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2019 Illinois DOC fee maximum is \$179.81

The maximum amount that Illinois dealers can charge in 2019 for documentary preparation fees is \$179.81, the Illinois attorney general's office announced Dec. 12.

The \$3.87 increase over the 2018 maximum fee reflects a 2.2 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general's office.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but no females, for instance — could bring charges of profiling.

Two copies of the poster will be mailed to dealers later this month. For limited additional copies, call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

Dealers want quicker responses, more data from lenders: report

Sales reps and credit analysts are knowledgeable about their lenders' product offerings but tend to fall short when it comes to accessibility and information-sharing, according to the Auto Finance Performance: Dealer Insights Report released recently.

The report, published by Auto Finance News' parent company, Royal Media, analyzes 6,200 dealer evaluations to identify the core traits that spur dealers to choose one lender over another. It also tracks analyst callback time and maps the frequency that dealer issues are resolved on the first call.

Among various institution types, captives scored highest for accessibility and ability

to keep dealers informed of product enhancements and dealership performance.

"Their deficiency lies in the willingness to get deals done," according to the report.

On average, credit analysts returned calls in 65 minutes. Analysts usually called back about prime loan applications within 56 minutes, and about nonprime or subprime apps within 75 minutes, according to the report.

By institution type, captives call back fastest, in 62 minutes.

Credit unions, meanwhile, are most adept at resolving issues on the first call, according to the report.

Broadly, dealers seek sales
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NADA: 16.8 million new-vehicle sales in 2019; interest rates a 'wild card'

The National Automobile Dealers Association on Dec. 13 forecast 16.8 million new-vehicle sales in 2019. If that happens, it would be the first time in five years that annual sales fall below 17 million units.

In a conference call, NADA Senior

Economist Patrick Manzi said 2018 new-vehicle sales would finish at 17 million, based on strong numbers in November.

"We were expecting sales to fall off a little more than they have this year," Manzi said, "but then the new tax law

put more money in the pockets of consumers, and they certainly purchased new vehicles at dealer showrooms.

"The majority of these sales, following the trend of past years, have been light trucks, such as crossovers, pickups

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Automotive subprime lending increases, yet delinquencies fall

As the pendulum swings, more lenders offer loans to consumers with checkered credit, an industry study found.

Car-loan delinquencies have declined even though subprime lending has increased, according to credit tracker TransUnion.

Subprime auto loan originations rose 7.3 percent year-over-year in 2018's third quarter. That's significant considering subprime lending decreased 7.8 percent year-over-year in last year's second quarter.

The 2017 decline reflected some lenders cutting back on financing for consumers with low credit scores.

But now the pendulum is swinging in the other direction as once-reluctant lenders view the subprime market more favorably, according to the latest TransUnion Industry Insights Report.

Moreover, existing subprime lenders, such as buy-here, pay-here operations "are doubling down," said Brian Landau, TransUnion's senior vice president and automotive business leader.

When it comes to subprime, lenders overall are focusing on risk tolerance

as they shorten loan terms, manage interest rates and reduce lines of credit, TransUnion reported.

It seems to be paying off. The overall consumer-level delinquency rate has declined, with subprime showing an improvement of 15 basis points, from 6.9 percent in last year's third quarter to 6.82 percent in this year's third quarter.

Another reason for the subprime stability: Consumers are acting wiser financially. "They have access to much more information than they did 10 years ago, and that results in many of them thinking about affordability and whether to buy a new or used vehicle," Landau said.

Also helping the cause are low unemployment (4 percent) and wage growth, he said. Economic headwinds to watch for include increasing interest rates, rising oil prices, existing tariffs on steel and aluminum and potential tariffs on imported vehicles that would drive up prices.

The strong subprime performance seems to disprove naysaying claims in recent years that a subprime auto-lend-

ing bubble was about to burst.

"The market was heating up, growing at double digits, and a lot of people were waiting for it to pop," Landau said. "It never happened. It shows the resiliency of the market."

Overall auto loan delinquencies of 60 days or more are at 1.36 percent, down from 1.4 percent.

Other automotive highlights of the TransUnion's quarterly report:

- The number of U.S. auto loans is 81.9 million, up from 78.6 million in last year's third quarter.

