

NADA MAGAZINE

2013 ORLANDO

momentum

- **AT THE CONVENTION**
- **IN THE INDUSTRY**
- **AT NADA**

NADA/ATD IN ORLANDO page 9

- Speakers
- Fast facts
- Easy-to-use pull-out map

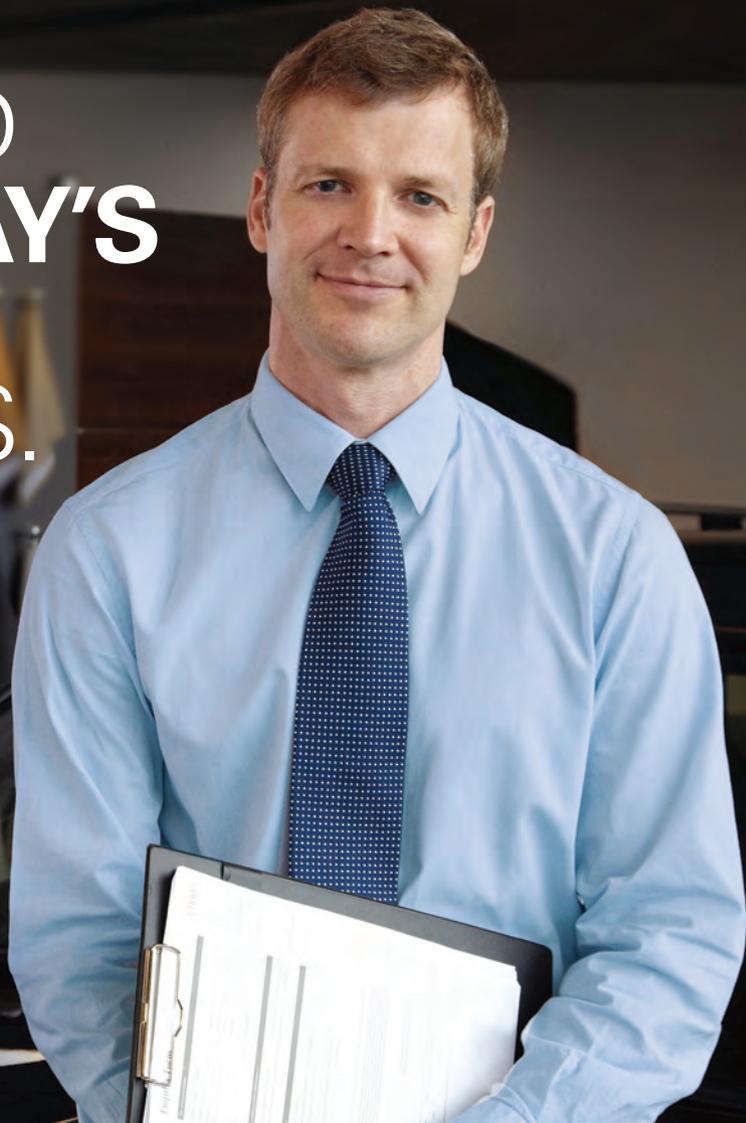
STATE OF THE INDUSTRY page 20

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NADA MAGAZINE

AT THE CONVENTION

ORLANDO 2013

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Alan Starling, President & CEO
Starling Automotive Group

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William P. Underriner
NADA Chairman

UP FRONT BUILDING MOMENTUM

This year the auto industry is maintaining robust momentum from 2012. That's remarkable, considering various financial gyrations in the United States and abroad. Yet nowhere is positive economic growth more evident than at the 2013 NADA/ATD Convention & Expo in Orlando this month.



Exhibit space is so full we had to increase booth space—three times—to fit all the products and services on the show floor. To say this convention is filled to the brim with useful products, dynamic speakers, and helpful workshops would be an understatement. The NADA and ATD shows are always the best opportunity of the year for dealers to network and share ideas, but that's more true than ever in 2013.

To truly appreciate this convention and the overall effectiveness of NADA, it's important to remember just how much your association accomplished in 2012:

- NADA held top-level meetings with automakers to discuss image/facility programs.
- For the 11th year in a row, more than 90 percent of new-vehicle dealers were NADA members.
- The NADA Foundation spearheaded a relief effort to help dealership employees affected by the devastation of Hurricane Sandy.
- Monthly contributions to the Dealers Election Action Committee—NADA's political action committee—were the highest in its 37-year history.

Now we are in a new year, so consider this issue of *NADA Magazine* your road map for NADA 2013. In it you'll find what's in store for the convention, the industry, and NADA. In "What's New at the Convention," we showcase the dynamic Social Connection Zone, complete with an interactive video wall for real-time Twitter and Flickr posts. Two features—"Automakers 2013" (page 20) and "Sales Trends" (page 26)—detail what's ahead for the auto industry. And in the "NADA 2013" section (pages 36-49), we look at the latest regulations affecting your store and profile my successor as NADA chairman, David Westcott of Burlington, N.C.

