

# THE WANADA BULLETIN

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

WANADA Bulletin # 13-22

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## WANADA Welcomes New Staff Members

Two new staff members have been added to the WANADA team in key positions. Chris Daniel and Joe Hemberger have been brought on to help oversee the Washington, DC Auto Show and WANADA's Automobile Dealer Education Institute, respectively.

"We've added two seasoned professionals to our ranks. Our association is getting better and stronger in core aspects of our mission to support the area's dealers," said WANADA President & CEO John O'Donnell. "The auto show is the main way we boost area sales and our technician training program is arguably our most successful member service. We're now taking them both to the next level."



Chris Daniel

Stepping in as Show Director will be Chris Daniel. Mr. Daniel comes to WANADA with over 20 years of trade show industry experience, which includes working on the exhibitor side at The Washington, DC Auto Show for a solid decade. Working for large exhibit houses such as GES and Freeman has provided Mr. Daniel with a wealth of industry knowledge and the perspective of the auto show's OEM customer. He will be entering the auto show planning process during a critical season in the show's development, as the remarkable successes of 2022, which were mounted in the face of enormous, COVID-related headwinds, are looking to be built upon in 2023.

WANADA's new Director of Education is Joe Hemberger. He has fifteen years of experience as a Regional VP for Tires Plus, where he developed new sales and operations processes, assisting the organization's growth to over five hundred retail locations. Mr. Hemberger has spent the last ten years as National VP of Sales for an automotive consulting firm supporting over seventeen hundred automotive businesses. His passion for the ultimate customer experience and employee engagement has benefited many organizations throughout the US and Canada. Mr. Hemberger will be



Joe Hemberger

overseeing WANADA's eminently successful technician training program, but also looking to expand the educational offerings WANADA provides, to include new areas of training for other dealership staff positions.

For questions related to the auto show or the ADEI technician training program, please reach out to Mr. Daniel or Mr. Hemberger at [cd@wanada.org](mailto:cd@wanada.org) or [jh@wanada.org](mailto:jh@wanada.org) respectively.

## Brown's Automotive Group Supports Family in Need

The message that randomly appeared in the WANADA general mailbox was simple and straightforward: "I need assistance. The transmission in my Nissan van is bad and needs to be replaced. Can't afford the repair. I have three young kids, two are special needs. Need a vehicle to transport kids to Children's Hospital and other doctors appointments." While WANADA does not typically engage in supporting individual requests of this kind, the reference to the special needs children and the relationship with Children's Hospital, with whom WANADA helps support each year via The Washington, DC Auto Show, struck home. A call went out and Brown's Automotive Group responded.

"We were proud to partner with WANADA on this goodwill act," said Brown's CEO Gordon Riddle.

The original email sender, a single mother named "Elisabeth" (the full identity of the family is being withheld for privacy reasons), had been walking from her Manassas home to work each day to support her children. Several doctor's appointments had been missed already, so the need for reliable transportation was absolutely paramount. When the Brown's team was able to tow the van into the shop, it was clear that the transmission was only the first hurdle to overcome.

"After taking a look at it, the Brown's group really went above and beyond and decided to donate the family an entirely different vehicle," said WANADA Vice President of Operations Joe Koch. "They wanted to make sure these kids were well-provided for, so they took a used Toyota Sienna and made it like new."

When the family finally received their new van, the children were overjoyed. "My granddaughter couldn't stop talking about that bow!" said Elisabeth's mother.

WANADA would like to especially thank the Brown Automotive Group for this community service and acknowledge that all of our area dealers are constantly giving back to their local communities in tremendous ways. Car dealers, for these reasons and more, have always been bedrocks that help support and sustain their local economies and we are proud to represent such generous difference-makers in our area.



## Fraud Trends Alert

There is a current dealer fraud trend hitting the DMV area where high quality fake licenses are being used to are being used to purchase vehicles through online means. The MO is to start the process through online and submit a picture of the license online and information of stolen identification of another for the credit application. Attempt is made to have vehicle delivered but will make appointment at dealership that is not possible.

Please contact Ofc Brock Dulko with Montgomery County Auto Crimes Task Force at 240-428-9501 or at [Brock.Dulko@MontgomeryCountyMD.gov](mailto:Brock.Dulko@MontgomeryCountyMD.gov) if you come across any frauds of this nature.

