



# THE WANADA BULLETIN

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

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## Maryland Dealers & MVA launch long awaited industry panel Panel roll-out wastes no time getting down to business

The debut late last month of the Maryland Motor Vehicle Administration's Auto Dealer Advisory Panel was no small matter. Indeed, it represented the fruition of visioning and discussions between dealers and dealers, dealers and lawmakers, and dealers and MVA regulators, that was years in the making. Then, two weeks ago, with the pro-business direction of Gov. Larry Hogan (R), the approach by MVA and dealer industry representatives to the advisory panel seemed to be "Let's do it and then talk about it!" And the beauty of it all is in the simplicity: An industry advisory panel of six – consisting of four franchised dealers, one used car dealer and one motorcycle dealer – which will meet with the MVA administrator four times per year to discuss MVA/dealer matters in need of review, analysis, clarification and/or reassessment.

"This is a formalization of the MVA's relationship with dealers that is informal," said WANADA Chairman Dick Patterson of RRR Automotive, one of the six industry panelists. At the same time, Patterson said, the MVA industry panel recognizes the reality that dealers and MVA regulators have a common objective, namely, to ensure -- as much as possible -- that vehicle retailing across the state operates efficiently, fairly and successfully for everybody.

"As dealers, we are in business to take care that our customers get what they want and need in vehicle sales and service, while MVA makes sure that this happens as it must under Maryland law," Patterson said. "It's no more complicated than that, but it requires regular interaction between the organized dealer group and MVA to pull it off," he said. It is noteworthy, too, that the dealer advisory panel approach was chosen instead of a formal motor vehicle board such as exists in Virginia and other states, since, among other things, an MVDB would require enabling legislation.

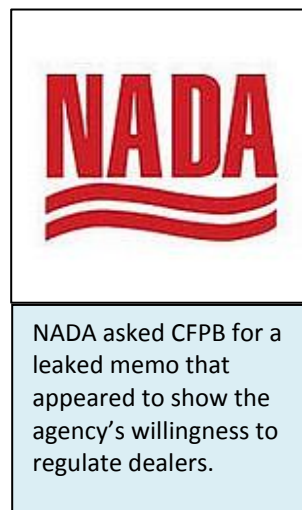
Joining Patterson on the panel is J.P. Bishop, Bob Bell Ford Hyundai & Kia, who is chairman of MADA; then rounding out the franchised dealers are Geoff Pohanka, Pohanka Automotive, and Paul Ritchie, Hagerstown Honda. Representing independent used car dealers is Tom Hodges, Tom Hodges Auto. A representative for motorcycle dealers is *TBD*.

As he did for the inaugural meeting of the advisory panel, MVA Administrator Milton Chaffee hosted the industry representatives along with his senior staff. Gov. Hogan's representative at the meeting from Maryland Department of Transportation was Deputy Secretary James F. Ports, Jr.

Business at hand for the first meeting included enhanced Electronic Lien Services at MVA, criminal conviction impediments to business licensing, and dealer advertising. Dealer panelists set the stage for more and better regulator-to-dealer communication in shaping MVA policies and in agency compliance directives to dealers statewide. Clear, concise and unambiguous regulation of Maryland dealers by MVA is a goal all agreed was *job one* for the new Auto Dealer Advisory Panel.

WANADA salutes all participants at the first meeting launch of MVA's Auto Dealer Advisory Panel not mentioned above to include Peter Kitzmiller, MADA, John O'Donnell, WANADA and Mike Johansen, Esq., Rifkin, Wiener, *et al.*

## CFPB rejects NADA's *Freedom of Information Act* request



The Consumer Financial Protection Bureau has rejected NADA's Freedom of Information Act (FOIA) request to release a memo that appears to show that the agency is trying to regulate auto dealers, which is prohibited under the Wall Street Reform and Consumer Protection Act of 2010, also known as the Dodd-Frank law.

Three senior CFPB regulators were named in *American Banker* as the authors of a memo to director Richard Cordray showing how the recent regulator settlement with Honda Finance would help limit dealer discretion.

"The significant limitation of dealer discretion, which in turn reduces fair lending risk, is one of the goals we have been seeking with respect to the indirect auto matters, and this settlement proposal attains that goal," the memo said, according to *American Banker*.

The CFPB memo appears to contradict statements by Cordray that the agency does not intend to target dealers through its enforcement actions. So NADA asked for the memo under FOIA. CFPB's FOIA manager told NADA the leaked memo was privileged information and denied the request.