We have faced many challenges, and we expect more. But we are continuing to build momentum in our industry, and the NADA/ATD convention is here to help dealers along the way.

A handwritten signature in black ink, appearing to read "W. P. Underriner". The signature is fluid and cursive, written over a white background.



Year in Review

NADA highlights from 2012



2.12 Bill Underriner becomes 2012 NADA chairman.

LAST YEAR WAS FULL OF ROBUST VEHICLE SALES, a strengthening economic recovery, and various legislative and regulatory actions that affected dealers and their stores. Here's a play-by-play of just some of the things NADA accomplished in 2012:

JANUARY

- Dealers Driving Road Safety promotes a NADA Charitable Foundation grant program to help dealers sponsor road safety initiatives—including child-passenger safety, safe teen driving, rural driving safety, and distracted-driving awareness—in their communities.
- *NADA Used Car Guide* and the National Auto Auction Association (NAAA) announce a new agreement to extend their AuctionNet partnership through 2016.
- At EPA and NHTSA hearings in Detroit, Philadelphia, and San Francisco, NADA voices its concerns regarding higher costs and fewer potential buyers due to proposed 2017–2025 fuel-economy rules.
- NADA presents major study on facility image programs to automakers.

FEBRUARY

- NADA hosts its 95th annual convention in Las Vegas. Montana dealer Bill Underriner becomes 2012 chairman.
- For the first time, the American Truck Dealers (ATD) holds its annual convention in conjunction with the NADA convention. Richard W. Witcher becomes 2012–14 ATD chairman.
- Stephen W. Wade, 2011 NADA chairman, urges OEMs to address dealer concerns on factory-mandated image programs that require dealers to invest billions to remodel showrooms.
- NADA releases its major study on facility image programs to the public.
- *NADA Used Car Guide* predicts an increase in demand and a drop in the supply of used vehicles will lead to higher used-car prices in 2012.

MARCH

- NADA files comments with FTC at the close of the motor-vehicle roundtables to vigorously defend consumer benefits of dealer-assisted financing and show no need for new regulations.
- On behalf of NADA, Matt Tynan of Tynan's VW/Nissan/Kia, in Colorado, tells a congressional panel that health-care reform is making it more cumbersome and costly for his dealership to provide good benefits for employees.
- An ATD/NADA study shows EPA's cost analysis of emissions-control requirements for MY 2004–2010 heavy trucks is off by 320 percent and would result in higher truck prices, lower sales and a delay in emissions benefits.
- NADA pushes for the defeat of Senate legislation that would require dealers to administer transferable tax credits for natural-gas cars and trucks.

3.12 Nissan-Renault CEO Carlos Ghosn speaks at the annual NADA Automotive Forum in New York City.



APRIL

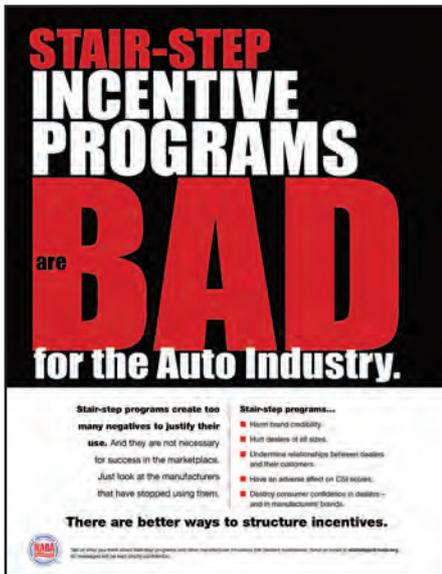
- Nissan-Renault CEO Carlos Ghosn is the keynote speaker at the annual NADA Automotive Forum in New York City.
- NADA chief economist Paul Taylor says low interest rates, high trade-in values, and new models will help auto sales lead economic growth.
- *NADA Used Car Guide* executive automotive analyst Jonathan Banks predicts trade-in values on used cars will peak in April.
- NADA and J.D. Power announce a strategic alliance to provide industry leadership in delivering vehicle marketplace data.
- NADA releases a study indicating that higher vehicle prices resulting from the proposed fuel-economy rules will force 6.8 million new buyers out of the market by 2025.

MAY

- Audi of America partners with NADA University to help improve the automaker's dealership operations.
- NADA supports a bill to eliminate a mandate requiring NHTSA to distribute *Relative Collision Insurance Information* booklets to dealers after a survey found 96 percent of dealers reported no customers had ever asked to see the booklet. One month later, the bill is approved. NADA applauds the action, saying "this is one less mandate and potential fine that dealerships will have to face."
- NADA appeals a court decision on the FTC's risk-based pricing rule.
- *NADA Used Car Guide* releases the first of four white papers that cover vehicle supply, luxury brands, depreciation and pricing.

