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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:

Thursday, June 2 at 12 p.m. CDT

"Converting E-mail Ups to Showroom Appointments" When sales leads come in via e-mail, one of the biggest challenges is to gain trust and to move the potential customer from an "inquiry" to a "showroom appointment." Once you get your Internet lead on the

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Registration underway!

Dealer Meeting & Expo June 22

Twelve informational seminars and 40 CATA allied-member companies ready to discuss the benefits of their products and services makes for one-stop shopping June 22 at the 2nd annual CATA Dealer Meeting & Expo.

Dealers and their managers can register online to attend at www.cata.info. It is a free event; the value is incalculable.

Allied members will be ready to discuss how they can help the dealers' bottom lines; and the "best practice" presentations, each about 45 minutes in length, cover a range of topics important for day-to-day operations.

Concurrent presentations will begin at 10:15 a.m., 11:15 a.m., 1:30 p.m., and 2:30 p.m. And a 12 p.m. keynote address will originate live as a special Webinar of DealersEdge, the online training center.

But that's not all. Attendees also will be treated to a buffet lunch and be eligible to win prizes. In 2010, gifts included complimentary advertising campaigns valued at up to $7,500, and multiple retail and restaurant gift cards worth up to $500.

Dealer Recovery Trust Fund closer to passage as lawmakers near term end

Legislation to create a Dealer Recovery Trust Fund inched forward in Springfield, as the Illinois General Assembly approached a scheduled May 31 deadline to adjourn the lawmakers' spring session.

The fund, which would help people harmed by dealerships that close without settling liens on trade-ins, would be endowed by adding $500 to the price of an annual license for new- and used-vehicle dealers and motorcycle dealers.

The Senate passed House Bill 880 on May 17, but add-

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Introducing a new Web site: www.WhatIsAnAmericanCar.com

By Jim Smail, Chairman
American International Automobile Dealers Assn.

For more than 40 years, the AIADA has worked in Washington, D.C., to represent the interests of international nameplate auto dealers. Sometimes that means challenging legislation that will impact our bottom line. Sometimes it means bringing dealers to town to meet with their legislators and advocate for their businesses. And sometimes it means looking beyond Capitol Hill and communicating directly to the public about how our industry works.

In recent years, as unions gained influence in Washington and our federal government became a majority owner of one of our competitors, the anti-import rhetoric in D.C. has heated up. Economy-damaging 'Buy American' language has crept into legislation, and an anti-trade, anti-'import' message is being promulgated by our own elected leaders.

As an international nameplate dealer, taxpayer, and employer of nearly 400 Americans, this is frustrating on many levels. Not the least of which is that most of the so-called 'import' vehicles I sell to my customers in Pennsylvania are built right here in the U.S.A.

For that reason, I am very excited to introduce a new Web site that celebrates the substantial investments that international nameplate manufacturers make in the United States. The data, images, and videos it contains will help consumers decide for themselves what makes a car American. WhatIsAnAmericanCar.com spreads a positive message by focusing on the international brand vehicles designed, built, and sold right here in America.

For a long time, international nameplate dealers have been content to let our vehicles speak for themselves. After all, by any measure our cars and trucks are the most reliable, the most fuel-efficient, and the best sellers in America. Additionally, they are some of the most AMERICAN cars sold in America. The Toyota Camry and Honda Accord finished first and second in Cars.com's 2010 American Made Index, which evaluates how 'American' a car is based on its sales, where the car's parts come from, and whether the car is assembled in the U.S.

That said, we can no longer be content to let our cars do the talking. We must use the facts to protect our stores. And the facts are that the old labels of 'import' and 'domestic' no longer apply in today's global marketplace.

Check out WhatIsAnAmericanCar.com Share it with you employees and customers. As dealers, it's time for us to speak up for our cars.

Webinars

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phone, you should be able to schedule appointments in two-thirds of the opportunities. If that is not true for you and your store, then tune in for strategies and some of the skills needed to make that happen for you.

Thursday, June 9 at 12 p.m. CDT

"Often-Missed Profit Opportunities for your Business Development Center" Long ago, dealers accepted the concept of a Business Development Center, or call center. But for many, something happened along the way to dampen that interest. Many have been abandoned the concept, while others limp along in some state of mediocrity. Joni Stuker, a pioneer in the creation of this concept, shares seven ways your call center is missing profit opportunities and how you can re-tool your efforts for big bottom line improvements.