NADA President Peter Welch criticized the agency's response. "The CFPB appears to be way outside the swim lane Congress authorized it to swim in, and an increasing number of Democrats and Republicans are justifiably concerned about the agency's secrecy and its actions," he said. "Ultimately, both the Reforming CFPB Indirect Auto Financing Guidance Act (legislation before Congress) and NADA's FOIA request are about ensuring government transparency and accountability on behalf of consumers, who simply can't afford to be denied millions of dollars in potential savings without having a say in the matter," said Welch.

## New MD electronic vehicle safety inspection system debuts

A new electronic service through the Maryland State Police should make the state vehicle safety inspection process easier.

The system will allow authorized Maryland Inspection Stations to electronically record vehicle safety inspection results. Certificates can then be electronically submitted to the MVA, eliminating the need for a paper certificate. Dealers who want to learn more about the new system can go to <https://egov.maryland.gov/preview/msp/vsi/index.html> to see a demo of the process.



Nearly one-third of drivers 34 years old and younger buy their car partly based on its technology offerings.

## Tech features drive car purchase choices, JD Power finds

More than 40 percent of premium brand drivers and 28 percent of non-premium brand drivers cite their vehicle's latest technology features as one reason they bought their vehicle. That's the conclusion of the J.D. Power Summer 2015 U.S. Automotive Media and Marketing Report.

Technology pervades the lives of this group. They are more likely to access the Internet on tablets and smartphones than other drivers – an important consideration for advertising. This group consumes different types of media – Internet, TV and magazines – at high rates.

The report found that vehicles with advanced technology features are bought at similar rates across gender and age groups. About 31 percent of men and 28 percent of women bought their car partly because of its technology features.

## Record average age for vehicles means more pent-up demand

The combined average age of light vehicles on the road in the U.S. has reached a record 11.5 years, according to IHS Automotive. That has two implications for dealers.

First, there's clearly still pent-up demand for new vehicles. Every month analysts attribute the high auto sales partly to pent-up demand, and the IHS figures show that hasn't been exhausted.

Second, if the *average* car is 11.5 years old – meaning many are older than that – those cars have many service and maintenance needs. IHS says consumers are holding on to their vehicles longer than ever. There's no reason why franchised dealerships can't be the ones to keep those vehicles running well.

Vehicle age has gradually risen over the years because of the increasing quality of autos, says IHS. During the five to six years after the recession, average age increased at about five times its traditional rate as new-car sales plunged. Now that sales are recovering, average vehicle age is starting to plateau.

## NHTSA to issue final rule on noise requirements for EVs



NHTSA has proposed a quiet-car rule that would add an estimated \$35 to the sticker price of a Toyota Prius or any other EV or hybrid.

DOT Secretary Anthony Foxx said recently that the National Highway Traffic Safety Administration would issue a final rule by November requiring more noise in electric vehicles and hybrids. Because of the required timetable for federal regulations on vehicles, automakers will have until at least 2018 to comply with the rule.

Congress passed a law in 2010 requiring NHTSA to write a rule mandating a minimum sound level for EVs to alert pedestrians, bicyclists and other cars of the EVs' presence. Hybrid-pedestrian accidents are

19 percent more likely and hybrid-bicyclist accidents 38 percent more likely than with regular cars, NHTSA estimates.

NHTSA has studied the issue since 2007, but the rule has been delayed several times. Automakers asked NHTSA a year ago to eliminate the phase-in period and require full compliance in fall 2016 so they would have enough time to install the new systems.

Automakers objected that the minimum sound required would be louder than some high-performance sports cars. NHTSA's proposed rule requires the sound to be audible at speeds up to 18.6 mph. Automakers said that any sound that could be heard above 12.4 mph would interfere with safety alerts in the car.

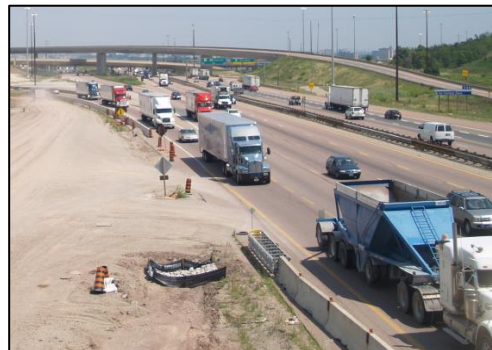
NHTSA estimates the rule will cost automakers \$23 million in the first year and add \$35 to the car's sticker price.

## Highway funding cutoff averted at last minute – sound familiar?

When the House passed a stopgap three-month transportation bill and left town for a month, the Senate had little choice but to approve the bill. Roads and other infrastructure are now funded until October 29, when chances are good that the process will repeat itself. After all, Congress has passed temporary extensions of the transportation bill 34 times in the past ten years.

