

Headlines...

Dealer F&I Exemption From Finance Reform to be Voted in Senate on Monday Afternoon, May 24

The World May End in 2012, but not Before the U.S. is Back on Top with New Car Sales!

ADEI Student Receives Top Honors at Montgomery College

"Top Producer" Award for WANADA Insurance Brokerage & Trust

Montgomery County Will Pay for Part-time and Summer Interns

Hyundai North America CEO Predicts "More to Come"

Air fresheners in Cars are a \$50 Million Business

Daimler AG Set to Expand On-Demand Car Rental to 50 U.S. Cities

Thought for the week...

With Sweeping Finance Reform Legislation Passing the Senate, The Dealer Exemption to be Voted Monday Afternoon, May 24 Dealers Urged to Keep up the Heat!

With the Washington fanfare at a fever pitch over the Senate's action last night, May 20, in passing the much debated and ballyhooed Finance Reform bill, the one lingering matter before the Senate sits down with the House in conference to merge the two bills, is none other than the exemption of automobile dealers from the Senate's version. The amendment to exempt dealers from SB. 3217, offered by Sen. Sam Brownback (R-Kan.) was set aside with all the other failed amendments. But in an eleventh hour effort to address Sen. Brownback and the auto industry's issue, Senate leadership agreed to schedule a vote on binding the Senate to exempt dealers when Senate conferees meet with House conferees to merge the bills next week.

The vote on Brownback's *proposal* to exempt dealers from the Senate's part of the conference with the House on Finance Reform will happen late Monday afternoon, May 24. If successful, Senate conferees will be predisposed to exempt dealers from the final legislation, as House conferees will be because the House bill already passed with dealers exempted by virtue of an amendment offered by Rep. John Campbell (R-Calif.) that did in the House what Brownback attempted to do in the Senate.

The upshot is that an exemption for dealer F&I operations from the impending Finance Reform law, with its unprecedented regulatory reach through the prescribed Bureau of Consumer Finance Protection (BCFP), is still a ball that is very much in play before Congressional lawmakers.

Against formidable opposition, including opposition from President Obama himself, new car dealers from across the country have kept up the heat on senators to support Brownback and exempt dealers from Finance Reform in the Senate as the House bill did.

Extremely timely and helpful in this regard was AIADA's annual Auto Industry Summit which occurred this week in Washington in due course, bringing a large contingent of dealers to town who all headed back to the Senate side of Capitol Hill to speak to senators about the dealer exemption from Finance Reform. This grassroots effort followed a late April fly-in of dealers

and dealer association executives from the Automotive Trade Associations network, hosted by NADA, which commenced the industry lobbying effort in the Senate to exempt dealers. This has continued by telephone and email ever since. For its part, WANADA, teaming up with MADA and VADA, has contacted both Maryland and Virginia senators and encouraged Maryland and Virginia dealer members to do the same.

At this point, therefore, the concerted dealer industry effort has to focus on urging senators to support the Brownback *proposal* to be voted on Monday afternoon, May 24.

The talking points are updated as follows:

1. Dealers don't extend credit to car buyers, but only arrange it and don't belong in Finance Reform;
2. Dealer assistance in acquiring a car loan is a *bona fide* value-added benefit that unequivocally gains car buyers the lowest rates on credit;
3. The instances of consumer fraud and consumer complaints over dealership car loan assistance to car buyers is next to none, with the problems of service men and women with car loans being misstated against new car dealers by opponents of the dealers' exemption;
4. An abundance of consumer protection laws, with consumer regulators to administer them, exist from the Federal Trade Commission on down to state attorneys general offices and to state motor vehicle agencies; so regulation of dealers by the new BCFP is unnecessary and misdirected simply because dealers are *not* financial institutions!

Contact Maryland senators Ben Cardin and Barbara Mikulski at their respective email addresses below.

- Sen. Ben Cardin (D-MD) <http://cardin.senate.gov/contact/email.cfm>
- Sen. Barbara Mikulski (D-MD) <http://mikulski.senate.gov/Contact/contact.cfm>

Contact Virginia senators Mark Warner and Jim Webb at their respective email addresses below.

- Sen. Mark Warner (D-VA) <http://warner.senate.gov/public/index.cfm?p=Contact>
- Sen. Jim Webb (D-VA) <http://webb.senate.gov/contact.cfm>

The Capitol switchboard to phone the Senators is probably best, given the short time frame between now and Monday afternoon. The number there is (202) 224-3121.

Let's keep up the pressure to keep dealer F&I operations out of Finance Reform!

The World May End in 2012, but not Before the U.S. is Back on Top with New Car Sales!

Nostradamus be damned! How can the world end in 2012 when A.T. Kearney, renowned automotive consultants predict a return to 16 million new vehicle sales in the U.S. alone? The company released its forecast for 2010 U.S. auto sales this week and predicated sales to rise to 11.7 million light vehicles. That number was encouraging, but not nearly as much as the suggestion it made that by 2012, U.S. auto sales will rise to about 16 million vehicles, with a possible range of 12.9 million vehicles to 16.8 million vehicles.

Kearney forecasters said much of the *rise* will be attributed to pent-up demand and more available credit. The forecast also assumes the United States will not have a double-dip recession or a “W” as opposed to a “V” recovery from 2009.

New auto sales held above 16 million vehicles between 1999 and 2007 before falling to 13.2 million in 2008 and to 10.4 million in 2009, the lowest level since World War II adjusting for U.S. population.

Kearney’s forecast is more bullish than those of most other auto analyst groups and the automakers themselves, but the company defended the forecast based on precedent.

