

# THE WANADA BULLETIN

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

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## **WANADA's Annual Meeting with Laura Ingraham is a Hot Ticket!** **WANADA dealers and associates cordially invited, December 8, Ritz/Tysons**



Ingraham

If you want to get the straight scoop on world events and the impending U.S. presidential election, then you need to hear from popular radio talk show host Laura Ingraham. And, WANADA's upcoming Annual Meeting and Luncheon provides that opportunity! Plus you'll receive all the benefits of the meeting itself – the networking with fellow dealers and industry executives, area business leaders and political leaders from Congress, Annapolis and Richmond. You can hear an update on WANADA's 2015 activities and automobile business trends. And, you'll help shape the association's course for 2016.

Ingraham has a long list of credentials. She has written *New York Times* bestsellers including *Of Thee I Zing* and *The Obama Diaries*. She is the primary substitute host on *The O'Reilly Factor* and a contributor to Fox News. Her legal background includes graduating from UVA law school, clerking on the U.S. Supreme Court and practicing law in New York.

WANADA's Annual Lunch is set for The Ritz/Tysons on Tuesday, December 8. The networking reception will commence at 11:30 a.m., with lunch at 12:00 p.m., a WANADA Business Session at 12:30, Ingraham's keynote speech at 1:00 p.m. and adjournment at 2:00 p.m.

WANADA members and industry friends can register for the Annual Meeting by clicking [here](#). Table discounts are available for organization reservations. Questions may be directed to Kathy Teich in the WANADA office at [kt@wanada.org](mailto:kt@wanada.org) or (202) 237-7200. WANADA also wishes to express appreciation from its dealer membership to Kindred line members Corky Cravato, BG

Products and Services, and Gordon Smith of SunTrust Bank for their generous sponsorship of this year's Annual Lunch!

## **Kudos to NADA: The House passes dealer legislation to curb CFPB by a wide margin**

Hats off to NADA, NAMAD, AIADA and the ATAE dealer association network on the overwhelming passage this week of HR 1737 Reforming CFPB Indirect Auto Financing Act. With a bipartisan majority vote of 332 to 96, the House of Representatives took the Consumer Finance Protection Bureau down a peg by adopting the NADA-advocated legislation which would reverse their Bulletin advisory, 2013-02, to the financial institutions designed to curtail a dealer's ability to discount auto financing rates for consumers while mandating public participation and transparency in CFPB's policy making in the future.

CFPB's well-publicized strategy to limit indirect financing on auto loans by dealers included a smear campaign, attempting to implicate auto retailers in discriminating against minorities in rating their auto loans higher than non-minorities.

HR 1737, cosponsored by Reps. Frank Quita (R-NH) and Ed Perlmutter (D-Co), was supported by most congressmen from the metropolitan Washington area, but not all. The legislation now goes to the Senate, where it should similarly enjoy bipartisan support, and from there to the president who is likely to veto it, in support of his administration's newly created agency, CFPB.

The dealers goal is to see CFPB reined in to prevent regulators from wrongfully setting back the invaluable role dealers play for consumers in the auto financing realm. The goal is also to strive to subject the unbridled power of CFPB regulators to the elected leaders to whom they must be accountable.

Stay-tuned....

## **Does the dealership have a policy on recalls?**

### **VADA & WANADA team up on a dealer seminar, Dec. 3**

With all the flurry among automakers over the unprecedented number of vehicle recalls, dealer retailers can find themselves between the proverbial *rock and a hard place*.

Questions from dealers abound:

- Is the dealer passing along the correct information from the manufacturer in a timely fashion?
- What are NHTSA's requirements, if any, for recall administration by the manufacturer, and what are the dealer's responsibilities?
- When new vehicles are "grounded" in a dealer's inventory for open recalls, what are the automaker's responsibilities to compensate their dealer franchisees under federal law?
- What does a dealer do with used vehicles under open recall in the dealer's inventory?
- What disclosures must a dealer make to a consumer purchasing a car subject to an open recall?
- Are there different levels of recall requiring different levels of response from automakers and dealers? (i.e. safety related recalls, versus minor mechanical adjustments, etc)

Mutual members of WANADA and VADA can get answers to pressing questions like these in a joint association dealer executive seminar being presented on Thursday morning, Dec. 3 at the Marriott/Tyson's Corner 10 a.m. – Noon. VADA and WANADA CEOs Don Hall and John

O'Donnell will lead a round table discussion with reputed dealer lawyer Mike Charapp, Esq. covering the gamut of recall issues with which dealers find themselves confronted in a vehicle marketplace of unprecedented levels of recalls. Dealer principals and their management teams in vehicle sale and fixed operations will benefit from the timely information and invaluable conversation this special seminar is sure to generate!

Updates will also be provided on the timely topics of CFPB overreach on auto loans and FTC scrutiny of auto ads.

To register for this FREE seminar, please [click here](#) or contact Kathy Teich at the WANADA office (202-237-7200 or kt@wanada.org).

## Pointers for dealers emerge from Md MVA's Dealer Forum



Christine Nizer,  
administrator, Maryland  
MVA

Last week's meeting of the new Maryland Motor Vehicle Administration Dealer Forum brought to light regulator concerns about dealer licensing issues MVA enforces.

Two pointers for dealers were noted by MVA as being especially germane and worth noting here.

The first concerns optional processing fees that many dealers charge Maryland vehicle buyers. Such fees must be included in the Maryland title taxes that are collected and remitted to the state. This requirement is as applicable to Northern Virginia dealers charging processing fees to Maryland residents as it is in-state Maryland dealers.

Second, dealers should be sure to charge the appropriate registration fee every time. Some dealers apparently overcharge for registration fees and then refund the overcharged portion *if* a customer complains. The MVA also reminds dealers that lumping all fees together is a bad practice. All fees should have their own line item.

The purpose of the Advisory Forum, formed by MVA in August, ([Aug. 6 Bulletin](#)) is to bring regulators who enforce vehicle sales laws into regular contact with the state's auto dealers. The four Maryland new auto dealers on the panel are J.P. Bishop, Bob Bell Automotive, chairman of MADA; Dick Patterson, RRR Automotive, chairman of WANADA; Geoff Pohanka, Pohanka Automotive; and Paul Ritchie, Hagerstown Honda. Three independent dealers round out the industry's interaction with MVA. MVA's newly installed administrator, Chrissy Nizer, has made it known that open channels of communication with dealers are "standard operating procedure" now and henceforth at MVA.

The *WANADA Bulletin* reported on the Dealer Advisory Forum's first meeting in the [September 21 Bulletin](#).

## Va. AG Herring warns Dealer Board on ad violations

The Virginia Motor Vehicle Dealer Board (MVDB) had a first-time visitor at its November meeting – state Attorney General Mark Herring. The AG said his office has special interest in ensuring that motor vehicle advertising is not deceptive.

The Attorney General said he plans to use the enforcement powers of his office only as a last resort, but he talked about the MVDB's enforcement actions on advertising. Herring emphasized

the importance of making advertised prices available *to all consumers*. The MVDB has been especially active in this realm in recent months.

Herring said it may be tempting for dealers on the border of neighboring states, -- such as those in Northern Virginia-- not to observe the MVDB policies to be competitive with dealers across the border. But violating advertising laws is not the right response. Herring said he will work with attorneys general in other states to enforce the advertising laws in tandem which he believes would be helpful in markets like metropolitan Washington.

The unprecedented visit of the AG to an MVDB meeting should underline for Virginia dealers the importance of compliance with advertising laws to avoid enforcement actions by the MVDB and even the office of the Attorney General.

*Thanks to Michael Charapp of Charapp & Weiss, LLP for this information.*

## Tech-savvy dealers will have more satisfied customers

Use of tablets and computer displays by dealers during the sales process can substantially improve customer satisfaction among new-vehicle buyers, according to the latest J.D. Power 2015 U.S. Sales Satisfaction Index Study.

Among both non-premium and premium buyers, use of tablets by salespeople to perform tasks such as recording customer vehicle needs, demonstrating vehicle features and displaying pricing information yields higher satisfaction with technology usage than when a table is not used. Handwritten price quotes hurt buyer satisfaction with technology usage.

“Dealerships that disregard [technology] may risk being left behind in three to five years,” said Chris Sutton, vice president of automotive retail practice at J.D. Power.

Other findings from the study:

- Customer satisfaction is higher among customers who are offered F&I products. (Millennials are as likely to buy F&I products as other generations.)
- The best salespeople are good listeners, ask relevant questions and can deliver on customer requests.
- Best practices for sales staff are those who make customers feel comfortable--not pressured--and confident they are receiving the most transparent, up-front information.

## Ford tests driverless car at U. of Michigan's Mcity

Ford last week became the first automaker to test autonomous vehicles at Mcity, the full-scale simulated real world urban environment at the University of Michigan.

“Testing Ford’s autonomous vehicle fleet at Mcity provides another challenging, yet safe, urban environment to repeatedly check and hone these new technologies,” said Raj Nair, Ford group vice president, Global Product Development. Ford has been testing autonomous vehicles for more than 10 years.

The Ford Fusion Hybrid Autonomous



Ford's autonomous Fusion at MCity, University of Michigan

Research Vehicle merges current driver-assist technologies, such as front-facing cameras, radar and ultrasonic sensors, and adds sensors to generate a real-time 3D map of the vehicle's surrounding environment.

Mcity, which opened in July, is a full-scale urban environment that provides real-world road scenarios, such as running a red light, that can't be replicated on public roads. There are street lights, crosswalks, lane markings, curb cuts, bike lanes, trees, hydrants, sidewalks, signs, traffic control devices – even construction barriers. Ford's research vehicle is tested over a range of surfaces – concrete, asphalt, simulated brick and dirt – and maneuvers two-, three- and four-lane roads as well as ramps, roundabouts and tunnels.

## Consumers can now buy used cars from vending machines

A few years ago, the big disruption to the industry was online car sales. Now, one company has gone a step further and started selling cars from a vending machine – with a little customer prep work at its website first.

California-based retailer Carvana has been selling used cars online since 2013. Then it discovered that some customers like to pick up their car instead of having it delivered. The idea of a vending machine was born, though still with no sales staff or other humans onsite.

The sale and, if the customer wants, trade-in and financing are completed online. Carvana says the process can take less than 29 minutes. The company has an online inventory of 1,700 cars, according to *The Tennessean*.

Carvana's first vending machine was built in Atlanta, but a new one in Nashville is the first with a five-story tower of used cars. Architects and engineers were brought in from around the globe to design the facility.

“Vending machine” is not a figure of speech. The customer inserts a “coin” the size of a large Frisbee and a machine grabs the vehicle and brings it to one of three bays. The customer can take it for a seven-day extended test drive before making a final purchase decision.

## No worries – Highways funded for another two weeks



House members hope the Dec. 4 deadline will give them enough time to agree on a long-term transportation measure.

Once again, the House was caught short in its effort to pass a long-term transportation bill. The short-term patches keep getting shorter, and the one passed this week expires December 4.

Although House Transportation Committee Chairman Bill Shuster (R-Penn.) said “good progress” had been made on a long-term funding measure, it wasn't enough. Earlier this fall, the House passed a bill that covered six years, but provided funding for only three.

A major obstacle is the gas tax. It hasn't been raised in more than 20 years, and almost no one wants to vote to raise it now, even though that would be the simplest and most logical fix, as a user fee. Republican presidential candidate Rick Santorum has said the federal government should get out of the infrastructure business altogether and the gas tax should be abolished.

## The more drivers know about EVs, the greater their interest

More than half of Americans have a positive view of electric vehicles and only 13 percent have a negative view, according to a recent survey by the Consumer Federation of America. One-third have no opinion. Nearly one-third say they will consider buying an EV as their next car purchase, even though only 1 percent of vehicles sold are EVs.

The survey showed that the more Americans know about EVs, the more likely they are to consider buying one. But only 6 percent said they know a great deal when they see it, and 21 percent know a fair amount to pay.

## The most Americans to travel for Thanksgiving since 2007

More Americans will travel 50 miles or more from home than at any time since 2007, says the American Automobile Association. And most will drive: Nearly 42 million Americans will take a holiday road trip, but just 3.6 million will fly. This year marks the seventh consecutive year of growth for Thanksgiving travel. Helpful to drivers will be the lowest Fall season gas prices in seven years.

“While many people remain cautious about the economy and their finances, many thankful Americans continue to put a premium on traveling to spend the holiday with loved ones,” said AAA President and CEO Marshall Doney.

### Thought for the week...

Nous sommes tous Français. (We are all French.)

Our thoughts and prayers go out to the families and friends of the victims of the terrorist attacks in Paris, and to the French people everywhere.

