



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 dropdown menu to CATA-DealersEdge webinars.

Coming topics:

Premiering Thursday, Jan. 9 at 12 p.m. CST

“How to ‘Read Your Service Customer’s Mind’ to Promote Retention and Satisfaction” Learn the tricks of a mind reader and gain the sixth sense that allows you to know your service customer’s wants and needs before they verbalize them. Add the WOW factor to your ser-

SEE **WEBINARS**, PAGE 2

’14 Illinois DOC fee max is \$166.27

The maximum amount that Illinois dealers can charge in 2014 for documentary preparation fees is \$166.27, the Illinois attorney general’s office announced Dec. 17.

The \$1.97 increase over the 2013 maximum fee reflects a 1.2 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 dealers 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 — could bring charges of profiling.

Two copies of the poster will be mailed to dealerships in late December. For limited additional copies, dealers can call the CATA at (630) 495-2282.

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

BBB cautions about price in emails

The Better Business Bureau, which monitors all vehicle advertising by area dealers, reports that some salespeople, in quoting vehicle prices via email, are doing the math and deducting limited and general rebates. That’s a no-no.

The practice violates Rule

475.310 of the Motor Vehicle Advertising Regulations, which states “Purchasers shall be able to purchase all vehicles described by the advertisement at the advertised prices, without exception or any condition, must

SEE **EMAIL**, PAGE 2

Fed, CFPB to increase TILA, Consumer Lending Act thresholds

The Federal Reserve Board and the Consumer Financial Protection Bureau announced that the dollar thresholds in Regulation Z (Truth in Lending Act) and Regulation M (Consumer Lending Act) for exempt consumer credit and lease transactions increases Jan. 1 to \$53,500.

Webinars

CONTINUED FROM PAGE 1

vice drive, to improve customer retention, sales and profits!

All too often service advisors are not focused on the customer and her needs, and more importantly her wants. Learn how to read the customer so that it will look like you knew what was on their mind even before they arrived. Learn to use all your senses in “reading the customer” — delivering the WOW factor of Exceptional Service Practices. You will learn:

- How to dip into a “mind reader’s” bag of tricks and use a defined greeting and write up process can provide the clues you need to beat your customer’s expectations
- How the proper presentation of service recommendations can use the same feedback to prepare the customer for services they are not yet aware they need
- How to remind the customer of items overlooked or deferred from the past
- Best practices for email and other communications to convey important information to the customer

Premiering Thursday, Jan. 16 at 12 p.m. CST

“How to Match Service Marketing to Your Service Process for Maximum ROI” If you take care to match your service marketing efforts to your overall department goals and organization ... you’ll get improved return on your marketing investment along with improved customer and employee satisfaction.

All too often service marketing is simply repeating the last effort, and often it does not take into account service department goals and objectives, not to mention the management processes that are to guide you success. Don Reed examines how you can get a maximum return on your promotional budget by coordinating the marketing efforts to an improvement plan that takes into account your capacity and goals for growth. You will learn:

- How to prepare a performance pro forma based on marketing goals
- How to evaluate staffing level requirements in conjunction with the marketing plan
- Tips for training service advisors and managers to properly handle the additional customers your marketing efforts are expected to produce

Email

CONTINUED FROM PAGE 1

be available to every possible consumer.

Patricia Kelly, senior counsel of the BBB of Chicago and northern Indiana, said salespeople likely don’t know what, if any, rebates for which a consumer is eligible, when an inquiry is made online. Nevertheless, she said, some replies deduct all available limited rebates from the quoted prices.

“This usually happens online,” Kelly said, “after a consumer has inquired about a specific vehicle through the dealer website. The return email from the dealer, in a standard form, quotes a price for the vehicle wherein limited rebates are deducted. The consumer relies on this price and, upon arriving at the dealer, learns that the price is not available to the consumer because he or she does not qualify for all the rebates.

“In some cases, no consumer can qualify for all the rebates, so the price is not available to anyone at all.”

To the extent that an email to a consumer is a general communication about prices available to most, if not all consumers, it is an “advertisement” rather than an individual conversation or negotiation, under the Illinois rules on vehicle advertising and must comply with the rules, which state a vehicle can’t be advertised with different prices in different ads. An individual conversation about price would take into account the available rebates for the specific consumer and the individually quoted price would include only those rebates for which the consumer qualifies.

Kelly said the BBB has written letters to offending dealerships and handled complaints on this issue and will continue to do so. The BBB-CATA Advertising Review Program, begun in 1996, can help dealers avoid a suit. The BBB reviews dealer ads and sends a dealer notice of a rule infraction. If a dealer fails to shore up the ad within 30 days, the BBB forwards the matter to the Illinois attorney general’s office.

