

# THE WANADA BULLETIN

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

WANADA Bulletin # 37-14

September 26, 2014

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## CFPB looks to expand regulatory reach to finance captives on auto loans

### NADA offers its fair lending program as an alternative

The Consumer Financial Protection Bureau proposed rulemaking last week that would extend its supervisory authority to overseeing auto lending practices by finance captives because the agency continues to believe that minorities are being discriminated against. Challenging CFPB on the discrimination charges, NADA proposed that the agency instead accept the association's Fair Credit Compliance Policy as an alternative to rule making that NADA believes is unnecessary. The policy, issued by NADA earlier this year, was based on a 2007 model developed by the Department of Justice to resolve a discrimination case. NADA's proposal was made jointly with the National Association of Minority Automobile Dealers (NAMAD) and the American International Automobile Dealers Association (AIADA).

"There are legitimate, market-based reasons for disparities in interest rates – from monthly budget constraints, to the presence of more competitive offers, to inventory reduction considerations – all of which are nondiscriminatory and all of which can be documented in the transaction," the statement said. NADA's Fair Credit Compliance Policy, the statement

The logo for Metalpro, featuring the word "METALPRO" in a bold, green, sans-serif font with a white outline. Below it, the text "DEalership RECYCLING SPECIALIST" and the website "metalprorecycling.com" are written in a smaller green font.	<p><b>How green is your dealership?</b> Go green, recycle with Metalpro Storage &amp; Recycling programs for metals, tires, oil filters, and collision center plastic</p>	The universal recycling symbol, consisting of three chasing arrows forming a triangle.
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continued, adopts “a robust retail compliance program that documents the basis of the pricing decision to effectively reduce the risk of discrimination in the purchasing process.”

The CFPB said in a statement accompanying its proposal that it had taken supervisory actions against several banks after finding discrimination in their auto lending practices. It fined the banks about \$56 million, covering up to 190,000 consumers. The CFPB proposal would cover about 38 nonbank auto finance companies that handle 10,000 loans or leases a year – mostly captives.

The CFPB listed ways lenders can limit their fair lending risk: Conduct internal monitoring, *and* limit or eliminate dealer markup where dealers participate as credit arrangers.

When the CFPB issued its rulemaking proposal, it also issued a report explaining its methodology for finding discrimination. The agency uses what it calls a proxy method, relying upon the consumer’s last name and residence to figure out which consumers are African-American, Hispanic or Asian. But NADA continues to be concerned that many of the questions that Congress and others have posed to CFPB about their approach to auto loans remain unanswered.

CFPB’s proposed rule is open for comment for 60 days.

## **Commentator George Will to keynote WANADA Annual Lunch Tuesday, Dec. 2, 2014, Ritz Tysons**

As announced last week, WANADA has lined up esteemed political commentator and syndicated columnist George F. Will to keynote the association’s Annual Meeting and Luncheon which is set for Tuesday, December 2, 2014 at the Ritz Carlton, Tysons Corner, Va.

Well known for his authoritative and spirited commentary on any number of weekly news shows, along with his many contributions as a syndicated writer with over 400 news organizations, Will’s perspective couldn’t be more timely than it will be when he speaks at WANADA’s Annual Lunch, given Washington’s dysfunctional politics and America’s place in an ever more menacing and turbulent world. If past is prologue, George Will should be well received by WANADA’s dealer and Kindred-Line members, all of whom gave him high marks when he last spoke at the Annual Lunch a few years ago.



The Annual Meeting and Luncheon also provides the opportunity for WANADA leadership to present a comprehensive report to the membership on the state of the industry and regional automobile business. Members will also elect WANADA’s 2015 Board of Directors in the Annual Meeting segment of the luncheon as Danny Korengold *passes the chairman’s gavel* to Dick Patterson.

Lunch tickets are available now on an individual basis or at a discounted table rate. To pay by credit card, [click here](#); to pay with a check, [click here](#) and download the registration form. For more information on the Annual Meeting & Luncheon, contact Kristina Henry, director of events, at (202) 237-7200, or [kh@wanada.org](mailto:kh@wanada.org).

