



## SBA accepting floor plan loan applications

The Small Business Administration on July 1 began accepting applications from eligible dealerships for guaranteed floor plan financing. The new pilot program runs to Sept. 30, but an extension will be considered.

Loans of \$500,000 to \$2 million, with a maximum repayment term of five years, can be pursued for dealer floor plan. Borrowers also benefit from the temporary elimination of fees made possible by the American Recovery and Reinvestment Act of 2009.

Floor plan loan guarantees will range from 60 percent to 75 percent, depending on the type of collateral and the lender's advance rate. Lenders may advance up to 100

percent of a vehicle's wholesale price.

SBA 7(a) guaranteed loan proceeds may be used for any worthwhile purpose, including working capital and the refinancing of existing indebtedness. Proceeds also can be used to pay applicable fees.

The application process begins with a commercial lender. Dealers may apply to any financial institution that handles SBA 7(a) guaranteed loans and can get a list of participating lenders from SBA field offices located around the country.

A list of lenders participating in SBA's Preferred Lenders Program can be found on SBA's Web site, [www.sba.gov](http://www.sba.gov).

## Dealers should wait for final 'clunker' rules

The so-called "cash for clunkers" legislation became law June 24, but the federal government was permitted another 30 days to finalize its rules. It appears the feds will use all those 30 days.

Dealers understandably are eager to negotiate the sale or lease of a new vehicle to someone with a "clunker" that could net the customer a \$3,500 or \$4,500 trade-in allowance. But the CATA strongly cautions dealers from attempting any such transaction until the U.S. Department of Transportation finalizes the program rules before a July 24 deadline.

Dealers could be fined \$15,000

for each sale that violates the rules, the National Highway Traffic Safety Administration has warned.

"If a dealer chooses to structure a transaction before the final rule is issued, he will bear the risks associated with later demonstrating that the transaction meets all of the specifications of the final rule," a NHTSA spokesman said.

Details still being ironed out include how to:

- Register dealers to participate in the program;
- Reimburse dealers who participate in the program;
- Require that dealers use the

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## 30-day drive-away permits coming July 16

Out-of-state residents who buy a vehicle in Illinois can be issued a drive-away permit valid for 30 days, beginning July 16, an increase over the current permit that expires after seven days.

The extended 30-day permit must be issued only to non-Illinoisans; in-state residents still should be issued a seven-day permit. Both permits cost \$10.

The extended permit expiration date will be calculated automatically for issuing agents after the purchaser's out-of-state address is entered in the address field.

Issuing agents must attach one of three documents to the application for an extended permit:

- Out-of-state driver's license or ID card
- Vehicle registration application
- Bill of sale with an out-of-state delivery address

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## Family and Medical Leave Act changed for military family leave

A new publication from the National Automobile Dealers Association, "A Dealer Guide to the Family and Medical Leave Act: 2009," outlines the qualifying exigencies for military family leave under the act.

Among the changes effective January 2009 is the extension of FMLA leave in certain circumstances to allow eligible employees to care for family who serve or served in the armed forces.

Eligible employees are entitled to up to 12 workweeks of unpaid leave during any 12-month period for any qualifying exigency arising out of the fact that the spouse, son or daughter (of any age), or parent of the employee is on active or call to active duty status in the Reserves, National Guard, or are retired members of the Regular Armed Forces or Reserves in support of a contingency operation.

This leave is not available to family of Regular Armed Forces members. The regulations provide an exclusive list of eight qualifying exigencies

or needs that would qualify employees for FMLA leave. They are listed in abbreviated form below:

**1. Short-notice deployment.** The service member must be notified of an impending call or order to active duty seven or fewer days prior to the date of deployment.

**2. Military events and related activities.** Employees may take leave to attend official ceremonies, programs, or events sponsored by the military, and for family support and assistance programs and informational briefings sponsored or promoted by the military, military service organizations, or the American Red Cross, that are related to the active duty or call to active duty status of a covered service member.

**3. Child care and school activities.** An employee may take leave for qualifying child care and school activities requiring attention because a covered service member is on active duty or call to active duty status.

**4. Financial and legal**

**arrangements.** Employees may take leave to address financial or legal arrangements related to the service member's absence.

**5. Counseling.** Employees can take leave to attend counseling provided by a person other than a health care provider (e.g., by a military chaplain, pastor, or minister, or by a military or military services organization).

**6. Rest and recuperation.** Employees may take FMLA leave to spend with servicemembers on short-term, temporary rest, or recuperation leave during the period of deployment.

**7. Post-deployment activities.** Employees may take leave to attend arrival ceremonies, reintegration

briefings and events, and other official ceremonies or programs sponsored by the military for a period of 90 days following the termination of the covered service member's active duty status.