Thursday, June 16 at 12 p.m. CDT

"Managing & Selling to Gen "Y" in the Dealership & Why it's Important" By 2012, 40 percent of all car shoppers will be from Generation Y. Do you understand them? Most top-level managers come from the Boomer generation, born between 1946 and 1964. But as they come to mature adulthood, few have ever seen anything like Gen Y, those born since 1982. Their attitudes and habits on decision-making, work ethic, communication, dress codes and loyalty (to both brands and employers) are creating perplexing challenges for car dealers. Learn how this growingly important segment of the workforce and of consumers in general will impact car dealers.

Revenue Dept. forum at CATA

Leading representatives of the Illinois Revenue Department will appear at the CATA June 7 to review tax issues important to dealers.

The group is expected to discuss topics such as trade-in credits, goodwill repairs, sales to out-of-state purchasers, consumables, and interim use exemptions. Audience questions will be permitted.

Find the registration form at www.CATA.info.

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

David E. Sloan **President, Publisher**
Erik K. Higgins **Editor, Director of Dealer Affairs**

Dealers found compliant with rule on car loans to consumers

As part of its ongoing efforts to ensure that auto dealers' financing practices comply with federal consumer protection laws, the Federal Trade Commission has completed investigations of nearly 50 automobile dealers across the country to assess their compliance with the FTC's Rule Concerning Preservation of Consumers' Claims and Defenses, more commonly known as the "Holder in Due Course" Rule.

The FTC said May 17 that its investigations found broad compliance with the Rule among auto dealers.

The Holder in Due Course Rule protects car buyers when dealers sell the buyers' credit contracts to other lenders. Specifically, the Rule preserves consumers' rights to raise claims and defenses against purchasers of consumer credit contracts. With automobile sales, it protects consumers who buy cars from dealers on credit.

When dealers sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealers. Under the Rule, if a dealer engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealer's conduct as a defense to the lender's demand for payments.

Without the Rule, consumers would not have this protection in states that preclude them from asserting against lenders the claims and defenses they have against dealers if the lenders bought the credit contracts in good faith and without knowledge of these claims and defenses.

The Rule requires dealers to include in their credit contracts a notice that lenders who buy the contracts are subject to the claims and defenses consumers may assert against dealers. It effectively makes lenders liable for dealers' conduct, and gives them an incentive to work with reputable dealers.

In November 2010, the FTC staff asked nearly 50 franchised and independent auto dealers in 45 states, and two large online automobile dealers, for copies of consumer credit contacts executed after Oct. 1, 2009.

The FTC staff's review of these contracts found broad compliance with the Holder in Due Course Rule. Because all of the responding dealers disclosed the required Holder Notice in their finance contracts, the FTC staff is closing its investigations of them.

The Commission also reminds auto dealers that their obligations under the Holder in Due Course Rule will expand in July. The Rule currently does not require dealers to include the notice in credit contracts exceeding $25,000 in the amount financed. However, as a result of the Dodd-Frank Act of 2010, the Rule will require the notice in these contracts up to $50,000. The Commission encourages auto dealers to review their contracts to ensure that they are in compliance with the expanded scope of the Holder in Due Course Rule.

The FTC's finding that randomly selected dealers throughout the country are routinely complying with the FTC Holder Rule is consistent with a similar finding the FTC announced in 2004 after it conducted a nationwide sweep of automobile dealer compliance with the FTC Safeguards Rule.

The results of both investigations highlight a salient point made by the NADA in recent roundtables coordinated by the FTC to review vehicle financing roundtables comments to the FTC.

At the roundtables, the NADA said that in recent years there has been "a significant push within the industry to frequently and thoroughly train dealership employees on ethics, regulatory compliance, and the value of transparency and professionalism."

This underscores why the FTC's current examination into dealer-assisted financing needs to reflect today's marketplace and the positive efforts dealers have made to develop a vehicle financing process that is fair, efficient, and competitive.

Fund

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ed an amendment that the House still was considering at this newsletter's deadline.

Among the Senate changes, a dealer who sells 25 or fewer vehicles a year would be exempt from the $500 fund surcharge. The Senate also tinkered with the makeup of the proposed Dealer Recovery Trust Fund Board, which would oversee the fund. The House structured the three-person board to be comprised of the Illinois attorney general and secretary of state, or their delegates; and someone to represent "Illinois automobile dealers." The Senate said that representative should alternately come from the ranks of franchised and independent dealers.

The attorney general's office sought to create the Dealer Recovery Trust Fund after talking to consumers who said they were harmed by the unpaid liens. Assistant Illinois Attorney General Greg Grzeskiewicz described consumers who subsequently saw their credit scores damaged while they were saddled with two vehicle loan payments. Grzeskiewicz said Illinois is the only state without a recovery fund or a bonding mechanism to help those consumers.