- The average debt per borrower is \$18,835, up \$268.

- The average balance on new auto loans is \$20,998, up \$345.

- Generation X members (born from 1965 to 1979) carry the highest average loan balance at \$21,220, followed by Baby Boomers (1946-1964) at \$18,638, Millennials (1980-1994) at \$18,024, the Silent Generation (until 1945) at \$14,539 and Gen Z (1995 and up) at \$14,301.

"It's almost a bell curve," noted Matt Komos, vice president of financial services and research consulting at TransUnion.

'19 fuel economy guide available for download

The U.S. Department of Energy and the Environmental Protection Agency have released the 2019 Fuel

Economy Guide. The Guide provides prospective purchasers with detailed fuel economy estimates for MY

2019 light-duty vehicles, along with other information including estimated annual fuel costs.

AIADA luncheon is Jan. 27

International brand dealers will gather in San Francisco on Jan. 27 for the American International Automobile Dealers Association's 49th annual Meeting and Luncheon, to consider the state of the industry and what's ahead in 2019. Headlined by Bob Carter, executive vice president of sales at Toyota Motor North America, the AIADA event is a can't-miss opportunity for today's leading dealers to help shape the future of the international-nameplate auto retail industry.

The event will include the passing of the chairman's gavel from 2018 Chairman Brad Strong, of Utah, to the '19 chairman, California's Howard Hakes of California.

Tickets are sold at www.aiada.org.

NADA Show 2019: Jan. 24-27 in San Francisco

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Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Take steps to prevent germs in the workplace

It's here. It's the time of the year when flu season hits and people are more susceptible to getting sick. In fact, the Centers for Disease Control and Prevention reports that flu activity typically peaks between December and February.

According to research found on the WebMD website, "5 percent to 20 percent of the U.S. population will get the flu on average, each year. Furthermore, 200,000 Americans are hospitalized each year because of problems with the illness."

That definitely can be problematic for any business, and it's important that employers follow a few tips for preventing germs in the workplace.

Encourage employees to get vaccinated

As the old saying goes, an ounce of prevention is worth a pound of cure. One of the best ways to prevent the flu from plaguing a workplace is to encourage employees to receive their flu vaccinations before the onset of flu season. A company might even consider covering the cost of employees' vaccinations because it'll likely save money in the long run, with less absenteeism due to sick employees.



Create hand-washing policies

A company can do itself a big favor by making it mandatory for employees to wash their hands whenever they're in the restroom. Ideally, they'll wash with hot water and plenty of lather for about 20 seconds. This simple act can be huge for minimizing the spreading of germs.

Also, advise them to wash their hands prior to eating and after sneezing, coughing and so on. Make this part of the company's employee handbook, if necessary.

Provide hand sanitizer

Although not quite as effective as hand washing, the use of a hand sanitizer throughout the day can kill off the majority of germs. When sinks aren't readily available, it's the next best option. Ideally, provide each employee with a bottle of hand sanitizer and

dispense bottles at different sections throughout the workplace. That way, employees can sanitize their hands often.

Enforce sick days

Here's the scenario: An employee comes down with the flu and is highly contagious. However, that manpower is needed, or the worker decides to stick it out and keep working as usual. The worker inevitably ends up spreading her germs to coworkers and, all of a sudden, half the workforce is sick with the flu.

Although it's often easier said than done for small businesses, it really is important to enforce sick days and ensure that employees with a legitimate illness stay home until they recover. It's better to be a little low on manpower for a day or two rather than having most of the staff sick.

If this is an issue, consider partnering with a staffing firm which can provide temporary help when needed.

The flu/illness and preventing germs in the workplace should be taken seriously. Without proper prevention, germs can bring a business's operations to a screeching halt and potentially hurt profitability.

U.S. EPA to ease hazardous waste rules for airbag disposal

The U.S. Environmental Protection Agency announced that it will waive some hazardous waste regulations for auto dealers and businesses disposing of airbags, a decision designed to ensure proper disposal of potentially deadly Takata air bag inflators.