The BBB efforts also strive to maintain a level playing field for dealers to advertise prices, and to help consumers understand price offers.

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast e-mail every other Friday except during the Chicago Auto Show, when it is not produced.

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

Dealers dig in to defend auto financing system

Dealers in 2014 are bracing for round two of a fight with a federal agency over how they're compensated for arranging auto loans.

At issue is dealer reserve, the practice of dealers adding to the interest rate of a loan as compensation for acting as middlemen between car buyers and lenders.

The average add-on is less than 1 percent, and dealers say it is wrong to assume a car buyer would get a lesser loan rate with dealer reserve out of the picture because lenders offer wholesale, not retail, rates to dealers.

Critics say the reserve system, the centerpiece of dealer-assisted indirect financing, is a rip-off. Senator Elizabeth Warren, D-Mass., is one of its most vocal detractors, claiming consumers are "tricked out of billions of dollars every year on car loans."

But dealers say the indirect-financing system fosters competition and benefits consumer. Dealers aren't reserved about defending the lending model.

It became a hot topic in 2013. The debate is expected to get more intense as dealer trader groups try to fend off a government agency's opposition.

The National Automobile Dealers Association warns consumers will be ill-served by the Consumer Financial Protection Bureau's efforts to prod lenders to end the interest-rate compensations.

The NADA contends the CFPB is seeking to change dealer-assisted financing in a way that will increase the cost of credit and make it less available to automotive consumers. Instead of dealer reserve, the CFPB prefers a flat rate or something like it. The bureau indicates a flat fee might eliminate dealers potentially charging higher loan rates to so-called protected classes of borrowers, such

as minorities, creating what the government calls a form of discrimination referred to as a disparate impact.

In 2013, the CFPB warned some lenders about the possibility of such pattern of discrimination.

NADA President Peter Welch says the CFPB is withholding information relative to the methodology it is using to determine whether statistical discrimination exists in auto lending. Until it is released, there is no way to determine if the government analysis is reliable, he says.

For example, it's not publicly known if the analysis accounts for variables such as credit score, the amount financed, term of the loan and special finance incentives.

"There is no place for discrimination in the car business or any other business," said Welch. But the CFPB's solution hurts consumers more than it helps, he said.

"The financing model has worked for a century but now it is being threatened," NADA Chairman David Westcott said. Indirect lending accounts for the majority of car loans.

Technically, the CFPB has no business overseeing dealer business. After NADA lobbying, dealers won exemption from increased government regulation called for in the Dodd-Frank Financial Reform Act passed after the financial meltdown of 2008.

The consumer protection bureau directly oversees lending institutions that provide car loans with dealers acting as middlemen. By exerting pressure on lenders, the bureau has threatened the dealer-reserve system.

Tesla

On another battlefield, franchised-dealer organizations are fighting Tesla for selling its electric cars in a way that circumvents the traditional franchised dealership system. On a positive side, dealers in 2014 are expected to see an increase of sales per store, a measure-

ment of profitability.

Meanwhile, some state dealer associations say Tesla is short-circuiting the conventional dealer system by selling its vehicles directly to customers.

Tesla has opened small showrooms here and there where shoppers can check out the single-product Model S, then order one online from the manufacturer.

Some consumers think that's the way to go. They see dealers as needless middlemen, and praise Tesla founder Elon Musk for trying to revolutionize how cars are sold.

Dealer associations and Tesla battled legally and legislatively over the EV maker's desire to sell cars directly to consumers. Dealers charge Tesla with circumventing dealer-franchise laws that exist in every state.

"What puzzles me is that he has never tried the franchise system, yet he insists it won't work for him," Bill Wolters, president of the Texas Automobile Dealers Association, says of Musk.

Musk told the NADA he will embrace the dealer-franchise model that's prevalent in the U.S. once sales of his cars reach critical mass, Westcott said. "(Musk) is an interesting individual, and the car is wonderful. The only thing we differ on is the distribution system."

Westcott said the dealer-franchise system creates competition among dealers, resulting in better prices for customers. He notes automakers such as Ford tried to sell vehicles directly to the public in the past and failed.

Franchised dealers enjoyed high sales and healthy profits throughout 2013. One reason for the brisk delivery rates was the increased availability of relatively low interest loans and a comeback of credit access for people with imperfect credit scores.

Most popular car-theft holiday approaches

The holiday season is in full swing, but remember that vehicle thieves rarely take a holiday. Indeed, one study ranks New Year's Day as the most vehicle-theft-prone holiday over the past several years.