**8. Additional activities.** Employees may take leave for additional activities that arise out of a service member's active or call to active duty status not otherwise enumerated, if the employer and employee agree that the leave is qualifying and to both the timing and duration of the leave.

Complete information is in the NADA publication, which can be ordered online at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or by calling the NADA at (800) 252-NADA ext. 2.

## Permit

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Agents who issue an extended permit outside those parameters will forfeit their right to sell permits, said Ernie Dannenberger, director of the Illinois secretary of state's vehicle services department.

Once a drive-away permit is issued, no other permit may be issued on that vehicle's VIN until the vehicle is issued a new Illinois title. A renewal cannot be completed on an Illinois license plate with a VIN linked to a 30-day drive-away permit.

For more information on the matter, call the secretary of state's office at (866) 825-7926.

## Congratulations!

Winners of the 2008 Toyota President's Award include **Classic Toyota** (Waukegan), **Continental Toyota** (Countryside), **Elgin Toyota**, **Elmhurst Toyota**, **Liber-tyville Toyota**, **Pauly Toyota** (Crystal Lake), **Schaumburg Toyota**, and **Toyota of Naperville**.

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com>.

**Jerry H. Cizek III**  
**Erik K. Higgins**

**President, Publisher**  
**Editor, Director of Dealer Affairs**

## Clunkers

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credit as an addition to, instead of as a substitute for, other rebates and discounts advertised by the dealer or offered by the manufacturer;

- Require that dealers disclose to the person trading in an eligible vehicle the best estimate of the scrappage value of such vehicle and authorize dealers to retain \$50 of the amount paid for the scrappage value as payment for the administrative costs of the program (Any remaining scrappage fees would be subject to negotiation between the dealer and purchaser.);

- Establish, in consultation with the Environmental Protection Agency, requirements and procedures for the disposal of eligible trade-in vehicles; and

- Provide for a means to enforce penalties for violations of the program requirements.

For additional details on the program, visit the Transportation Department's Web site, [www.CARS.gov](http://www.CARS.gov), or call its cash-for-clunkers hotline at (866) 227-7891. Operators are available 7 a.m.-9 p.m. CDT weekdays and 9 a.m.-7 p.m. CDT Saturdays.

The Illinois Revenue Department ruled June 30 that it would recognize the voucher amount as a trade-in credit, meaning a dealer could reduce the transaction price by that amount before calculating sales tax.

Brian Pasch, an online marketing specialist, has been fielding hundreds of phone

calls and emails from customers seeking information about how to take advantage of the clunkers program. He sees a train wreck, with dealers shouldering the blame for an overly complex and very confusing set of regulations.

Pasch said some inquirers become angry over the 18 miles-per-gallon benchmark. Many indicate that their actual mileage is much lower than the EPA ratings for their vehicle. Often when this happens, they want to argue. Pasch said dealers should make sure the customer realizes that the dealership is not the originator of the guide.

He suggests that dealers "frame" the government's fuel economy calculation page into the dealership's Web site. (Framing is the Web's art of bringing another site on to yours — in this case so that the origin of the data is clear to the viewer.)

"By framing the [www.CARS.gov](http://www.CARS.gov) calculation page onto the dealership's Web site, you can offer the necessary qualifying data right on your Web site (while also keeping the prospect on your site longer, creating a better opportunity for them to click through to a sales inquiry form or e-mail). All this can be accomplished while still clearly communicating that this is the government's data and not a creation of the dealership," Pasch said.

He said dealers and salespeople should discuss which consumer questions they should be prepared to answer and which questions they should defer to the government's Web site.

## Local AYES program ends

Due to current economic conditions, full-time staffing for the local Automotive Youth Educational Systems program has ended.

Also, the management of AYES has been transferred to the National Institute for Automotive Service Excellence (ASE). AYES is the dealers' link to high school- and college-level automotive students. For more, see [www.ayes.org](http://www.ayes.org).

The CATA will continue indefinitely to help fill dealers' needs for entry level technicians. While former Illinois AYES Manager Jim Butcher no longer is in place to aggressively grow the AYES program, he still will accept calls regarding student placement.

Dealers who need entry-level high school and college students can call Butcher at (630) 234-0778.

### *From the desk of Jim Butcher*

I would like to take this opportunity to thank those dealers who participated in the AYES program.

Many of you recognized the need to hire our youth and grow your own technicians. There were many ways to support the AYES program: through job-shadowing, mentor training, hiring of students, meetings at the dealership, becoming an advisory committee member, etc.

Thank you for believing in the youth of our country. It has truly been my pleasure to serve your dealership through the AYES program.

Thank you.



**Jim Butcher**

## Optimism up but sales down: AIADA

Following the release of June 2009 sales figures, the American International Automobile Dealers Association, which represents over 11,000 import franchises, said its members so far this year account for 54.6 percent of all vehicles sold in the United States. Overall sales, including domestics and unadjusted for business days, were down 27.7 percent compared to June 2008 and

35.1 percent year to date.