## F&I professionals' Fall workshop coming up October 7, WANADA Headquarters

WANADA will again hold its popular F&I professionals workshop on October 7, 2014 at WANADA headquarters in Washington. The all-day workshop will teach F&I professionals the importance of legal compliance with all the laws impacting F&I along with the substantial downside for failing to comply.

The gamut of requirements will be covered: Unfair and deceptive trade practices; the Tax Reform Act and FinCen Form 8300; Truth in Lending/Regulation Z; Consumer Leasing/Regulation M; rate speed; the Equal Credit Reporting Act/Regulation B; the Fair Credit Reporting Act; the FACT Act; Gramm-Leach-Bliley; the Magnuson-Moss/Warranty Act; and the USA Patriot Act.

WANADA's F&I experts, JM&A, will again conduct the training.

For workshop information, contact Kristina Henry at (202) 237-7200 or [kh@wanada.org](mailto:kh@wanada.org). Click [here](#) to register online and pay by credit card. To pay by check, click [here](#) and download the registration form.

## Fitzgerald Auto Malls has installed 45,000 child safety seats

Fitzgerald Auto Malls installed its 45,000<sup>th</sup> child safety seat recently, as the dealership group continued the program it started in 1999. It is the only program in the country that has done so many child safety seat inspections in one program.

CEO Jack Fitzgerald initiated the program when he learned about the dangers of improperly installed child seats and heard that 75 percent of them were installed incorrectly. The percentage was even higher at the first event – a surprise to Fitzgerald in Montgomery County, Md. with its highly educated population.

The Fitzgerald group has 100 employees who have taken the National Highway Traffic Safety Administration's four-day course to get Child Passenger Safety Certification. Inspections are performed monthly at the Fitzgerald White Flint location and by appointment. Local police and fire safety volunteers help organize and staff the events. Last weekend marked the fifth annual inspection specifically for Spanish-speaking families.



Fitzgerald staff shows a family how to install child seat at the Fitzgerald store in Kensington.

## Regional transit to get more funding than highways by 2040

Transit will be an increasingly important way of relieving area congestion by 2040, but highways will still receive 41 percent of future transportation spending. This is according to a recent update of the region's long-range transportation plan by the National Capital Region Transportation Planning Board (TPB).

The TPB's analysis found that driving will decrease by 3 percent per person as the region sees a 27 percent increase in accessibility to jobs via transit. Most of the area's future population and job growth will occur near high capacity transit.

The report noted that the region's growth will outpace future highway and transit capacity, so morning rush hour congestion is anticipated to grow on both systems.

## Virginia gas tax likely to jump by 45% next year

The gas tax in Virginia will likely see a 45 percent increase by January 1, part of the broad transportation bill the Commonwealth passed last year. The hike would increase the wholesale price of gas by 1.6 cents per dollar and the retail price by about 5 cents, reports the *Virginian-Pilot*.

The 2013 bill would increase the tax to make up for lost revenue if Congress fails to pass a bill to let states collect on taxes they are owed for online purchases. Such a bill has passed the Senate but is stuck in the House Judiciary Committee, where Chairman Bob Goodlatte (R-Va.) has said he has no intention of bringing up the bill. He said in a statement that Virginia should not have passed a transportation bill that depended on Congress to pass "fundamentally flawed legislation."

## Audi, Mercedes, Google get first driverless car permits in Calif.

Audi became the first company to receive California's new driverless car permit, followed by Mercedes-Benz and Google. Google has already logged more than 700,000 miles with autonomous test Prius and Lexus vehicles on California roads and highways. The permits give the state more power to regulate the companies.

Audi is also testing autonomous cars in Nevada and Florida. It was the first to apply for a California permit. BMW, Ford and GM have been developing autonomous vehicles for several years.

"Driverless vehicles will revolutionize transportation, reduce traffic accidents and save lives," said state senator Alex Padilla, an MIT engineering graduate who introduced the bill that created the permit. "Establishing safety standards for these vehicles is an essential step in that process."