The CATA and the IADA, involved in shaping the legislation, were able to steer endowment of the fund toward a hike in dealer licenses and away from more costly surety bonds. They also managed to widen the circle of those who could be compensated by the fund to include dealers, who similarly can be harmed by unpaid liens on dealer trades.

U.S. scraps letter grade plan for new cars

A proposal to assign new passenger cars a letter grade from A to D based on fuel efficiency has been dropped.

Instead, updated price-and-mileage labels for new cars include more information designed to help consumers judge a car's projected gasoline costs and its emissions. But they won't include letter grades assigned by regulators.

Under a plan announced last summer by the Transportation Department and the Environmental Protection Agency, the only cars that would receive an A grade would be electrics and plug-in hybrids, which prompted concerns among automakers that specialize in bigger cars and sport-utility vehicles.

"The addition of a large, brightly colored letter grade may confuse the public about what is being graded, and it risks alienating the consumer who has a valid need for a vehicle that does not achieve an "A" based on greenhouse gas emissions," said Wade Newton of the Alliance of Automobile Manufacturers.

But the Washington-based Safe Climate Campaign, one of a number of environmental groups that lobbied for the letter grades, criticized the decision to drop the idea. "It is deeply disappointing that the Obama administration abandoned" the idea of assigning letter grades," said Dan Becker, the campaign's director. "It's appalling that the carmakers, some of whom we bailed out, bludgeoned the administration into submission."

Becker said the decision means his group will push harder for ambitious fuel economy targets in the rule-making to cover 2017-2025 model-year vehicles. The government has already required all cars sold in the U.S. to average 35.5 miles per gallon by 2016.

Poll: Gas prices up but buyers not hot for electrics

Nearly six of 10 Americans—57 percent—say they won't buy an all-electric car no matter the price of gas, according to a USA Today/Gallup Poll.

But for Nissan, maker of the only mainstream pure electric car now on sale, that's a good sign.

The company's take is that "as many as 40 percent are considering driving electric vehicles," USA Today reported May 25. Nissan sold 1,044 Leaf electrics through April since its introduction in December, according to Autodata.

Researcher J.D. Power and Associates projects sales of pure electrics this year will be 10,727, rising to 95,939 units in 2015. Industry estimates for total 2011 light-vehicle sales are in the 13 million range, rising to about 14 million by 2015.

The anti-electric sentiment unmasked by the poll shows that pure electrics — defined in the poll question as "an electric car that you could only drive for a limited number of miles at one time" — could have trouble getting a foothold in the U.S.

Such cars "are very much niche vehicles. They find acceptance among a core group of passionistas, but too many questions remain for mainstream consumers," says Edmunds.com CEO Jeremy Anwyl. He says consumers worry about range per charge, recharge time and battery replacement cost.

Electrics also are priced thousands of dollars more than similar gasoline cars. The poll of 1,024 adults nationwide has a margin of error of plus or minus 4 percentage points. It was done May 12 to 15, when the average gas price was about $3.98. It's now about $3.83.

Raymond Chevrolet is latest to enlist Aflac

Raymond Chevrolet-Kia in Antioch is the newest dealer to take advantage of the CATA's relationship with Aflac. Once again, Senior Aflac rep Paul Jackson and his team performed an excellent enrollment at both stores over the course of a few days. The highlights:

- 60 percent of employees chose at least one Aflac plan
- The employees saved more than $11,000 by paying for their plans using pre-tax dollars
- The dealership brought about $3,500 to its bottom line by reducing gross payroll, by eliminating the matching tax obligations on those monies

Dealer Mark Scarpelli said: "Paul Jackson has an extensive background working with automotive dealerships before joining Aflac some years ago. It was his knowledge of my business, and his ability to efficiently administer the Aflac program, that convinced me to give it a shot. I'm glad I did!"

Since the program began earlier this year, several dealerships have strengthened their employee benefits package by offering Aflac. The best part: It didn't cost the dealership a dime to put the program in place. And in the brief time the program has been in place, more than a dozen claims have been paid by Aflac to these dealership employees.

"I would encourage all dealers who do not currently have Aflac to call Paul and just hear him out. The program makes very good business sense," Scarpelli said.

Contact Paul Jackson at (313) 808-0221 or p1_jackson@us.aflac.com to schedule a 15-minute appointment.

Tune in!

to "Drive Chicago," 8-9 a.m. Saturdays on WLS 890 AM. Hosted by the CATA's Paul Brian.