Analysts had predicted that June would be a turning point for the industry, forecasting that the seasonally adjusted annual sales rate would break the 10 million mark for the first time this year. Instead, the SAAR slipped from 9.9 million in May to 9.7 million. "Auto dealers had (higher) hopes for June's sales," said AIADA President Cody Lusk.

### Franchised New-Car Dealers in the 8-county CATA area as of 1 July 2009

Car Line	Chicago only Ill.	Rest of Cook Cty. Ill.	Lake Cnty. Ill.	DuPage Cnty. Ill.	McHenry Cnty. Ill.	Kane Cnty. Ill.	Will Cnty. Ill.	Lake Cnty. Ind.	Porter Cnty. Ind.	Total [prior] 1/1/2009	Total [present] 7/1/2009
Acura	0	4	2	3	0	0	0	0	0	9	9
Aston Martin	0	0	1	0	0	0	0	0	0	1	1
Audi	1	3	1	2	0	0	0	1	0	8	8
Bentley	0	1	0	1	0	0	0	0	0	2	2
BMW	1	4	1	3	1	0	0	1	0	11	11
Bugatti	1	0	0	0	0	0	0	0	0	1	1
Buick	3	10	4	5	4	1	3	2	2	34	34
Cadillac	1	7	2	2	1	1	1	2	0	17	17
Chevrolet	4	17	7	9	4	6	7	5	2	64	61
Chrysler	3	7	3	2	3	2	3	2	2	43	27
Dodge	4	9	4	3	2	1	3	1	2	41	29
Ferrari	0	0	1	7	0	0	0	0	0	2	2
Ford	3	15	6	7	3	4	5	4	2	50	49
GMC	2	10	2	4	3	1	2	2	2	28	28
Honda	4	10	3	1	1	2	1	2	0	25	25
Hummer	0	2	1	0	0	0	0	1	0	5	4
Hyundai	2	10	3	3	1	1	1	2	0	22	23
Infiniti	0	4	1	1	0	0	0	0	0	7	6
Isuzu	0	0	0	0	0	0	0	0	0	7	0
Jaguar	1	3	1	2	0	0	0	1	0	8	8
Jeep	3	7	3	2	2	2	3	2	2	38	26
Kia	1	4	3	4	1	0	1	2	0	17	16
Lamborghini	1	0	0	1	0	0	0	0	0	2	2
Land Rover	1	3	1	2	0	0	0	0	0	7	7
Lexus	1	4	1	2	0	0	0	1	0	9	9
Lincoln	1	8	5	3	1	2	2	1	1	24	24
Lotus	0	0	0	1	0	0	0	0	0	1	1
Maserati	0	0	1	1	0	0	0	0	0	2	2
Maybach	0	1	0	0	0	0	0	0	0	4	1
Mazda	0	7	3	2	1	0	1	1	1	17	16
Mercedes	1	5	1	2	0	1	0	1	0	11	11
Mercury	1	8	5	3	2	2	3	1	2	27	27
Mini	0	1	1	1	0	0	0	0	0	3	3
Mitsubishi	0	4	1	3	1	0	2	1	0	13	12
Nissan	2	12	3	4	1	1	1	2	0	27	26
Panoz	0	0	1	1	0	0	0	0	0	2	2
Pontiac	3	10	3	4	3	1	2	3	2	31	31
Porsche	0	3	1	1	0	0	0	0	0	5	5
Rolls-Royce	0	1	0	0	0	0	0	0	0	1	1
Saab	1	3	2	2	0	0	0	1	0	9	9
Saturn	0	6	2	3	0	1	1	1	0	16	14
Scion	4	11	3	4	1	1	1	2	1	28	28
smart	0	1	1	0	0	0	0	0	0	2	2
Subaru	1	5	2	2	1	1	1	1	1	14	15
Suzuki	0	4	3	2	0	0	1	1	0	11	11
Toyota	4	11	3	4	1	1	1	2	1	28	28
Volkswagen	2	7	3	4	1	0	1	1	0	19	19
Volvo	1	3	2	1	0	0	0	1	0	8	8
<b># of Car lines</b>	<b>58</b>	<b>245</b>	<b>97</b>	<b>109</b>	<b>39</b>	<b>32</b>	<b>47</b>	<b>51</b>	<b>23</b>	<b>762</b>	<b>701</b>
<b># of Outlets</b>	<b>32</b>	<b>161</b>	<b>59</b>	<b>79</b>	<b>18</b>	<b>23</b>	<b>28</b>	<b>35</b>	<b>11</b>	<b>478</b>	<b>446</b>

NOTE: The difference between car line and outlet figures is the result of outlets that handle more than one car line.