## NADA CEO Mike Stanton: Proposed FTC Rules “Completely Unwarranted”

From [Automotive News](#): National Auto Dealers Association (NADA) CEO Mike Stanton on Thursday blasted a series of proposed Federal Trade Commission regulations on retailer advertising and F&I as "completely unwarranted, redundant and ineffectual requirements."

He said it would raise prices and yield "inefficiency and complexity ... at a time when the entire auto industry is united behind an effort to simplify and streamline vehicle sales and pricing policies, shorten transaction times and improve the customer experience."

NADA spokesman Jared Allen said Thursday the group also would seek an extension on the upcoming 60-day window for public comment on the proposal, No. P204800. The 14 pages of new regulatory language (and another 113 pages of associated discussion) were posted June 27 after a 4-1 vote by commissioners.

The Federal Trade Commission proposes banning finance and insurance coverage and physical vehicle add-ons "that provide no benefit" and requiring expanded disclosure and consent on such optional products — including a list of prices online.

It also is considering requiring dealerships to produce a true "Offering Price" for any specific vehicle they promote. It's effectively the "out-the-door" price the dealership would charge to purchase the vehicle, not counting any government taxes and fees.

Dealerships also are prohibited from misleading customers on whether the terms they advertise online are for a lease, include rebates not available to all or involve a vehicle that isn't available. "As auto prices surge, the commission is taking comprehensive action to prohibit junk fees, bait-and-switch advertising and other practices that hit consumers' pocketbooks," FTC Bureau of Consumer Protection Director Samuel Levine said in a statement June 27. "Our proposed rule would save consumers time and money and help ensure a level playing field for honest dealers." But Stanton challenged the rule with the following statement Thursday:

"The FTC's proposed rule would impose a vast array of new, completely unwarranted, redundant and ineffectual requirements that will cause great harm to consumers by increasing prices, extending transaction times, and making the customer experience much more complex and inefficient," Stanton said.

"Unfair and deceptive acts or practices in any part of the vehicle advertising, sales or financing process are reprehensible and should continue to be policed by federal regulators, including the FTC. But the Commission has failed to support or justify that this proposed rule is warranted in the market.

"It is imperative that regulators conduct proper, thorough and evidence-based analyses before proposing rules that would have such drastic ramifications on consumers and market participants, especially small businesses.

"Instead, what the FTC is proposing here would inject massive amounts of inefficiency and complexity into the vehicle sales process at a time when the entire auto industry is united behind an effort to simplify and streamline vehicle sales and pricing policies, shorten transaction times and improve the customer experience."

## **NADA Issues Q2 Economic Analysis**

On July 8, 2022, the National Automobile Dealers Association (NADA) issued its analysis of U.S. auto sales and the economy for the second quarter of 2022.

"As has been the case in recent months and for the last year, new-light vehicle sales continue to be limited by inventory constraints across all OEMs," said Patrick Manzi, NADA chief economist. "At the end of the second quarter, inventory levels were up by 8.3% compared to the start of the year but remain down 12.3% year-over-year."

The second quarter of 2022 closed with new-light vehicle sales in June totaling a SAAR of 13.0 million units, a decline of 16% compared to June 2021; however, sales were up by 2.3% compared to May 2022's SAAR of 12.7 million units. For the second quarter, new light-vehicle sales averaged a SAAR of 13.4 million units, down 5% from 14.1 million units in the first quarter of 2022.

Alternative-fuel vehicles continued to gain market share with consumers showing increased interest in electrified vehicles, including battery electric, hybrid and plug-in hybrid vehicles, given increasingly high fuel prices. Through the second quarter, battery electric vehicles (BEVs) accounted for 4.8% of sales, hybrid vehicles accounted for 5.9% and plug-in hybrid vehicles (PHEV) accounted for 1.4% of sales. Year to date, franchised dealerships sold more than 106,000 BEVs, 32.5% of all BEVs sold. This number is anticipated to continue rising as more BEVs from traditional auto manufacturers hit dealership showrooms.

In June 2022, the average transaction price for a new light-vehicle was the highest on record at \$45,844, an increase of 14.5% compared to June of 2021, according to J.D. Power. Prices have continued to rise as OEMs have prioritized the production of higher trim level, more expensive models while simultaneously reducing incentive spending. According to J.D. Power, average

incentive spending per new vehicle was \$930 at the end of June 2022, a decrease of 59.4% year-over-year and the second consecutive month below \$1,000.