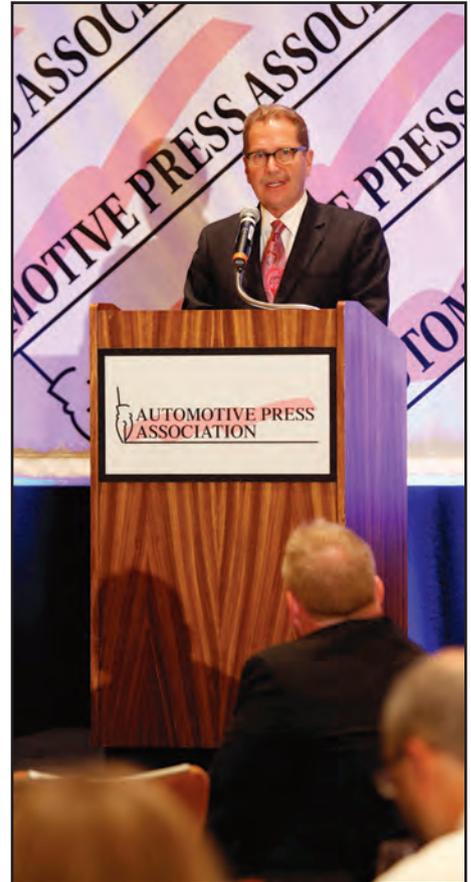
JUNE

- NADA creates an Industry Relations Task Force to address "fairness" issues in factory-mandated facility upgrades and stair-step incentive pricing programs.
- *NADA Data 2012* shows employment at dealerships was up 4.6 percent in 2011.
- NADA holds the third annual Vehicle Finance Executive Forum in partnership with the American Financial Services Association.
- NADA responds to a Supreme Court ruling (upholding the primary provisions of the Affordable Care Act) that the law hinders dealers' ability to provide good benefits and jobs.



9.12 NADA launches national ad campaign addressing the issue of stair-step incentives.

10.12 NADA chairman Bill Underriener speaks to reporters at the Automotive Press Association in Detroit.



JULY

- The House of Representatives passes legislation on an NADA-supported bill, H.R. 5859, to repeal a federal mandate that requires dealers to provide car buyers with a booklet comparing vehicle insurance repair costs upon request. In December, the Senate passes the bill, which is then sent to the White House for final approval.
- Federal legislation includes an NADA-backed provision to allow for electronic odometer disclosures, which will allow for greater efficiency for lien releases.

AUGUST

- The Obama administration finalizes the 2017–2025 fuel-economy rules, requiring the nation’s cars and trucks to reach an average of 54.5 miles per gallon by 2025. NADA responds that the rules could raise the average price of a new vehicle by nearly \$3,000 and force nearly 7 million people out of the new-car market entirely.
- NADA seeks formal guidance from IRS on appropriate tax treatment of OEM payments to dealers that are part of factory-mandated image programs.
- NADA creates a search committee to find replacement for out-going president Phil Brady.

SEPTEMBER

- NADA launches a national ad campaign detailing the many negative aspects of manufacturer stair-step incentive programs.
- Legislation passes that halts the Department of Labor’s effort to no longer exempt service sales staff from overtime.
- Nearly 300 dealers and association executives attend NADA’s annual Washington Conference and hear from Sen. Max Baucus (D-Mont.), acting U.S. secretary of commerce Dr. Rebecca Blank, Rep. Shelley Moore Capito (R-W.Va.), and House majority whip Kevin McCarthy (R-Calif.).
- NextGen dealers meet in Washington and are urged to become involved with public policy and grass-roots efforts.
- NADA *Used Car Guide* includes certified pre-owned (CPO) values in its printed and electronic editions.



10.12 NADA spearheads a major fund-raising drive to help dealership employees affected by Hurricane Sandy.



OCTOBER

- In response to Hurricane Sandy, NADA donates up to \$1 million to jump-start fund-raising for the association's Emergency Relief Fund to help dealers affected by the storm.
- In remarks to the Automotive Press Association in Detroit, NADA chairman Bill Underriner urges automakers to stop unfair business practices, including two-tier pricing and mandatory facility upgrades.
- NADA provides helpful dealer guidance after NHTSA determines that thousands of counterfeit air bags have been installed in U.S. vehicles over the past three years.
- One year after launch, there are nearly 52,000 downloads for the new NADA mobile app.