This time, the Senate also passed a six-year transportation bill, which the House didn't have a chance to consider in its rush to leave town. That bill pays for only the first three years, but stipulates that Congress must find a funding mechanism for the rest by 2018. Majority Leader Mitch McConnell was proud that the long-term measure, which he negotiated with Sen. Barbara Boxer (D-Calif.), contains no new taxes.

The Senate bill would require a car's crash avoidance information to be put on the window sticker. It also includes a provision allowing states to use current highway program funds to invest in vehicle-to-infrastructure technology.



Construction projects will not have to be stopped after all, thanks to a three-month stopgap measure passed by Congress.

The House said it will work on its own long-term bill in the fall. House Ways and Means Committee Chairman Paul Ryan (R-Wis.) has said he wants to pay for transportation with an overhaul of the tax code.

The two chambers will then go into conference to hash out a version they can both agree on. But they will likely be distracted by funding appropriations for the overall federal budget, threat of a government shutdown over funding for Planned Parenthood and other Washington traditions.

## **Bill to support R&D on fuel-efficient cars OK'd by Senate panel**

The Vehicle Innovation Act, which promotes investment in research and development of cleaner, more fuel-efficient cars, was approved by the Senate Energy and Natural Resources Committee. The bill was included as part of the Energy Policy Modernization Act of 2015.

The Vehicle Innovation Act reauthorizes the Department of Energy's Vehicle Technologies Program, which encourages partnerships between automakers, suppliers and public and private entities to research technologies to improve fuel efficiency. Energy Secretary Ernest Moniz has showcased the results of the program at recent Washington Auto Shows.

The bill authorizes \$313.6 million for FY 2016, with a 4 percent increase each year until 2020. The funds can also be spent on advanced technologies such as vehicle-to-vehicle and vehicle-to-infrastructure communications systems.

## **Survey says: Advertise on mobile-friendly websites**

A recent survey commissioned by Facebook uncovered an interesting nugget of potential use to dealers: More than one-quarter of car buyers surveyed do most of their vehicle research on mobile devices. The numbers are higher – 40 percent to 48 percent – for millennials, Hispanics and those with household incomes above \$200,000. The survey was conducted by Ipsos MediaCT.

Facebook's conclusion: Both dealers and automakers should run mobile-friendly ads earlier in the purchase cycle. And the more photos, the better. A previous survey found that people spend an average of 21 minutes a day on Instagram, the photo and video sharing site.

## **In Memoriam: Bill Belew**

It is with sadness that we inform the WANADA membership of the passing of long-term Washington area auto industry executive Bill Belew. He died last Sunday, August 2 passing in his sleep at the age of 84.

After service in the U.S. Navy, William R. Belew, Jr. spent a good bit of his extensive auto dealer career in the metro Washington area. He worked for Sheehy Auto Stores as a fixed operations manager at Sheehy Ford in Marlow Heights. Subsequently, he was the fixed operations manager at Covington Buick/GMC in Silver Spring. In 2000, he joined the WANADA staff to coordinate WANADA's dealer career training programs in auto technology that were well underway in the school systems of Montgomery, Fairfax and Prince George's Counties. With his expertise at fixed operations, Bill was instrumental in establishing WANADA's Auto Dealer Education Institute in 2001, with its successful Auto Technician Development Program at Montgomery College in Rockville and Marshall Academy in Falls Church. And while at WANADA, he served in the leadership of the Montgomery Students Automotive Trades

Foundation, overseeing the eminently successful Mini Dealership Technician Training Program through Montgomery County Public Schools.

Bill stepped out of WANADA in 2011 to be with his beloved Lillian, who passed away in 2013.

He is survived by his three children William R. Belew, III, Christina Belew and Rosemary Pastore as well as Lillian's nephew Theodore Theophilos. In addition he leaves two grandchildren and a great grandchild.

Funeral arrangements are *tomorrow*, Friday, August 7, at Collins Funeral Home, 500 University Blvd West, Silver Spring Maryland. The family will be available at Collins Funeral Home to well-wishers from 10 - 11a.m., with a memorial service to follow. Interment will be at Gate of Heaven Cemetery in Silver Spring.

Those wishing to remember Bill with a memorial contribution can make it to the charity of their choice, noting that it is in memory of William R. Belew, Jr, C/o his son William Robert Belew, III, 7408 North 87<sup>th</sup> Avenue, Omaha, NE 68122.

To Bill's family and his many friends in the Washington area dealer community, WANADA extends its sincerest sympathies.

### Staying Ahead...

The human race has one really effective weapon against fate and mortality, and that is laughter.

--Mark Twain



WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION