



CATA Bulletin

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CATA to fortify AYES locally

Manager search underway

The CATA board of directors voted April 17 to hire an AYES manager and to install the apprentice technician program at more Chicago area high schools. Four schools participate now.

Automotive Youth Educational Systems builds partnerships between dealerships and high schools with automotive service technology curricula. The mission is to create a pipeline of future technicians.

“All dealers say, ‘If I could get a good, quality technician, I’d take him today,’ ” said Donald Gray, AYES president and chief executive. Gray attended the CATA board meeting, where directors committed to a three-year plan to bolster AYES locally.

The CATA is preparing to interview candidates for the AYES manager position. One goal for the manager will be to involve more local dealerships in the yearlong student technician internships, which match students with mentors, usually journeymen technicians.

Just half of the 60 AYES students at four area high schools have been placed for upcoming internships at the 25 new-car dealerships that participate in AYES. Internships begin each June for students who will become high school seniors in the fall.

A special AYES Dealer Mentor Training session will be held May 2 at Chicago’s Farragut Career Academy,

one of the participating high schools. For information about AYES, call the CATA’s David Sloan at 630-424-6055. To reserve a seat at the session, call Jim Foley at Farragut, 773-534-1300, or visit the AYES Web site at www.ayes.org/

Nearly all automobile manufacturers support AYES, which operates at 250 schools in 41 states.

The AYES program is important because 25 percent of 18-year-olds say they already have selected a career path. Exposing the interns to dealership work could sway them to a career there.

Gray said educating children about dealerships can begin as early as kindergarten, with brief tours to show the children how a dealership operates. “That’s little time committed by the dealer, but it’s a powerful impact on impressionable kids,” he said.

AYES can help reshape attitudes throughout a school, said Gray, who noted that technicians need a reading skill level equal to an electrical engineer and greater than an accountant.

“High school counselors don’t understand that the whole technician environment has changed. They describe such a career as a ‘mechanic’ who earns \$18,000 a year and works on his back on a creeper, pulling out engines and

SEE AYES, PAGE 4

Fore!

CATA golf outing moves to Cog Hill; sign-up underway

Refer to two fliers in this newsletter for details on the 98th annual meeting and golf outing of the Chicago Automobile Trade Association. After decades at another course, the event this year moves to Cog Hill Golf & Country Club in Lemont, on June 10.

Good times abound at the daylong golf affair, and the dinner meeting promises to be eventful, with election results of candidates for the board of directors.

SEE ANNUAL MEETING, PAGE 4

Reg. Z revision gives contract copy, not just a look, to customers

Customers need not be given two copies of a retail installment contract—one prior to signing and a second after the contract is signed—in order to comply with the federal Truth in Lending Act, following April 9 action by the Federal Reserve Board.

Instead, it is sufficient to give the customer physical possession of the completed multi-copy contract to review before signing it, and then one of the contract copies after the customer

SEE CONTRACT, PAGE 3

Follow the rules with teen workers; driving restrictions vary

Teen-age workers can be an ambitious and cost effective source to perform various summertime roles at dealerships, but there are plenty of regulations to adhere to, especially for teen workers to drive.

According to the Drive for Teen Employment Act—an ironic name, for the act effectively limits teen driving—17-year-olds may engage in limited driving on public roads and 16-year-olds may drive only on private property, such as dealership lots, while working.

Employers should consider specifics of the legislation before allowing a teen to drive in the course of work. A 17-year-old must:

- hold a valid state driver's license;
- have completed a state-approved driver education course;
- be instructed that seat belts must be worn; (It's wise to have them sign a statement to this effect when they are hired.)
- have no moving violations on record at the time they are hired.

Also, the vehicle a 17-year-old drives neither may

weigh more than 6,000 pounds gross vehicle weight nor be used for towing. All driving is limited to daylight hours. Supervisors must ensure that there is ample time for 17-year-olds to complete their trips during daylight. Also, 17-year-olds may not drive in excess of one-third of one workday and one-fifth of a workweek.

Vehicle occupancy is limited to three passengers, and the transport of non-employee passengers is limited to two trips a day.

Licensed 16-year-olds may not drive on public roads while on the job.

The National Automobile Dealers Association lobbied vigorously to expand driving privileges for 16-year-olds. But many states—including Illinois—have evoked graduated licensing laws for teens amid rising concern that the fatality rate for licensed 16-year-old drivers is double the rate for 17-year-olds and four times the rate for all drivers.

