



Upcoming DealersEdge webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is \$149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for \$198. Regular annual membership fees are \$397, and normal webinar fees are \$298 for non-DealersEdge members.

Once purchased, DealersEdge webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just \$149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge webinars.

Coming topics:

Premiering Thursday, March 20 at 12 p.m. CDT

“Keys to Shrinking WIP and Unapplied Labor”

Learn practical tips on how to get a firm grip on these troublesome and profit-draining accounts. Shrink the pile!

Unapplied labor hours means you either did not sell the time (which, of course, no longer is saleable), or the

SEE **WEBINARS**, PAGE 4

BBB reviewers see trade-in issues in dealer advertising

Officials from the Better Business Bureau, which reviews dealer advertising for compliance with the Illinois Motor Vehicle Advertising Regulations, said they recently have seen “widespread” instances of ads that violate rules about trade-in allowances.

Section 475.540 of the regulations prohibits dealerships from offering specific trade-in allowances or ranges of trade-in allowances under any circumstances. Tying such amounts to a book value does not prevent a violation of the rule. There also is no provision in the rule to authorize dealers to advertise

that certain trade-in vehicles have values connected to book values.

“The practice of suggesting to consumers that their trade-ins can be worth an amount set by a recognized price guide has become widespread,” said Patricia Kelly, the Chicago BBB’s general counsel. “The BBB sends letters weekly on the practice. We receive many referrals on this issue, as it continues in the marketplace because many dealers understand that it is a problem under Section 475.540.

“We have seen it in published advertisements and
SEE **ADVERTISING**, PAGE 4

Lease tax bill sent to governor

Illinois legislation that would base sales tax owed on leased new vehicles on the monthly payment instead of the vehicle’s selling price cleared the state’s House of Representatives March 4 and was sent to the governor

March 6.

The 111-0 House vote follows a unanimous Senate vote last May.

Gov. Pat Quinn, who has said he supports the measure, has until about May 5 to

SEE **LEASE TAX**, PAGE 4

Circle April 24

CATA to host seminar on NADA Fair Credit Compliance Program

By **MARK SCARPELLI**

CHICAGO METRO NADA DIRECTOR

Recent allegations by the federal Consumer Financial Protection Bureau assert that finance sources which purchase credit contracts from dealers create a “significant risk” of fair credit violations when they allow dealers to exercise discretion in determining the amount they earn for qualifying and extending credit to consumers. The ongoing CFPB fair credit initiative has created uncertainty regarding dealership compliance obligations under the Equal Credit Opportunity Act.

The NADA Fair Credit Compliance Policy & Program, introduced in January, is based on a compliance program that two dealers adopted in 2007 consent orders to resolve Department of Justice allegations of unintentional credit discrimination. While neither the DOJ nor any other federal agency have stated that adopting this approach satisfies the requirements of federal law, it nevertheless provides a useful template for dealers to consider in developing their own approach to fair credit compliance. The publication contains: (i) a brief overview of this issue; (ii) general and specific instructions for completing the Fair Credit Compliance Program template; and (iii) the actual Program template.

Paul Metrey, the National Automobile Dealers Association’s chief regulatory counsel, will visit the CATA on April 24 for a special seminar to provide an overview of the NADA Fair Credit Compliance Program. Dealers and their appropriate managers are encouraged to register to attend.

This voluntary approach to fair credit compliance is designed to help dealers who adopt it to both promote their commitment to fair credit compliance and strengthen their ability to demonstrate that they have taken a consistent approach to the pricing of consumer credit.

Dealers who adopt this or a similar approach would individually establish a pre-set amount of compensation their dealership would include in credit offers to every consumer, unless any one of several predetermined and pro-competitive reasons for deviating from that amount is present in the transaction. The approach also provides that any person offering an extension of credit must record and document any deviation from the dealership’s pre-set amount of compensation. Finally, it establishes a periodic review process for management personnel to examine the documentation and, if necessary, take corrective action.

The NADA program was developed in conjunction with the American International Automobile Dealers Association and the National Association of Minority Automobile Dealers.

AIADA industry summit May 7-8

Registration is underway for the American International Automobile Dealers Association’s eighth annual International Auto Industry Summit, May 7-8 in Washington, D.C.

“As dealers,” said 2014 AIADA Chairman Larry Kull, “it starts with us to ensure that our legislators and policymakers understand the impact their decisions have on our businesses. However, in the midst of running successful dealerships, we often overlook the legislative and policy threats that could undermine our hard work.

