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Up to 40,000 cars damaged by Florence

As Hurricane Florence continues to impact the Carolinas and surrounding areas, the flooding could damage 20,000 to 40,000 vehicles, according to forecasts from Black Book and Cox Automotive.

“The losses are set to cause demand for cars to push higher as consumers rush to replace damaged vehicles,” said Anil Goyal, executive vice president of operations for Black Book.

Demand for cars especially this summer caused prices to rise slightly even before Florence, so any rush to replace damaged vehicles could force prices higher in the near term, Goyal added.

It is too early to predict how high prices could rise, but many are looking to last year’s Hurricanes Harvey and Irma in Texas and Florida, respectively, as a benchmark. Black Book estimated that about 700,000 cars and

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Barbecue contest winners host ‘ultimate’ block party

As the culmination of a campaign that raised \$182,000 last summer largely through USO barbecue fundraisers at 115 area new-car dealerships, a National Guard family in Elgin on Sept. 22 hosted an Ultimate Backyard Barbecue.

The USO Barbecue for the Troops campaign, which was coordinated by the CATA, raised \$157,000 at the dealerships, and Turtle Wax donated an additional \$25,000. Most barbecues were held July 14.

To spread awareness in advance of the barbecues, the CATA and the USO conducted a social media contest in which the public was encouraged to nominate an individual they deemed worthy of the Ultimate Backyard Barbecue. Nearly 150 nominations rolled in from social media: Wives nominated husbands who served overseas, parents nominated children who are active duty military, and friends nominated deserv- ing friends.

Ultimately, Christa Oody won the grand prize, hav-



Real Urban Barbecue chef Dean Eliacostas, right, with Ultimate Backyard Barbecue contest winners Sgt. James and Christa Oody, and their daughter, Hannah, at the Oodys’ Elgin home.

ing nominated her husband, Sgt. James Oody. In Christa’s submission, she wrote, “Like all service members, James sacrificed so much and carries the burden of war.”

The Oodys’ Ultimate Backyard Barbecue included mouth-watering barbecue fare from Real Urban Barbecue, a special visit from Chicago Blackhawks ambassador Brian Campbell, and a Rookie Racing Experience, compliments of Turtle Wax.

The military family turned

the gathering into a block party for their Elgin neighborhood. Elgin VFW Post 1307 added to the festivity with additional food.

James Oody, an auto/diesel technician, joined the Wisconsin Army National Guard shortly after 9/11. Over the years, he has been deployed three times, doing tours in Kuwait for a year, Iraq for a year and Afghanistan for nearly a year.

He opted for the block

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CATA names trio of preferred check, credit card processors for dealers

The CATA Member Benefits Committee works to establish and maintain preferred partner relationships with allied members that offer programs with unique value to dealer members and to the CATA.

The CATA this year elevated three credit card processors to recommended status: Dealer Pay, Heartland Payment Systems, and USBank/Elavon-Merchant Services. In recognizing these organizations, the CATA believes that all dealer members can benefit from the expertise and services the selected organizations provide.

Following are descriptions of each.

Dealer Pay

Dealer Pay specializes in providing dynamic and dealer-specific payment acceptance; Credit Card Processing, Check/ACH card processing, Point-Of-Sale software/hardware, Gateway/Hosted/Mobile Payments, Rewards/Loyalty, Security, Communications, Support and Account Management.

The company has 20 years' experience customizing solutions for dealers, to optimize their business operations with improved processes and customer-focused solutions to increase profitability.

Dealer Pay strives to provide transparent pricing at competitive rates, top-notch service and support and ongoing advances specific to the automotive industries.

For more information on the company's solutions or to obtain a no-obligation cost/service analysis, contact sales@dealer-pay.com or (888) 848-3812.

Heartland Payment Solutions

Today's customers expect to purchase whatever they want quickly and easily, while knowing their personal data is being protected. Heartland Pay-

ments Systems have that in mind, too, and thus was selected as a preferred payments provider for CATA members. Heartland ensures that every transaction from a dealership is protected and backed by a comprehensive breach warranty.

When considering options for the membership, feedback underscored that selecting a credit card processing company can be exhausting and expensive. Business owners are spending an average 3.5 percent to accept card payments. Heartland's pricing model is fair and easy to understand, and a dealership's funds are available the next business day.

Contact Chicagoland-based Shannon Filip at (414) 931-9039 and Shannon.Filip@heartland.us to learn more about Heartland's full suite of business solu-

tions: Lending, HR/Payroll, Customer Analytics and more.