Under the state law, each company that receives a permit must have \$5 million worth of property and personal injury insurance; hire test drivers with excellent driving records who can take over in an emergency. The companies must also report all accidents and incidents where drivers had to take control.



Audi has a driverless A7 that is ready for its debut.

## Slowdown in growth in Metro DC as rest of U.S. was recovering *But Greater Washington's median household income is nation's highest*

First, the good news: The Washington metro region has long been known as an affluent area, and now official confirmation comes from the Census Bureau. Greater Washington ranks highest for median household income among the 25 most populous metro areas, at \$90,149.

Incomes in second place are San Francisco (\$79,624), then Boston (\$72,907), which were substantially below DC. Maryland has the highest income by state, at \$79,624. Virginia's median income was \$62,666.

But [a recent report in the \*Washington Post\*](#) offers a more nuanced picture, noting that figures from the Census Bureau show gross domestic product in the Washington metro area fell 0.8 percent in 2013. You don't have to look far for the reasons: A 16-day government shutdown, \$85 billion in sequestration cuts and defense cuts as two wars wound down.

At this point, a government shutdown doesn't look likely in 2014. But the shakeout from staffing cuts at federal contractors could last for some time. Federal contracts for defense, research and security fell 10 percent from 2012 to 2013, according to the Center for Regional Analysis, reports the *Post*. Although the Washington metro area has many new restaurants and shops, those jobs tend to be lower wage than the ones that were lost, George Mason University economist Stephen Fuller told the *Post*.

## Arlington, Alexandria are top markets for millennials to move to

More news to help you know your market: Arlington County and the city of Alexandria, Va., are the top markets nationally for millennials to move to, according to an analysis of Census Bureau data by RealtyTrac.

"Naturally, millennials are attracted to markets with good job prospects and low unemployment," said Daren Blomquist, vice president of RealtyTrac. The areas they are moving to also have a higher median income (see preceding article).

Arlington County saw an 82 percent increase in millennials from 2007 to 2013, and Alexandria saw an 81 percent increase.

## Are DC drivers ruder than those from New York? Yes!



DC comes in second for rude drivers; Virginia and Maryland are way down at 28<sup>th</sup> and 32<sup>nd</sup>.

Here's a contest no one wants to win, but DC came close: The city came in second in a nationwide survey asking which drivers across the U.S. were the rudest. It may be a surprise to learn that Idaho is first. New Yorkers, of course, rank near the top, but after DC, in third place.

Insure.com surveyed 2,000 drivers. "We wanted to know not only where the rude drivers come from, but also who thinks they're rude," said Insure.com editorial director Amy Danise.

The company analyzed the results to determine who dislikes whom the most. California drivers are the biggest haters: They are the No. 1 haters of drivers from surrounding states and even from states across the country. Californians, for example, hate New York drivers more than New Jersey drivers do. Virginia ranked 28<sup>th</sup> on the rudeness scale; its drivers are most hated by those from neighboring North Carolina. Maryland was way down at No. 32, most hated by Pennsylvania drivers.

Driving behavior that makes other drivers the angriest, in descending order: talking on a cellphone while driving, tailgating, not signaling turns, weaving in and out of lanes, and driving too fast, as if every road were a highway.

## Florida dealership offers free driving classes for area teens

A Florida dealership is offering safe driving classes for teens, paid for by the dealership and offered to any teen with driving experience and a Florida driver's license or learner's permit.

Gary Yeomans Ford Lincoln in Daytona Beach started offering the classes three years ago, reports Edmunds.com. The classes of 25 young people are offered twice a year. They consist of a short classroom session and several hours of hands-on driving with an instructor, using the dealership's car and lot.

Instruction includes high-speed lane changes, high-speed maneuvers, hard braking and accident avoidance tips. An added attraction for parents: The dealership website says "Students will learn first-hand just how difficult it is to text and drive by using the 2014 Mustang – Text-Free Zone Simulator."

### Staying Ahead...

Let us never forget that government is ourselves and not an alien power over us. The ultimate rulers of our democracy are not a president and senators and congressmen and government officials, but the voters.

--Franklin Delano Roosevelt