Monthly payments, in line with transaction prices, have also increased and reached \$698 in June 2022, an increase of \$79 or 12.8% versus June 2021, J.D. Power says. According to Edmunds, 12.7% of consumers who financed a new vehicle in June 2022 had a monthly payment of \$1,000 or more, the highest on record and up from 7.3% in June 2021.

“With fewer new cars available, many consumers have turned to the used vehicle market and that increased demand has helped sustain these high used vehicle prices that we’ve seen over the past year,” added Manzi. “Used vehicles values have fallen from recent highs, but not by much, and in recent weeks we have seen an uptick in values at auctions for smaller, more fuel-efficient vehicles given the high gas prices we’re seeing nationwide.”

At the macro level, inflation continues to impact the U.S. economy with prices surging for many consumer essentials such as food, energy and housing.

“Despite solid wage and jobs growth, many Americans feel that this inflationary environment is leading to reductions in their standard of living, which is reflected in recent consumer confidence surveys,” noted Manzi.

The University of Michigan’s Index of Consumer Sentiment recorded is lowest level on record at the end of June 2022. A recent report from Moody’s Analytics estimates that the average American household is spending an extra \$460 each month because of inflation.

In an effort to rein in inflation, the Federal Reserve increased interest rates twice during the second quarter of 2022 bringing the target range of the Fed Funds Rate to 1.5% to 1.75%. Given such persistent and high inflation, we expect that the Fed will increase rates by 75 basis points at their July meeting and that the Fed Funds Rate at the end of 2022 will be in the range of 3% to 3.25%. Following the increases in the Fed Funds Rate, the average interest rate on a new vehicle finance contract reached 5% in June 2022, the highest since the start of the pandemic.

“We should see average interest rates for new and used vehicle finance contracts at or above their pre-pandemic levels by the end of the summer when factoring in the Fed’s trajectory on interest rates,” said Manzi. “As rates climb higher, interest rates will shift from a tailwind for vehicle affordability to a headwind.”

Given the persistent production disruptions during the first half of the year and the resulting diminished sales performance, NADA has reduced its 2022 new light-vehicle sales forecast to 14.2 million units, down from our initial estimate of 15.4 million units at the start of the year.

“Despite this forecast reduction, we expect that 2022 will be another very solid year for America’s franchised dealers,” added Manzi. [Source](#).

Click here to read the full [June 2022 NADA Market Beat report](#).

## Montgomery County Building Energy Use Law

On May 2, 2022, Montgomery County lawmakers signed Bill 16-21 into law as an amendment to the County's Building Energy Use Benchmarking Law (Benchmarking Law), Article 6 of Chapter 18A of the Montgomery County Code. Bill 16-21 revised the Benchmarking Law to include certain Building Energy Performance Standards (BEPS), which establish minimum energy performance standards for existing buildings in the County. The stated purpose of the BEPS is to reduce overall greenhouse gas emissions and help the County achieve its climate action goal of zero greenhouse gas emissions by 2035. Bill 16-21 is scheduled to go into effect on July 31, 2022, and regulations will be issued no later than Dec. 31, 2023.

Buildings covered under the BEPS are grouped by property type and gross square footage. Bill 16-21 obligates the Montgomery County Department of Environmental Protection (DEP) to establish long-term final energy performance standards for each property type using the energy use data reported for each property type under the County's Benchmarking Law as the basis for the performance standards. Bill 16-21 sets forth the deadlines for each property group to: 1) comply with the Benchmarking Law by reporting energy use data to the County DEP; and 2) comply with DEP's established performance standards for that property type.

Some dealers have received notices of violation for failing to report their property's 2021 energy benchmarking data. Should you receive such a notice, WANADA encourages its members to review them with counsel to determine next steps. DEP can be reached at [energy@montgomerycountymd.gov](mailto:energy@montgomerycountymd.gov) with additional questions or concerns.

## NADA Dealer Attitude Survey Now Open for Summer

The Summer 2022 Dealer Attitude Survey is now open for dealers. Dealers should have received an email from [chairman@nadasurvey.com](mailto:chairman@nadasurvey.com) with instructions on how to complete the survey, which is open from July 5-28, 2022. The surveys are critically important, as the results provide auto manufacturers with timely and comprehensive assessment of franchised dealer sentiment and encourages automakers to engage in constructive and beneficial discussions with their dealers to improve business practices. Please visit [www.nadasurvey.com](http://www.nadasurvey.com) should you have questions or need assistance.

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