For the 11 holidays reviewed in 2012 by the Des Plaines-based National Insurance Crime Bureau, a total of 21,325 vehicles were stolen compared to a total of 20,800 reported stolen on those same holidays in 2011 — a 2.5 percent increase.

New Year's Day topped the 2012 list, with 2,228 vehicles reported stolen across the country. Meanwhile, Christmas Day repeated as the holiday with the dual distinction of having the lowest theft figure for a holiday and as the lowest reported vehicle thefts of *any* day in 2012, with 1,432.

Although New Year's Day was the holiday with the most reported thefts, there were 64 other dates in 2012 that recorded more theft activity. June 1, July 23 and Aug. 1 were the most active dates overall with thefts of 2,579; 2,525 and 2,457 respectively.

The holidays ranked by number of thefts reported to the NCIC in 2012

were:

1. New Year's Day (2,228)
2. Labor Day (2,158)
3. New Year's Eve (2,152)
4. Memorial Day (2,078)
5. Halloween (2,053)
6. Christmas Eve (2,034)
7. Independence Day (1,955)
8. President's Day (1,925)
9. Thanksgiving (1,656)
10. Valentine's Day (1,654)
11. Christmas Day (1,432)

“While Americans are enjoying the holidays and most have time off from work, we need to remember that holidays are just another day at the shop for vehicle thieves,” the NICB stressed in a news release.

“The NICB reminds drivers to be alert during the busy holiday season. That includes parking in well-lit areas, keeping packages in the trunk or out of sight and making sure your parked vehicle is locked,” the bureau stated.

The NCIB is a not-for-profit organization dedicated to preventing, detecting and defeating insurance fraud and vehicle theft through data analytics, investigations, training, legislative advocacy and public awareness.

Legislation to reduce dealership paperwork advances in House

The House Energy and Commerce Committee on Dec. 11 approved by voice vote a bipartisan bill, H.R. 724, which would eliminate some red tape required by the Environmental Protection Agency when buying a new car or truck.

The bill would repeal a 1977 mandate that requires dealers to certify that a vehicle complies with the Clean Air Act. (This form is required to be presented by the dealer to the purchaser of a new vehicle even though all vehicles must comply with the Clean Air Act before being sold in the United States. Additionally, a Clean Air Act certification sticker can be found under the hood of most vehicles, or in the owner's manual, making an additional certification by the dealer redundant.)

The legislation now goes to the floor of the House for consideration. The bill attracted wide bipartisan support and has no known opposition.

“Federal and state laws already require a myriad of forms that must be reviewed and signed by the customer to close a deal on a new car or truck,” said Dave Westcott, chairman of the National Automobile Dealers Association, and a dealer from North Carolina.

The office of the Chicago Automobile Trade Association will close Tuesday, Dec. 24 and Wednesday, Dec. 25 to mark the Christmas holiday; and Tuesday, Dec. 31 and Wednesday, Jan. 1 for New Year's Day.

The CATA board of directors and staff wish all our members and their families a happy and prosperous 2014!

Member-discounted tickets to 2014 auto show on sale now

Tickets and vouchers that admit the holder to the 2013 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form (right), which is 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 \$6 during the week. Regular admission is \$12.

A minimum 100 passes must be purchased with either order. All CATA members in good standing will receive a package in early January that includes, among other things, 200 complimentary Weekday Discount vouchers.

2013 CHICAGO AUTOSHOW
MEMBER-DISCOUNTED TICKETS

General Admission
\$60 per 100 tickets to include:
 Admission to the show
 Unlimited access to all exhibits
 Unlimited access to all areas
 Member discount (about 50% off)
 All information under:
 NO. OF TICKETS: _____
 ABOUT \$: _____

Weekday Discount Voucher
\$100 per 100 vouchers to include:
 Admission to the show
 Admission to all exhibits
 Member discount (about 50% off)
 All information under:
 NO. OF VOUCHERS: _____
 ABOUT \$: _____

Member Discount for select tickets to the 2013 Chicago Auto Show
 No discount
 Member Discount

Name for Check Card: _____ Address for Card: _____
 We will bill the amount of \$ _____
 Please bill the amount of \$ _____ (Please print name)
 Authorized by: _____ (Please print name)

Please type or print the following information:
 Club Company name: _____
 Company address: _____
 Address number: _____
 City: _____ State: _____ Zip: _____
 Phone number: _____
 Name: _____
 Please return to: _____

For More Information on
 Chicago Automobile Trade Association
 2013 Auto Show
 2013 Auto Show
 2013 Auto Show
 2013 Auto Show