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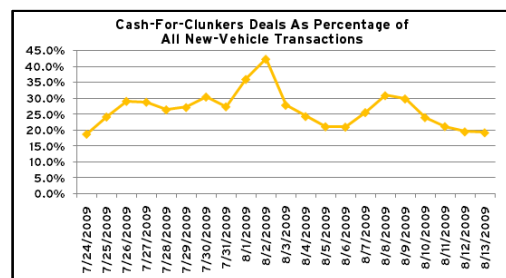
8 p.m. EDT Monday Marks the End for 'Clunkers Cash'

Unclear if NHTSA Can Handle Final Rush

This weekend is it for the Cash-for-Clunkers program! U.S. Transportation Secretary Ray LaHood finally called a halt to the wildly successful program after NADA and dealers across the country warned the program was in danger of running out of funds within days. LaHood said in making the announcement that there is enough incentive money left in the pot to cover what's expected to be a brisk final weekend of sales.

"This program has been a lifeline to the automobile industry, jump-starting a major sector of the economy and putting people back to work," LaHood said, adding that it had taken a great many old and polluting cars off the road and helped put quite a few consumers in new, fuel efficient vehicles."

The Car Allowance Rebate System has registered nearly 460,000 vehicle deals worth \$1.91 billion in rebates since it began just three weeks ago. Franchise dealers have been submitting about \$100 million worth of rebate claims per day since the program started. It is expected that rate will accelerate somewhat from Friday of this week through Monday of next week.



Transportation Department officials estimate about \$400 million in vouchers have yet to be submitted by dealers and the department believes there will be about \$100 million in administration costs for the program. That leaves \$600 million for the transactions expected to be executed this weekend.

LaHood emphasized that applications for rebates will not be accepted after 8 p.m. eastern time Monday, and dealers should not make further sales without receiving all the necessary paperwork from their customers. NHTSA said any applications submitted prior to the deadline

and then rejected may still be funded if the applications are subsequently corrected, even if the corrections are submitted after the deadline. It is not clear, however, what it will do if its computer system cannot handle the expected weekend rush of submissions, how and whether it will deal with submissions that cannot be processed because of a possible system failure and what will happen to those who do submit rebate requests but the fund is out of money.

The Alliance of Automobile Manufacturers thanked the National Highway Traffic Safety Administration "for working closely with manufacturers and dealers to ensure consumers could benefit from one of the most economically stimulative programs this country has ever seen.

The Department of Transportation now has more than 1,200 government and contract employees processing dealer applications for rebates, but it remains unclear how quickly the monies will begin flowing to dealers who collectively are owed nearly 80% of the \$1.91 billion in rebate requests already submitted.

NADA said in a statement that it will continue to work with NHTSA "to reduce the backlog of pending applications and ensure that all dealers are reimbursed for valid 'clunkers' deals."

NHTSA Rules on the Cash-for-Clunkers "Not in Stock"

Vehicles in Pipeline, but Not on the Lot, Now Eligible

Responding to overwhelming interest in the CARS program, NHTSA will allow dealers to "sell" new vehicles not yet on dealer lots and count that sale as eligible for the CARS rebate program. NHTSA says any vehicle that is already in the production pipeline will be eligible as long as the manufacturer provides the documentation needed to qualify for the program. In order to submit a request for reimbursement for the amount of the CARS credit, dealers must enter into a binding sales or lease agreement with the purchaser, obtain the Vehicle Identification Number (VIN) of the new vehicle, collect all of the necessary documents that are required by the CARS rules, take possession of the trade-in vehicle, and complete all of the steps required by the Summary of Sale/Lease and Certifications Form.

If the Manufacturer's Certificate of Origin (MCO) or Manufacturer Statement of Origin (MSO) is not yet available at the time the application is submitted, dealers are required to submit a document confirming that the vehicle has been ordered from the manufacturer, which must include the VIN of the new vehicle. At the time the vehicle is delivered to the dealer and the purchaser picks the vehicle up, the dealer must submit to NHTSA, by e-mail to carsmco@dot.gov, a copy of the MCO or MSO (or, in the case of certain sales in Michigan and California where no MCO or MSO is created, a copy of the invoice and an application for title and registration) and include the appropriate CARS invoice number in the e-mail subject line.

Auto Affordability Remains Stable for Second Quarter

The average price of a light vehicle purchased in the second quarter rose by \$300 to \$26,300, according to Comerica Bank, but it still took only 22.1 weeks of median family income to pay for that vehicle.

Comerica Bank has calculated the cost of vehicle ownership for years and publishes its Auto Affordability Index on a quarterly basis. The latest reading is up 0.3 of a week, a slight

deterioration in affordability compared to the prior quarter. Comerica noted, however, that median family income was essentially unchanged in the second quarter and that the total cost of buying and financing a new car rose entirely because consumers chose to buy more expensive cars on average.

Dana Johnson, chief economist at Comerica Bank, said affordability was also helped by the fact that the average rate paid on a car loan was only 3.45 percent last quarter, the lowest level seen in five years. She added that the affordability index very possibly will reach a new best in the third quarter of the year because of the cash-for-clunkers program that is now in place.