“I believe that AIADA’s Summit provides dealers with one of the most practical ways to make their voices heard on issues such as trade, taxes, and government red tape.”

This year’s Summit, themed “It Starts Here,” will feature a packed program. Dealers and GMs will hear from Charlie Cook, Editor of the Cook Political Report, on the issues impacting this year’s midterm elections. Also joining: Jonah Berger, best-selling author of “Contagious: Why Things Catch On,” to learn more about how products and ideas become popular and how we can implement some of these principles into our own businesses.

Several automaker executives also will attend for the always popular industry panel discussion. Finally, dealers will have the chance to head to Capitol Hill and visit with their legislators.

The AIADA will host an exclusive reception and briefing for members of The Rising Dealers Network featuring Brad Fitch of the Congressional Management Foundation.

“I believe that the next generation of dealers will play an increasingly pivotal role in warding off regulations and legislation, but it is up those of us already involved to help get them on board with AIADA’s mission,” Kull said.

More information and registration on the AIADA summit is available at www.aiada.org or (800) GO-AIADA.

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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 www.cata.info.

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Green Payments Solutions named a CATA Preferred Provider

Green Payment Solutions has been named by the CATA board of directors as the preferred provider for the credit card processing needs of association members.

The CATA and Green Payment Solutions have partnered to develop a credit card processing program that officials believe will offer substantial monthly savings to dealers. In addition to the savings, the program offers a unique level of transparency making a complex process much easier to understand.

Green Payment Solutions has provided top quality credit card processing services to local and national merchants for more than 10 years and is recognized with A+ status by the Better Business Bureau.

Green Payment Solutions' CATA Exclusive Pricing (C.E.P.) Program includes the following benefits and services:

- Exclusive pricing for CATA dealers backed by a Low Rate Guarantee
- Interchange-plus, or pass through, pricing structure for full transparency

- Multiple value-enhancing fee waivers

- No early termination fee
- Equipment and supplies at cost

- Next day funding

- Prioritized customer service and technical support for CATA member dealers

- Complete data security

For a no-obligation rate review of your merchant account, contact John Kim from Green Payment Solutions at (888) 980-9701 ext. 109 or JohnKim@GreenPayllc.com. Learn more about Green Payment Solutions online at www.GreenPaymentSolutions.com.

The CATA's Member Benefit program is outlined on the association's website, at www.cata.info/resources/cata_member_benefits.



Americans borrowing record amount to buy cars: Experian study

A combination of higher prices for new cars and relatively low rates for auto loans means Americans are borrowing a record amount to pay for their new rides.

According to Experian Automotive, which tracks millions of auto loans written each quarter, the average amount borrowed by car buyers last quarter climbed above \$27,000 for the first time ever.

"It's not surprising buyers are borrowing more," said Melinda Zabritski, Experian's senior director of automotive credit. "If you look at the most popular segments, they are full-size pickups and SUVs. It's hard to find one of those models new and fully loaded for under \$30,000."

According to Experian, the average auto loan in fourth quarter 2013 was \$27,430—an increase of \$739 compared with the same period of 2012. The average used car loan was \$345 higher, coming in at \$17,974.

Those with non-prime credit ratings — or credit scores between 620 and

679 — had the highest average auto loan. For these borrowers, the average new car loan rose more than \$1,500, to a new high of \$29,385.

And as their loans rise, keeping the monthly payment as low as possible has become more of a challenge — even as car buyers stretch their loans over longer periods of time. According to Experian, the average monthly payment for a new car auto loan rose \$11, to \$471 in the fourth quarter; the average monthly payment for a used car loan edged \$4 higher, to \$352.

Not surprisingly, those with sub-prime credit ratings — credit scores between 550 and 619 — had the highest average monthly payment, of \$499.

"I expect that monthly payment to continue rising and go above \$500," Zabritski said. "There's always a tipping point where buyers say, 'I can't pay that much every month.' So far, we haven't seen the flashing lights go off indicating buyers are at a tipping point."

The payments are rising despite an increasing number of car buyers opting

to stretch their loans over six or seven years. According to Experian, a record 20 percent of all new car auto loans in the fourth quarter were more than six years in length.

Overall, the average auto loan is scheduled to last five years and three months — but that could be rising.

J.D. Power said February 2014 was on track to have one-third of new-car auto loans last at least six years.

