



THE WANADA BULLETIN

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

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All dealers should have a social media policy
IRS waives underpayment penalties for many taxpayers
WANADA offers Marketing and Digital Retailing Seminar, March 12
WANADA Happy Hour – Thursday, March 7, Tysons Corner
Register for MobilityTalks International at the 2019 Washington Auto Show
Ourisman Automotive Group adds two new locations
Vehicle reliability improves, but some problems remain
Auto loan delinquencies higher now than in Great Recession...
Very hot or cold temperatures cut EV driving range by nearly half
Staying Ahead...

All dealers should have a social media policy

Recent news from Pennsylvania shows that all dealers should have a social media policy. Pennsylvania Attorney General Josh Shapiro recently announced legal action against dealerships and salespeople in 11 counties for violations of consumer protection laws and deceptive advertising, stemming from the improper use of social media.

To prevent similar problems among Washington area dealers, auto dealer lawyer and WANADA Kindred line member Michael Charapp of Charapp and Weiss, LLP, strongly recommends that all dealers implement a social media policy. He has written a sample policy that WANADA published to members recently. If you did not receive a copy of the policy and would like one, please contact Kathy Teich at kt@wanada.org.

Dealership management should design the social media policy with input from those in the dealership who use social media. Dealers should discuss the policy in detail with the store's managers in charge of advertising, along with outside advertising consultants. This policy will set up a standard for salespeople to adhere to.

Mr. Charapp is available to discuss a social media policy with WANADA dealers by contacting him at mcharapp@cwattorneys.com or (703) 564-0220.

IRS waives underpayment penalties for many taxpayers

The IRS has announced that some taxpayers will have their underpayment penalties on 2018 taxes waived. The decision reflects that the tax cut implemented makes it hard for some taxpayers to figure the correct amount to have withheld from paychecks or included in quarterly estimated tax payments.

Among the changes that could affect dealers are these: (1) Taxpayers can now deduct no more than \$10,000 for the sum of their state and local property taxes and income or sales taxes; and (2) the mortgage interest deduction is capped at debt of \$750,000 (\$1 million for debt incurred on or before Dec. 15, 2017).

The way the many changes in the tax law will affect individual taxpayers is not always clear. Those most likely to withhold too little include two-earner households and taxpayers with complex tax situations.

As a result, the IRS will waive underpayment penalties for taxpayers who pay at least 85 percent of the 2018 taxes they owe (normally, it's 90 percent). To request the waiver, the taxpayer must file Form 2210 with the 2018 tax return.

Thanks to WANADA Kindred-Line member Councilor Buchanan & Mitchel, CPAs, for this information. For the full CBM memo, click [here](#).

WANADA offers Marketing and Digital Retailing Seminar, March 12

WANADA's Automobile Dealer Education Institute (ADEI) will present a Marketing and Digital Retailing Seminar on Tuesday, March 12, 2019 at the Bethesda Marriott.

WANADA members are invited to learn from leaders in digital marketing, e-commerce and dealership management on how to modernize sales and outreach efforts for the next decade and beyond. Seminar attendees will receive insight on how to optimize their business consumer outreach, get individual analysis of their dealership's website, and more.

Featured speakers are Paul Accinno, vice president of dealer services, Stream Companies; Cory Mosley, principal, Mosley Automotive; and Gabriel Haim, vice president of sales, Roadster.

The seminar will take place from 9:00 a.m. to 12:00 p.m. at the Bethesda Marriott at 5151 Pooks Hill Rd., Bethesda, Md. 20814. The fee to participate is \$50 per person. Click [here](#) to register. Questions may be directed to Kathy Teich, kt@wanada.org, or (202) 237-7200.

WANADA Happy Hour – Thursday, March 7, Tysons Corner

All WANADA members are cordially invited to a special member *Happy Hour* at Greenhouse Bistro in Tysons Corner, Va.

This networking reception is set to take place Thursday, March 7, 2019, from 5 to 8 p.m. The Greenhouse Bistro is located at 2070 Chain Bridge Rd., Vienna, VA 22182.

Cocktails and light appetizers will be served. No RSVP is required – just show up! Email Kathy Teich at kt@wanada.org for more details.

WANADA thanks its Kindred line members who are sponsoring the event: BB&T Dealer Financial services; Cushman & Wakefield; and Penney Design Group.

Register and reserve housing for MobilityTalks International at the 2019 Washington Auto Show

Washington area dealers have a unique opportunity to hear public policy makers and auto industry leaders from all over the world speak at MobilityTalks International, April 3- 4, 2019. MobilityTalks International runs in conjunction with the launching of the 2019 Washington Auto Show, which opens to the public on April 5th.

At this writing, confirmed speakers are coming from organizations including the American Automobile Association (AAA); American Association of Motor Vehicle Administrators (AAMVA); Bloomberg Intelligence; the California DMV; the Center for Automotive Research; INRIX; ITS America; Lyft; the National Highway Traffic Safety Administration (NHTSA); Reineke Family Dealerships; Toyota; and NADA. Other speakers will present programs from their home countries of China, Japan, Singapore, South Korea, Sweden and the United Kingdom.

To register for MobilityTalks International, and to secure housing if needed, click [here](#).

Ourisman Automotive Group adds two locations

The Ourisman Automotive Group in conjunction with Graham Holding Company has added two new locations earlier this month, after acquiring Lexus of Rockville and Honda of Tysons Corner in Vienna. Cushman & Wakefield Dealership Capital Services, a WANADA Kindred-line member specializing in commercial real estate transactions, represented the seller, Sonic Automotive Group.

“We are very pleased to have arranged a transaction that involved addressing complex real estate issues and arriving at a mutually acceptable valuation of the dealerships,” said James Mitchell, Cushman and Wakefield’s executive managing director. “We take pride in our ability to combine our dealership valuation experience with our real estate expertise to create maximum value for our clients.”

With these two new locations, the Ourisman Automotive Group will have nearly 30 different locations across the Washington, D.C. region, selling cars and trucks from more than 20 manufacturers, both domestic and import.

Vehicle reliability improves, but some problems remain

Overall motor vehicle dependability improved four percent from last year, according to the 2019 J.D. Power Vehicle Dependability Study, but it’s not all good news.

“Vehicles are more reliable than ever, but automakers are wrestling with problems such as voice recognition, transmission shifts and battery failures,” said Dave Sargent, vice president of global automotive at J.D. Power.

The study found that vehicle dependability improved, but at a slower rate than last year. Mass market brands outperformed luxury brands for the first time.

On the used-vehicle front, the J. D. Power analysis showed that residual values can be significantly affected by long-term quality.

“The used-vehicle market is where dealers can see increased profits this year,” said Jonathan Banks, vice president of vehicle analysis and analytics at J.D. Power (and formerly with the NADA Used Car Guide). “Stocking dealership lots with vehicles having strong dependability scores will help support new-vehicle sales in the future, create a positive brand perception and drive foot traffic,” he said.

For more information about high scorers in the study, click [here](#).

Auto loan delinquencies higher now than in Great Recession

Auto loans delinquencies are higher now than during the Great Recession, the New York Fed reported. They are highest among subprime buyers. But franchised dealers are less likely to sell to subprime buyers unless they are a specific focus of the dealer's business. The New York Fed report figures do not separate new from used vehicle buyers.

Auto loans nationwide increased by \$9 billion in the fourth quarter of 2018, the New York Fed said. But most of the increase was from consumers with high credit, after years of growth across all credit levels. At the same time, the number of subprime borrowers rose greatly, and with it, the risk of delinquency.

New York Fed economists said the increase in delinquency among subprime borrowers "suggests that not all Americans have benefitted from the strong labor market." Borrowers younger than 30 also showed sharply higher rates of delinquency than others.

Those trends among subprime and younger borrowers could start to affect franchised dealers in their used-car department, which several economists have said could become an increasingly important profit center.

For more details on the New York Fed report, click [here](#).

Very hot or cold temperatures cut EV driving range by nearly half

Very cold or hot outside temperatures may cause a substantial decrease in electric vehicle driving range, and the drop is compounded by use of the vehicle's climate control system. This information comes from new research by the American Automobile Association (AAA).

When the mercury dips to 20°F and below, and the HVAC system is used to heat the inside of the vehicle, the average driving range drops by 41 percent. Correspondingly, when the outside temperature is 95°F and air conditioning is used, driving range decreases by 17 percent. The use of the car's HVAC has a much greater effect on driving range than the outside temperature.

An EV with a compromised driving range will require charging more often, which increases the cost to operate the vehicle. For instance, AAA found that the use of heat when it's only 20° outside adds almost \$25 more for every 1,000 miles to operate the car than when it's 75°F or higher outside.

More EVs have traditionally been sold in the Washington region than elsewhere, though changes in the EV tax credit could alter that going forward.

Staying Ahead...

I'm a great believer in luck, and I find the harder I work the more I have of it.

--Thomas Jefferson