Dealers instead will send airbag parts to a certified disposal facility which will handle the airbags under hazardous

waste rules, the agency said. Otherwise, it said dealers might feel overwhelmed by regulations and be tempted to dispose of airbag parts in the municipal waste stream.

"Today's action will help auto dealers and scrap recyclers across the country protect public health and properly dispose of these defective airbags inflators," EPA Acting Administrator Andrew Wheeler said in November.

Lenders

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reprs who have their best interest at heart and will bend over backward to get deals done. "I would choose the hard-working rep over the bank with the lowest rates that has no interest in building relationships with their dealers," said one dealer quoted in the report.

Sought-after personality traits among reprs and analysts include honesty, professionalism, sincerity, intuitiveness, and an upbeat attitude.

The report analyzes dealer data based on institution type — bank, captive, credit union, and independent finance company — as well as by dealership respondent: franchise versus indepen-

dent. It also includes state-by-state data and comparisons between prime and subprime lenders.

"At a time when vehicle sales are starting to decline, better-rated lender traits will become increasingly critical to drive volume," the report said. "These traits translate to a strong lender book-to-look ratio."

Member-discounted auto show tickets on sale

Tickets and vouchers that admit the holder to the 2019 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission ticket and Weekday Discount voucher. The former, which costs CATA members \$600 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The Weekday Discount voucher costs members \$100 for 100 and admits the holder for \$7 during the week.

Regular admission is \$13. A minimum 100 passes must be requested with either order.

Forecast

CONTINUED FROM PAGE 1

and SUVs.”

NADA Chairman Wes Lutz, a Michigan dealer, said that sales of 16.8 million new vehicles still would make 2019 a robust year, but he is concerned that “price creeping” could take some consumers out the market.

“If incentives continue to go down and interest rates go up, it will put tremendous pressure on consumers with rising monthly payments,” Lutz said. “The level of interest rates moving forward will be a wild card.”

In 2018, consumers continued to abandon car segments. Light trucks are on track to account for about 70 percent of sales, while cars will be nearly 30 percent of sales. In 2017, the ratio was 64.5 percent light trucks and 35.5 percent cars. Ten years ago, the sales mix consisted of 48 percent light trucks and 52 percent cars.

“One of the main factors for this shift has been continued low oil and gasoline prices and the fact that cross-

over utility vehicles are nearly as fuel efficient as their sedan counterparts,” Manzi said. “And we’ve seen fuel economy increases across the board, not just on crossovers but also traditional SUVs and pickups.

“We also expect gasoline prices to remain relatively low in 2019, not as low as present but still low enough not to cause a panic and a consumer shift back to the car market.”

Incentive spending, on average, per unit was down in November 2018 compared to the same month a year ago, according to industry sources.

“We’ve seen more discipline from auto manufacturers with their production this year. They have properly aligned production with demand and as a result have relied less on incentives, although some incentives applied on less popular segments may spike in December 2018, as well as on fleet sales at the end of the year,” Manzi said.

“We expect incentives to continue to fall and automakers to remain disciplined in 2019.”

Sedgwick deflects Q3 2018 jobless claims

One hundred three CATA dealer members reported a combined 186 unemployment claims during the third quarter of 2018 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company’s efforts saved those dealers a total of \$442,968 in benefit charges by contesting the claims.

Sedgwick, Inc. monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 235 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer’s unemployment tax rate. The rate can vary between 0.525 percent and 6.925 percent of each employee’s first \$12,960 in earnings.

The 2018 average unemployment tax rate & new employer rate for Illinois employers is 3.225 percent, or about \$418 annually per employee (\$447 in 2017). The rate continues to inch down from 2007, as the Illinois economy continues to improve.

“The unemployment tax is really the only controllable tax in business, in that it’s experience-driven,” said Bruce Kijewski of Sedgwick. An ex-employee’s claim affects the employer’s tax rate for three years.

For new enrollees, client fees amount to \$2.85 per employee, per fiscal quarter. For the fee, Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client’s unemployment tax rate.

For more information and information on how to retain Sedgwick’s unemployment services, contact Kijewski at (773) 824-4322 or Bruce.Kijewski@Sedgwick.com.



CATA holiday closings

The office of the Chicago Automobile Trade Association will be closed Dec. 24 and 25. Happy holidays!