

## **Wrapping Up ‘Cash for Clunkers’ (CARS)**

Now that the time for consummating/submitting deals is past, participating Car Allowance Rebate System (CARS) dealers should shift their focus to follow-up concerns. The National Highway Traffic Safety Administration (NHTSA) currently has auditors in the field spot checking CARS transactions. Should an auditor visit or request to visit your dealership, be cooperative and arrange for a mutually convenient date and time to for the audit. In any event, please make sure that all transaction paperwork and trade-in vehicles are in order. Please direct CARS questions to [help@cars.gov](mailto:help@cars.gov) or [clunkers@nada.org](mailto:clunkers@nada.org).

### **I. Getting Paid and Unwinding Deals**

#### **Q. How Do Dealers Get Reimbursed For CARS Deals?**

A. Once reviewed reimbursement applications found to be accurate and complete will be moved from “Under Review” to “Ready for Payment.” The statute requires NHTSA to pay compliant applications for reimbursement within 10 days of submission. The Treasury Department should send funds by electronic funds transfer within 1-3 business days after approval. In many instances, the government has not processed and paid deadlines in a timely manner.

#### **Q. How Do Dealers Resubmit Rejected Applications?**

A. Rejected reimbursement applications may be corrected and resubmitted based on the reasons given for rejection. Submissions often are rejected for obvious omissions or poor quality documents that are illegible. Carefully follow all applicable procedures described in the manual found on [www.cars.gov/dealersupport](http://www.cars.gov/dealersupport). Once resubmitted, rejected transactions start over in the processing queue. Submission rejections will contain codes describing the reasons for rejection and a brief description. A description of these codes is on the dealer support Web site along with a submission checklist. Prior to resubmission, corrected applications should be carefully reviewed for any errors or concerns, not just those identified by the application reviewer.

#### **Q. How Can Submitted Reimbursement Applications Be Corrected Or Canceled?**

A. Don’t wait for applications requiring correction or cancellation to be reviewed and rejected by NHTSA. Instead:

1. Send an e-mail from the dealership’s registered CARS e-mail address to [9-amc-nhtsa-cars-ap-supplier@faa.gov](mailto:9-amc-nhtsa-cars-ap-supplier@faa.gov).
2. The subject line should read “REJECT (Invoice Number)” for corrections, or “CANCEL (Invoice Number)” for deal cancellations. Insert the invoice number for the deal in question.
3. The body of the e-mail should include dealership contact information, the deal invoice number (again), and an explanation for the action being requested.

#### **Q. What Can Be Done If A Deal Is Canceled And The Title Already Has Been Labeled**

## **“JUNK AUTOMOBILE CARS.GOV”?**

A. Apply for a replacement title for use in returning or selling the trade-in.

## **II. Trade-In Management and Disposal**

### **Q. When Must A Dealer Disable The Engine In Clunker Trade-Ins?**

A. Dealers must disable the engine blocks in CARS trade-ins but may wait until up to seven calendar days after receiving reimbursement from the government to do so. CARS trade-ins should be stored at locations under a dealership’s control until their engine blocks are disabled. CARS trade-ins may be disabled by dealership personnel at a dismantler/crusher/shredder or salvage auction location, as long as they remain under dealership control at all times beforehand.

### **Q. How Should Clunker Engines Be Killed?**

A. NHTSA requires dealers to disable the engine blocks in all CARS trade-ins using a specific process ([www.cars.gov/files/disposal-salvage/engine-disablement-procedures.pdf](http://www.cars.gov/files/disposal-salvage/engine-disablement-procedures.pdf)). This process involves replacing the oil in the crankcase with approximately two quarts of a 40 percent solution of sodium silicate (liquid glass), a substance used in such common vehicle applications as patching mufflers and sealing coolant systems. Engines then must be run at low speeds until they become inoperable (typically for just a few minutes).

Sodium silicate is readily available from chemical or automotive supply distributors. Several ATAEs have arranged supplies for their dealer members. Once “killed,” a legible printed or hand written label must be attached to the block stating:

*This engine is from a vehicle that is part of the Car Allowance Rebate System (CARS). It has significant internal damage caused by operating the engine with a sodium silicate solution (liquid glass) instead of oil.*

### **Q. What Must Dealers Do With CARS Trade-Ins Once They Have Been Disabled?**

A. Disabled CARS trade-ins only may be sold (directly or through salvage auctions) to parts dismantlers or shredder/crushers on the approved ELVS list (<http://www.cars.gov/files/disposal-salvage/ELVS.pdf>). Shop around to obtain the best price. Dealers have no obligation to remit any of the money they obtain for clunkers to the customers who traded them in. Clunker titles should be reassigned to purchasers per state law. Ensure that the clunkers’ titles are properly labeled with “JUNK AUTOMOBILE CARS.GOV.”

When transferring a disabled CARS trade-in, obtain a completed Disposal Facility Certification ([www.cars.gov/files/disposal-salvage/disposal-facility-certification-form.pdf](http://www.cars.gov/files/disposal-salvage/disposal-facility-certification-form.pdf)) or Salvage Auction Certification ([www.cars.gov/files/disposal-salvage/salvage-auction-certification-form.pdf](http://www.cars.gov/files/disposal-salvage/salvage-auction-certification-form.pdf)) Form. E-mail completed forms within seven days after receipt to [disposal@cars.gov](mailto:disposal@cars.gov).

### **Q. May A Dealer Sell A CARS Trade-In To A Purchaser Different Than Originally**

**Designated?**

Yes, if a dealer still has the CARS trade-in and has not yet submitted a Disposal Facility Certification or Salvage Auction Certification Form to [disposal@cars.gov](mailto:disposal@cars.gov). No, if either form has already been submitted, whether with the invoice or to [disposal@cars.gov](mailto:disposal@cars.gov).