USBank/Elavon Payment Solutions

USBank accepts all the payment types a dealer's customers want to use. The company has partnered with Elavon, a leading payment processor, to provide innovative payment solutions to enhance a dealer's business.

Customers today want their payments accepted in a number of ways: in store, online, over the phone or by mobile wallet. That doesn't need to be expensive or complicated, which is where Elavon can help. Elavon offers a simple, cost-effective payment processing program backed by the highest standard of customer service.

The advantages of choosing Elavon include:

- Accept all major credit, debit, corporate, and purchasing cards.
- Smart/Chip/EMV terminals, mobile wallet payment technology, in-person, online and tablet solutions for all of a dealer's business needs. And hundreds of third-party POS systems connect to Elavon.

- Make payments more secure with encryption and tokenization through the company's Safe-T solution.

Get a free competitive analysis by contacting Jerry Halley at (312) 405-7058 or jerry.halley@usbank.com.



USO

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party because he said he didn't want to make the barbecue about him, preferring to share it with others.

Tony Guido, the CATA chairman, and other CATA directors and Turtle Wax CEO Denis John Healy presented a ceremonial check to USO of Illinois President Alison Ruble on Aug. 16 at Clark After Dark, a popular USO street festival dubbed "Summer's Last Hoo-ah!"

The \$182,000 collected from the campaign is helping the USO of Illinois serve more than 325,000 active duty, guard and reserve military and military family members annually.

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Dealer to Senate committee: Cars are not a national security threat

A third-generation dealer told the U.S. Senate Finance Committee Sept. 26 that the proposed 25 percent tariff on imported automobiles and auto parts is misguided because the items don't pose a threat to the country's national security.

Steve Gates, principal of the Gates Auto Family, with dealerships in Kentucky, Indiana and Tennessee, said dealers would be harmed by the tariffs in a market where costs are rising and sales are flattening. It also would hurt consumers.

"Over the past 20 years," Gates said, "the cost of a new car has increased by 35 percent, while household income has only grown 3 percent. A 25 percent tariff would make this already difficult situation truly impossible for many

middle class families."

Gates, a director of the American International Automobile Dealers Association, said: "I've been in this business my whole life. I may not be an expert on politics or global security, but I know cars. And I know the cars and trucks I sell, the services I provide, and the taxes I pay, are not a national security threat."

All of the witnesses at the hearing — with the exception of the representative of the United Auto Workers, who supported the use of tariffs in a narrow and targeted way — strongly opposed the auto tariff imposition.

Sen. Orrin Hatch, R-Utah, chairman of the Finance Committee, appeared sympathetic to Gates' argument.

"The Peterson Institute calculates

that auto tariffs could cause 195,000 workers to lose their jobs ... and that's before other countries retaliate, which could put over 600,000 U.S. jobs at risk. These tariffs could cost the U.S. auto industry up to 2 million lost vehicle sales annually," Hatch said.

Raising tariffs and taxes usually is Congress's job, but responsibility for national security tariffs rests with the executive branch. By branding the proposed auto tariffs as national security matters, President Donald Trump can bypass Congress to enact them.

"It is very difficult to understand how a tariff on imported vehicles and parts would improve national security, but quite clear how it would actually harm our economic security," Gates said in testimony.

AAA: Most drivers don't understand limitations of car safety systems

Dealers must help educate buyers

Most drivers don't understand the limitations of advanced safety technology installed on new vehicles, according to a new study by AAA Foundation for Traffic Safety.

The study indicates that drivers overestimate the capabilities of features such as blind-spot monitoring systems, automatic emergency braking and adaptive cruise control.

"A substantial proportion of respondents demonstrated what we believe was a concerning lack of awareness of some

of the key limitations of the technologies," said Brian Tefft, senior researcher for the AAA Foundation.

The findings raise questions about whether Americans are ready to adapt to partially self-driving vehicles, which typically require drivers to remain alert and ready to take over the steering wheel if the car can't handle the conditions it encounters.

Problem spots flagged by AAA:

Blind-spot monitoring

Nearly 80 percent of drivers don't understand the limitations or thought that

the system had greater capability to detect fast-approaching vehicles, bicycles and pedestrians. When they rely too much on blind-spot monitoring, about 25 percent of drivers don't look for oncoming vehicles when they change lanes.

Forward-collision warning and automatic emergency braking

Many drivers confuse the two. One is a warning system, while the other takes action. More than 40 percent of drivers don't know these limitations.

Adaptive cruise control

About 29 percent

of drivers who use this system, which accelerates and brakes on its own, are sometimes comfortable "engaging in other activities" while the system is activated, according to the study.