Bigger auto loans shouldn't come as a surprise, given the average transaction price — or the amount buyers are paying at dealerships — climbed 1.9 percent to \$32,160 in February, according to Kelley Blue Book. It's the second straight month transaction prices came in above \$32,000, as car buyers are adding navigation systems, in-car connectivity and infotainment systems to their vehicles.

The highest average transaction price in February among the largest mass automakers was General Motors, where the average model sold at dealerships for \$35,380.

In Memoriam

Joseph J. Hennessy, who founded three area dealerships and was a two-term president of the CATA, died March 9. He was 80.

Mr. Hennessy operated River Oaks Ford, in Calumet City; River Oaks Chrysler-Jeep, in Lansing; and Hennessy's River View Ford, in Oswego. He was a past president of the Ford Dealers Advertising Fund, and was a recipient of the Ford Credit Partners In Quality Award and the Christian Brothers Lasallian Man of the Year Award.

Mr. Hennessy served on the CATA board of directors 1972-1984 and was board president 1975-1977. His son, John, is an officer on the current CATA board.

Other survivors include Stella, his wife of 53 years; a son, Joseph; daughters Nina, Amy and Catherine; and 14 grandchildren. Memorials appreciated to Juvenile Diabetes Research Foundation, (312) 670-0313.

John J. "Jack" Griffin II, 80, who for years was executive director of the Chicagoland Buick Dealers Association, died Feb. 26.

Mr. Griffin served in the U.S. Air Force as a JAG officer from 1958 to 1961. He worked as an attorney and CPA with his brother, David, at Griffin & Griffin in Chicago.

Mr. Griffin was a proud Wisconsin Badgers fan; and he enjoyed traveling, Hawaiian vacations, skiing, and spending time with his family.

He is survived by a son, Gary; six grandchildren; and two great-grandchildren. Memorials appreciated to Memorials to Wounded Warrior Project, (630) 522-4774.

Lease tax

CONTINUED FROM PAGE 1

consider House Bill 2317. If he signs it, the change would take effect Jan. 1, 2015.

The Chicago Automobile Trade Association and the Illinois Automobile Dealers Association have made several runs at the taxation change on long-term leases (more than one year), but revenue officials always focused on near-term shortfalls in tax collection over long-

term gains. Immediate gains would be seen in the current structure, under which dealers could not offer advance trade-in credits to their lease customers.

The changes are projected to increase state revenues \$14 million to \$28 million annually, based on forecasts of increased leasing activity. Lease transactions in Illinois currently are about half the number in nearby states. The revenue department's position on the bill is "neutral."

Webinars

CONTINUED FROM PAGE 1

accounting is not tight and efficient. If you have larger-than-acceptable WIP or Unapplied Labor, or those accounts are growing rather than shrinking, then this online workshop is for you. Rob Campbell of the Mironov Group will share his process for identifying the problems, finding the profit leaks and then plugging them.

Premiering Thursday, March 27 at 12 p.m. CDT

"What's New in Pre-Employment Screening: Background Checks and Interviewing Just Got Tougher"

Rules are being tightened. When checking out perspective employees, what is permissible and what is not? Know where not to go, to stay out of trouble.

The Internet opens up all sorts of ways to learn about prospective hires. But these new screening tools also carry significant legal risks that every dealership manager needs to be aware of. Employment law specialist Charles Feuss will examine what you can and cannot ask, and what you can and cannot investigate, when checking out those applying for a position.

Advertising

CONTINUED FROM PAGE 1

most often in direct mail pieces targeted to consumers with specific vehicles known to the dealers sending the mail pieces. The direct mail piece often identifies the vehicle currently owned by the consumer receiving the mail piece, and states that the consumer can expect to obtain the book value, or even a percent over that, for his or her trade-in."

The BBB/CATA ad review program exists to provide a forum for self-regulation and to ensure that all dealers are operating on a level playing field.

The current practice of tying a book value to a potential trade-in may have arisen because Section 475.360(d) does allow dealers to compare the used cars they sell to

a recognized book value. In fact, the rule mandates that a recognized book value is the only price standard available to dealers for the used cars they sell.

In addition, there is a required disclosure, in at least 10-point boldfaced type which states: "The value of used vehicles varies with mileage, usage and condition. Book values should be considered estimates only."

However, there is no authorization in any section of the advertising regulations which allows dealers to compare the used cars they buy, as trade-ins, to a book value. Section 475.540 is the entry dealers must consider when they make claims concerning trade-in values.

Kelly said the BBB will continue to monitor dealer ads and issue letters as needed.