A violation of the Drive for Teen Employment Act is subject to a \$10,000 fine. On-the-job driving by employees 18 and older is not regulated.

Annual IADA legislative summit May 7-8 in Springfield

The annual spring legislative outing and reception hosted by the Illinois Automobile Dealers Association convenes May 7-8 in Springfield. The conference strives to help dealers discuss in person the issues they face with their elected officials.

Call the IADA at 217-753-0220 to register for the event.

Arbitration bill gaining in Senate

Federal legislation that would forbid mandatory binding arbitration as part of manufacturer contracts with dealers has gathered the pre-vote support of 59 senators, one shy of the NADA goal of 60 cosponsors.

Sen. Dick Durbin (D-Illinois) was an early supporter of the legislation, "The Motor Vehicle Franchise Contract Arbitration Fairness Act." The state's GOP senator, Peter Fitzgerald, has not pledged to cosponsor the bill. Dealers can appeal for Fitzgerald's endorsement of Senate Bill 1140 by calling the senator's Chicago office, 312-886-3506, or by e-mail at peter_fitzgerald@fitzgerald.senate.gov

The disparity in bargaining power between dealers and manufacturers is great. Dealers support legislation to ensure they are not coerced into binding arbitration.

A similar bill (H.R. 1296) is navigating the House of Representatives. It has 199 cosponsors.

Because the legislature is expected to be in session at the time, visits with lawmakers will not be scheduled. However, they have been invited to attend the IADA golf outing at Panther Creek Country Club. Tee times for the May 7 outing begin at 10 a.m.

Legislators also are invited—and anticipated—to attend the Outdoor Reception/BBQ at the IADA offices, 6-8 p.m. May 7.

A breakfast and meeting of the IADA board of directors on May 8 concludes the state association's annual spring summit.

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

Review past editions at <http://cata.drivechicago.com/>

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CATA-initiated bills navigate General Assembly as session's end nears

Two bills that would impact dealers are poised to gain approval by the Illinois General Assembly before lawmakers adjourn for the summer. The spring session is expected to end May 17.

A bill to expand the list of components on a new vehicle which can be repaired without triggering damage disclosure has passed the Senate and awaits a third and final vote in the House. Favorable balloting would deliver **Senate Bill 1851** to Gov. George Ryan for his approval or veto.

Dealers must disclose new-vehicle damage when the cost to repair the

damage exceeds 6 percent of MSRP. However, damage to glass, tires, bumpers and in-dash audio equipment can be replaced with OEM equipment without triggering disclosure. The Senate bill adds video and telephonic elements to that list.

Other legislation expected to reach Ryan, **House Bill 4353**, would make it illegal for anyone to install or reinstall in a vehicle any object in lieu of an air bag which is designed specifically for the make, model and year of that vehicle, according to federal safety regulations.

The bill passed the House in early April and faces a second reading in the Senate.

Other initiatives advanced this session by lobbyists for the CATA appear stuck in committee and unlikely to pass. One bill (**Senate Bill 1852**) proposes to reduce from \$65 to \$13 the cost to dealers to obtain a vehicle title. Another (**Senate Bill 1853**) would restructure taxes on leased vehicles. With the state budget facing a \$1.2 billion—and seemingly growing—hole, bills that would reduce revenue to the state coffers faced a precarious outcome.

Contract

CONTINUED FROM PAGE 1

signs.

On the other hand, it is not sufficient merely to show the contract to the customer and ask for it to be signed. The customer must be allowed to take physical possession of the contract to review it before signing.

The changes to Regulation Z, which implements the Truth in Lending Act, advances the Fed's goal of aiding consumers in comparison-shopping for credit.

"The disclosure requirement is satisfied," according to the Fed, "if the creditor gives a copy of the document containing the unexecuted credit contract and disclosures to the consumer to read and sign; and the consumer receives a copy to keep at the time the consumer becomes obligated.

To illustrate: A creditor gives a consumer a multiple-copy form containing a credit agreement and TILA disclosures. The consumer reviews and signs the form and returns it to the creditor, who separates the copies and gives one copy to the consumer to keep. The creditor has satisfied the disclosure requirement.

Consumers must be permitted to take possession of the TILA disclosures in their entirety, "including any required information that may be on the reverse side or continued on the next page," according to the Fed ruling. This is required

even if the consumer does not sign and become obligated on the credit contract.

A consumer who signs the contract must receive a copy of the disclosures to keep at that time, the Fed said. It is not sufficient to present a copy "within a reasonable time after consummation."