"If you look at the 1980s and the recovery from the low point then, the steepness of the return is much like our forecast," Kearney’s forecasters said.

They noted that the average age of U.S. vehicles is about 9.9 years, which will increase to around 10.1 years by 2011 before falling as more cars are scrapped and newer vehicles purchased.

Pent-up demand for new vehicles has accumulated to some 19.6 million vehicles, the forecasters noted, adding that as much as 47 percent of that demand will return to the new vehicle market starting in 2011.

**A.T. Kearney
sees 16 million
new vehicles
sales in the
offing for 2012!**

ADEI Student Receives Top Honors at Montgomery College

WANADA Run Tech-Training Program has a Number of Excellent Candidates Available for Hire



Tim Petro, a second year student in WANADA’s Automobile Dealer Education Institute (ADEI) Technician Training Program received the Presidential Apprenticeship Scholar Award at graduation ceremonies at Montgomery College this week. Dr. Hercules Pinkney, interim president MC, made the presentation which is awarded to students who demonstrate academic excellence in their work.

Petro is one of 28 students ADEI is mentoring at its NATEF Certified Technician Training Program at Montgomery College. The program involves fulltime work in the service department at a participating dealership and one day of in-classroom studies at Montgomery College. ADEI has had over 200 students in its program and currently has a number of highly qualified candidates looking to enter the program by being employed at a dealership.

WANADA members should know that there are significant federal and state incentives available in 2010 when hiring entry-level technicians that would qualify for the ADEI program. These include the waiver of the employer provided social security benefit and a \$1,000 federal tax for new employees who stay with the company for a year. Additionally, Maryland is offering a tax credit of up to \$5,000 for hiring the unemployed or a new employee.

ADEI recruits and pre-screens entry level technicians for placement in its program and mentors their progress while they work and go to school.

The fee for dealerships to participate is just \$1,000 per semester, which experience has shown to be readily recovered through employee generated service revenue in less than 45 days!

Participating fixed operations managers also note that utilizing ADEI technician trainees allows them to maximize service department profitability by having the right person for the right job.

For more information on “growing your own” line technician, WANADA members should contact Bill Belew, program manager or Jake Kelderman, ADEI Director at (202)-237-7200.

“Top Producer” Award for WANADA Insurance Brokerage & Trust

WANADA’s Insurance Brokerage and Trust, which focuses on exemplary customer service and aggressive rate negotiation for WANADA members, has been recognized as one of five “Top Producers” by CareFirst Blue Cross Blue Shield at its annual Brokers Forum.

The awards, given each year by CareFirst, “recognize the very significant customer service efforts of our partner brokers,” said CareFirst CEO Chet Burrell in presenting the award to John O’Donnell, WANADA executive vice president who directs WANADA’s Insurance Brokerage Operations.

WANADA finished third for CareFirst, behind two national, publicly traded brokerage firms. “We produce because our team works hard for WANADA members and we know what we’re doing when it comes to benefit design, customer service and, of course, rate negotiation “said O’Donnell.

WANADA is also the largest health insurance broker for Kaiser Permanente in the area.

Montgomery County Will Pay for Part-time and Summer Interns

WANADA members who have a need for a part-time or summer worker might want to take advantage of a Montgomery County program that provides youth interns at no cost. The program is being spearheaded by Montgomery Works and involves these two programs:

- **YWD Internship project** that creates internship opportunities for motivated students for up to three months per student. The interns are paid a stipend through the YWD grant.

Contact: Darrell Burns, 240-778-9542 dburns@montgomeryworks.com

- **Summer Youth Jobs Program** offering full and part-time internships for eager young people at no cost to the employer.

Contact: Cassandra Boyd, 240-777-2039 Cassandra.boyd@montgomerycountymd.gov

WANADA's Automobile Dealer Education Institute's (ADEI) entry-level technicians program is supported by grants from MontgomeryWorks which operates to match qualified workers with specific employer needs. WANADA members are encouraged to contact Marie Parker at 240-283-1574 or mparker@montgomeryworks.com for such customized workforce assistance.

Hyundai North America CEO Predicts "More to Come" from His Company

"Dealership Experience" Will Keep Hyundai on the Rise, Krafcik Tells WAPA



John Krafcik, CEO of Hyundai North America sees market share gains ahead for the high flying franchise with the dealership experience as the key to that growth.

Speaking at the Washington Automotive Press Association (WAPA) luncheon this week, Krafcik noted Hyundai has gained more than three percentage points of U.S. market share since 2008 and that it likely will overtake the Dodge brand as it surpasses its current level of 4.4% of the U.S. new car market.

That growth will come on the strength of a total redesign of its product lineup and significant advances in product quality, design innovation, and consumer value perception, he said, but added that the dealership environment and customer service is what makes the brand successful. Krafcik professed his belief that customer service initiatives Hyundai has in place for its dealers will filter through to all of its retail network and that the company will soon be winning awards for service, just as it is now recognized for its products.

A very limited number of stand-alone Hyundai dealers will sell the new Equus luxury sedan utilizing a personal valet-style approach for both sales and service. Krafcik said Hyundai is targeting just 2,000 annual sales of the Equus when it comes out later this year. Dealers handling the Genesis sedan will do so through a separate in-dealership display area and a similar total customer approach.

In its 25th year in the U.S., Hyundai is the 4th largest automaker in the world, ahead of Ford, Honda and Nissan. Retail sales for Hyundai are up 51% year-to-date, and internal studies indicate fully 28% of new car buyer prospects are considering the brand.