Mentors, Students Gather for Fall Technician Training Orientation

30 Aspiring Auto Techs to Begin Courses at ADEI's Montgomery College Program

More than 60 students, mentors, fixed operations managers and sponsors of WANADA's Automobile Dealer Education Institute (ADEI) Technician Training Program gathered for the annual kick-off orientation and luncheon this week at the Montgomery College Gudelsky Center in Rockville, MD.

The students join the more than 200 others who have preceded them through this unique career education effort that was launched eight years ago to employ,

educate and train ambitious students

with an interest in automotive repair careers in the automobile retailing industry.



ADEI students, mentors and sponsors at the fall orientation at Montgomery College

ADEI's Technician Training program is the only one of its kind *Certified* by the National Automotive Technicians Education Foundation (NATEF), the industry's standard for automotive technician education training programs.



Bob Wisman, Service Manager at Criswell Chevrolet receives the raffle prize from ADEI Services Director Jake Kelderman

ADEI students are fulltime employees at participating dealerships who spend one full day in the classroom learning specific mechanical skills while also receiving one hour of manufacturer specific instruction. Students enrolled in the program can expect to be ASE *Certified* as a line technician if they complete the two year program and pass the requisite ASE tests for the skills they are taught.

Dealerships that invest in the students (tuition is \$1,000 per semester) typically recover that investment within two months as students usually become fully productive technicians in less than that amount of time.

ADEI also offers a variation of the Montgomery College program in northern Virginia via a partnership with the Alexandria Campus of Northern Virginia Community College and is working to establish a similar partnership with the Manassas campus.

ADEI currently has a number of promising candidates available to WANADA dealer members. Contact Bill Belew, program director, for more information on the opportunities.

VW Looks to Quadruple Sales Here in Ten Years

New Models Coming Specifically Designed for U.S. Market



Volkswagen of America (VWoA) announced this week that it was looking for a new agency to handle advertising for the company. The move apparently is all part of a larger plan to dramatically boost sales in the U.S. to 800,000 vehicles by 2018.

That is an ambitious target given that the company sold 223,128 vehicles here in 2008. Fueling that sales growth, the company says will be an “all-new compact sedan” debuting next year and an “all-new midsize sedan.” Industry analysts suggest these models will not be new versions of the Jetta and Passat models currently sold here. In making the announcement VWoA said “both models have been designed with the specific wants and needs of the U.S. consumer in mind.”

VW is in the midst of finalizing its merger with Porsche and may revive the AutoUnion brand as the manufacturing umbrella for the VW, Audi, Porsche and Skoda brands that will comprise the company.

Clunkers Program May Lead to Fewer ‘Mom and Pop’ Car Lots

Consider it the law of unintended consequences. A great many of the clunkers consumers are turned in under the government’s cash-for-clunkers program would have made for excellent inventory for used car dealers across the country, but because those trade-ins must be destroyed, it’s likely more than a few small used car lots will be going out of business.

About 40 million used vehicles are sold each year, four times the number of new cars. Independent used car dealers sell about one third of that number and frequently specialize in older, high mileage vehicles they can sell for \$3,500 or so to modest income consumers. By some estimates, three of every five of the used cars turned in for government rebates would have been the ideal vehicle for those used car lots.



"We're struggling and a lot of us small guys are going out of business," said James Dameron, sales and finance manager at Chase Motors in suburban Richmond, where sales are down about 30 percent.

Mom and Pop dealers typically sell just 20 to 25 vehicles a month and keep 40 to 45 vehicles on their lots, a fraction of the inventory for the typical new car bigger dealership. They acquire much of their inventory from the wholesale markets where most clunkers would have been disposed of, absent the government’s rebate program.

The clunkers program is also making it harder for low income consumers to own a vehicle by driving up the price of what little inventory is available. "The guy looking for a cheap used car is having a helluva hard time now," said Greg Signore, 50, co-owner of Elm Auto Sales in Kearny, N.J. "This program is absolutely increasing the cost of the clunkers left on the market." He says he's not getting as many customers with modest income looking for basic transportation.

Germany Says "We Want Electrics Too"

The German government has decided it wants to get on the electric vehicle bandwagon too, announcing this week that it hopes to have a million of them on the road by 2020. It hasn't said how it plans to accomplish this goal, but it is likely to follow the \$2.3 billion incentive approach used by the U.S. government to stimulate both vehicle production and infrastructure support.

The cabinet of Prime Minister Andrea Merkel will propose a financial incentive package this fall with a goal of seeing them go into effect by 2012.

Germany's auto companies have been slow out of the starting gate when it comes to EVs. Volkswagen won't have its first electric car to market until 2013, while Daimler has been working with Tesla Motors to develop better batteries and electric drive systems.

Both companies are playing catch up with Japanese and U.S. makers, which will have vehicles in operation as soon as 2010, as part of an effort to have one million on the road by 2011.

Northwood Announces MBA Program for Dealer Executives

Northwood University, which has for years specialized in automotive industry education, is expanding its offerings to include an MBA program for dealer executives.

Northwood says the program is designed to "serve in-store executives employed by dealerships in the franchised new vehicle, independent used vehicle, and those working for captive and institutional lenders.

Northwood has campus locations in Lansing, Midland and Troy Michigan. Dealers interested in the MBA program can call 800-622-9000 or visit www.northwood.edu for more information.

By the time we got to Woodstock - 40 years ago this week...

-- "If you believe in forever, then life is just a one night stand. If there's rock-n-roll in heaven, they've got a helluva band!" -- The Righteous Brothers