To be sure, the researchers emphasized that advanced driver assistance systems are generally helpful. Such technologies can prevent about 40 percent of crashes and 30 percent of crash deaths, according to federal estimates.

The problem is that technology backfires when people don't understand how it works.

"I think there's a general assumption

among members of the public that technologies in vehicles today will do things for us," said Jake Nelson, director of traffic safety advocacy and research for AAA. "These technologies are not meant to replace us behind the wheel. They're meant to help us out."

Nelson said that it's important for dealers, automakers and rental-car companies to educate drivers at the time they take delivery of their vehicle on how these systems work.

And "we shouldn't be marketing them in a way that could potentially mislead folks," Nelson added.

Alphabet soup: New USMCA to replace NAFTA

The pending United States-Mexico-Canada Agreement is expected to affect the auto industry most, requiring a greater portion of vehicles to be made in North America and establishing a minimum fixed wage level for car manufacturers of \$16 an hour.

The USMCA, which would replace the North American Free Trade Act, also includes a concession by Canada to effectively cap its automobile exports to the U.S.

For Ford and General Motors, the agreement announced Sept. 30 likely comes as a relief after President Donald Trump threatened in

May to tax all auto imports in an attempt to safeguard national security.

Tariffs would have been a negative for both manufacturers, according to Moody's analysis, since 30 percent of GM's U.S. unit sales depend on imports from Mexico and Canada, while 20 percent of Ford's domestic

unit sales depend on such imports.

Trump touted the new deal as "a new dawn" for the U.S. auto industry. Canada, America's second largest trading partner, was left out when the U.S. and Mexico reached a preliminary deal in late August to revamp NAFTA.

Lawyer cautions against overreaction to CFPB supervisory guidelines

Following the issuance of new supervisory guidelines, the Consumer Financial Protection Bureau released a statement highlighting that the guidelines do not have the same force as laws. But that doesn't mean auto loan lenders should not heed the warning.

The statement emphasized that guidelines do not "have the force and effect of law, and the agencies do not take enforcement actions based on supervisory guidance," according to the statement released alongside other regulators in the industry.

"I didn't pay that much attention to it because when the regulator says something, whether it has the force of law or not, technically it doesn't matter. It still represents the industry receiving communication about what it should do, and it needs to be heeded," said Christopher Willis, practice leader of Ballard

Spahr's consumer financial services litigation group. "I don't view the idea that it's not law as meaning that that industry can ignore whatever is said in these guidance documents."

The CFPB identified two central offenses that auto lenders should correct. First, the Bureau examined unidentified lenders whose servicers repossessed vehicles after the repossession was supposed to be canceled. "If you didn't know that already and you're in the auto finance industry, it's something that needs attention," Willis said. "Because, it's not one or two times we've seen them on that issue, it's every exam for the past two years."

Second, the Bureau found that in instances where there was a total loss on the vehicle, creditors were not properly communicating the repayment process to the customer. Lenders take different

approaches to totaled cars, but the most common is to either have the consumers continue making their regular payments or to suspend the accounts until insurance payments are finalized.

"We haven't seen the CFPB try to dictate what policy lenders choose, but they've been critical of the quality and accuracy of communication," Willis said. "The real objection the CFPB gives is that consumers didn't know what was going to happen or when. They just get these billing statements that say \$0 due [when their account is suspended], and then like a week after that they get a notice that they owe \$5,000 [once insurance payments have been calculated]."

"That's not outlandish to me. The idea that you should tell the customer what's going to happen doesn't seem controversial or difficult to comply with to me."

Florence

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trucks were either damaged or destroyed by Harvey and Irma.

However, the market today is very different from how it was in August 2017. Today, there is concern that demand is outpacing

supply.

"Last week, we had started to see more stabilization after values rose for the last three months, reaching an all-time record in August," Jonathan Smoke, the chief economist for Cox Automotive, noted in a blog post.

Even though the replacement need will be smaller in this case, values might increase temporarily, especially in the region, due to limited supply.

Florence also won't have as big an impact on the broader U.S. vehicle market given that Texas and Florida

serve as larger hubs for retail sales and vehicle storage than South Carolina.

Though vehicle damage from Hurricane Florence will be far less than what the industry witnessed last year, dealers still should leverage hindsight to "ensure that

they are putting the right value on vehicles," Goyal said.

The National Insurance Crime Bureau operates VINCheck, a database of known hurricane-damaged vehicles that dealerships and consumers can check themselves.