The new parameters should eliminate the ability of plaintiffs to successfully sue dealers for failing to engage in the mechanical exercise of providing consumers with two copies of the combined credit contract with TILA disclosures before the deal is consummated.

Despite that relief, however, dealers must ensure their personnel carefully follow the new guidelines. When TILA disclosures are combined on the retail installment sales contract, dealers must:

- Give consumers a copy of the unsigned contract and ensure they have an opportunity to review the document before signing it.
- Allow consumers to keep the document if they do not sign it at the time.
- Give consumers who do sign the contract a copy of the document immediately after signing it.

The Regulation Z revisions appear in full on the Federal Reserve's Web site at www.federalreserve.gov/boarddocs/press/boardacts/2002/20020403/attachment.pdf/ The NADA can field questions at 703-821-7040.

CATA member's area: www.cata.info

The member portion of the CATA Web site, DriveChicago.com, can be accessed at www.cata.info/ Visit the area for past editions of this newsletter, important forms to use in non-English sales transactions, and more. Take a look!

Automotive Congress May 21-22; Jacobs eyes All-Star Dealer honors

WASHINGTON, D.C.— Dealers and their families, general managers and industry executives will gather May 21-22 for the annual Automotive Congress, presented by the American International Automobile Dealers Association.

The 25th Automotive Congress meets at the JW Marriott in Washington. The event gives dealers an opportunity to meet with their elected federal officials.

Confirmed speakers headlining this year's event include former Speaker of the House Newt Gingrich and consumer advocate Ralph Nader, who will offer their perspectives from the right

and from the left.

Former Miami Dolphins coach Don Shula is the keynote speaker for the All-Star Dealer Awards Banquet, sponsored by the Washington Post and Newsweek.

Bill Jacobs, president of the Bill Jacobs Automotive Group, is nominated for the All-Star Dealer Award, which honors the contributions automobile dealers make to their communities through civic volunteerism and charitable giving.

For more information and to register for the automotive congress, call 1-800-GO-AIADA or visit the association's Web site, www.aiada.org/

Bob Van Iten, the current board chairman, completes nine years of service in June. Directors may serve up to three three-year terms.

Allied members of the association interested in golfing sponsorship options should call Sandi Potempa, the CATA special events and exhibits manager, at 630-424-6065.

Annual meeting

CONTINUED FROM PAGE 1

In all, six board positions are up for election. Five current directors are running for re-election. A nominating committee comprised of former CATA chairmen meets shortly to identify additional candidates for the ballot.

AYES

CONTINUED FROM PAGE 1

working on pistons," Gray said. "Automobiles are very complicated products now. If you can find the dipstick, you're thrilled."

John F. Smith Jr., chairman of General Motors, said, "What we want the future to be is this: When a bright student with the right aptitude and a good work attitude comes in, the school counselor will say to him or her, 'Have you thought of an automotive career?'"

In Memoriam

Harold Carl "Sandy" Sandblom, who operated a Chrysler-Plymouth dealership in Evanston and served as a director of the CATA, died April 15. He was 83.

Sandblom's father established Central Motors, Inc., in 1921, making it one of Evanston's first new-car dealerships. The family ownership spanned three generations.

Sandblom was an officer of several local dealer groups, including Plymouth-Valiant Dealers, Chrysler Dealers and DeSoto Dealers associations.

He served on the CATA board of directors from 1973 to 1979.

A son, Thomas, daughters Diane and Jan, five grandchildren and four great-grandchildren survive Sandblom.

Memorial contributions may be made to the Salvation Army.

Company deflects \$1.02 million of dealers' unemployment claims

One hundred eighteen CATA dealer members reported a combined 465 unemployment claims to the Martin Boyer Co. during the first quarter of 2002. The company's efforts saved those dealers a total of \$1.02 million in benefits by contesting the claims.

Martin Boyer monitors any unemployment claims against its clients. About 200 CATA dealers are clients of the company.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between .06 percent and 6.8 percent of each employee's first \$9,000 of earnings. The average unemployment tax rate among Illinois employers is 3.1 percent, or \$279

annually.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," said Paul Schardt, senior vice president of Martin Boyer. An ex-employee's claim affects the employer's tax rate for three years.

Client fees amount to \$2.10 per employee, per fiscal quarter. For the fee, Martin Boyer monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

Martin Boyer has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241. Note the new telephone number; the company relocated April 15.