowing is up, too, and so are subprime delinquencies, to 5.5 percent from 5.09 percent a year ago. Subprime borrowers made up 15 percent of auto loans in the first quarter.

In concert with the rise in auto sales, the overall volume of auto loans rose 6.1 percent in the first quarter from a year earlier. The average loan balance was up 4 percent, to \$13,260.

Consumer confidence jumps in June

The Conference Board's Consumer Confidence Index jumped more than seven points in June to 81.4, its highest point since January 2008. It marks the third straight month of increases.

"Expectations have improved considerably over the past several months, suggesting that the pace of growth is unlikely to slow in the short-term, and may even moderately pick up," says Lynn Franco, the Board's director of economic indicators.

Because the continuing high unemployment rate has been a drag on the recovery, consumers' feelings about the job market are important, and in June they were more optimistic. The percent of consumers anticipating more jobs in the months ahead rose to 19.6 percent from 16.3 percent.

Consumers' feelings about their income expectations were mixed. The proportion expecting their incomes to increase dipped slightly to 15.2 percent from 15.6 percent, while those expecting a decrease fell to 14.4 percent from 15.3 percent.

Rear view camera rule delayed again



NHTSA estimates 202 people a year are killed in backup accidents, but reports that thousands are injured.

The Transportation Department has delayed for another 18 months its regulation to require rear view cameras in new cars. It is the *fifth time* the rule has been delayed. Automakers say it isn't needed; consumer advocates disagree.

The regulation was called for in a 2008 law and was supposed to be in place by February 2011. The aim is to prevent drivers from accidentally backing over pedestrians, especially children. The National Highway Traffic Safety Administration estimates that 202 people a year are killed from backup accidents, and 14,000 injured.

NHTSA is delaying the rule to do more analysis of backup accidents, which the agency said will be

completed by the end of 2014. The Alliance of Automobile Manufacturers says that automakers are adding backup cameras to many models, and consumers should be able to decide for themselves which to choose. But Robert Weissman, president of Public Citizen, said the delay "means that more children will be needlessly killed."



License Plate Heaven finds new uses for old plates.

Old license plates made into art

Proving once again that the one person's trash is another's treasure, a business in Michigan is making old license plates into all sorts of new objects – maps in the shape of the state, purses, magnets and made-to-order signs.

Linda Ringstad started License Plate Heaven with her parents when they retired and found they couldn't stop being entrepreneurs. The three of them spent 15 years collecting license plates from junkyards, garages and rental car lots, according to Edmunds.com.

They collected 50,000 plates from the United States, 50,000 from Mexico and others from various parts of the world.

The company calls its work “handmade upcycled license plate art.” Ringstad told Edmunds: “Everyone’s got an old plate in their garage and many enjoy seeing them take on new life.”

Thought for the week...

You have to love a nation that celebrates its independence every July 4, not with a parade of guns, tanks, and soldiers who file by the White House in a show of strength and military might, but with family picnics where kids throw Frisbees...

--Erma Bombeck
1927-1996