NOVEMBER

- NADA offers car owners 10 inspection tips to help detect flood-damaged vehicles after Hurricane Sandy.
- *TIME* magazine features NADA's special section on how mobile technology and social media are influencing car buying.
- Jim Lentz, president and CEO of Toyota Motor Sales U.S.A., keynotes the first-ever NADA and J.D. Power Western Automotive Conference in Los Angeles, on the eve of the L.A. auto show.

DECEMBER

- NADA University releases the *2012 Dealership Workforce Study—Industry Report*, which covers dealership employee compensation, benefits, retention, and turnover, as well as hours of operation and work schedules.
- NADA and a coalition of automakers defeat federal so-called "right-to-repair" legislation, an attempt by aftermarket-parts makers to obtain OEM proprietary data.
- NADA is involved in "fiscal cliff" negotiations, which permanently set the estate-tax exemption at \$5 million and a 40 percent rate, as well as retain 50 percent bonus depreciation.
- NADA increases membership and ends 2012 with nearly 16,000 members, marking the 11th consecutive year it achieved more than 90 percent membership penetration.

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2012 NADA OFFICERS

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REGIONAL VICE-CHAIRMAN:

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Donovan A. Bertsch, Bottineau, N.Dak.

Jeffrey B. Carlson, Glenwood Springs, Colo.

Ted Russell, Knoxville, Tenn.

ATD CHAIRMAN: Richard W. Witcher,
Walpole, Mass.



ORLANDO

FAST FACTS

When you think of Orlando, Fla., you probably picture Mickey Mouse. But that's a little unfair to Minnie, Donald Duck, and Goofy, as well as to the numerous non-Disney attractions in this World Capital of Theme Parks, such as the movie magic at Universal Studios and the high-flying dolphins at Sea World.

In addition, the place has a real history: First came the Seminole Indians centuries ago, then European settlers, army posts, and the inevitable Seminole Wars, which began in the early 1800s. In 1880 the railroad showed up and with it the beginning of growth into what is now Florida's sixth-largest city. Some other fast facts about Orlando and the Sunshine State:

■ Orlando, nicknamed the City Beautiful and "O Town," is located in Orange County, once known as Mosquito Country.

■ Florida is the only state that has two rivers with the same name: the Withlacoochee—one in central Florida, the other in north central.

■ Cypress Gardens, Florida's first commercial theme park, opened in 1936 as a botanical garden and later hosted water ski shows, Southern antebellum celebrations, and Esther Williams movie and TV shoots.

■ Beat generation demigod Jack Kerouac lived in Orlando when he wrote his groundbreaking *On the Road* (1957).

■ In 1970 the Orlando International Airport was completed, opening a future floodgate for tourists.

■ Pro golf icon Jack Nicklaus won the first Walt Disney World Open Invitational in 1971, the year Walt Disney World Resort debuted.

■ Each year some 46 million people visit Disney World, which includes Disney's Magic Kingdom, Epcot, Hollywood Studios, Animal Kingdom, and Downtown Disney.

■ Disney World, on 36,500 acres, is the same size as San Francisco.

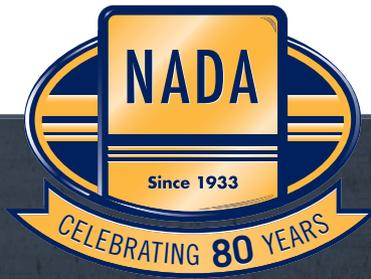
■ Universal Studio's "Earthquake ... The Big One" registers a whole-lot-of-shakin'-going-on 8.3 on the Richter scale.

■ The only non-ocean animals raised at Sea World are Anheuser-Busch's giant Clydesdale horses.

■ In 1987 a Florida law finally made the American alligator the official state reptile.

—Peter Craig





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SPEAKERS/SCHEDULE

NADA CONVENTION EVENTS

(ATD Convention Events on page 12)



John Krafcik, president and CEO of Hyundai Motor America, joined Hyundai in 2004 as vice president of product development

and strategic planning, and helped dramatically improve Hyundai's U.S. product line. Since he took his present position in 2008, the maker's U.S. market share has jumped more than 50 percent. Krafcik addresses dealers Saturday.



Robert M. Gates, who was secretary of defense from 2006 to 2011, is the only defense secretary to have served consecutive presidents—

George W. Bush and Barack Obama. Before that, he was the president of Texas A&M University, but spent most of his career with the CIA, ultimately serving as director. Gates addresses dealers Monday.



Capt. Mark Kelly is an American astronaut and a retired decorated navy pilot who flew combat missions during the Gulf War. Selected to

become an astronaut in 1996, Kelly commanded space shuttles *Discovery* and *Endeavour*. He and his wife, former U.S. representative Gabrielle Giffords, wrote the best-selling *Gabby*, about her recovery from an attempted assassination. Kelly addresses dealers Sunday.

FRIDAY, FEBRUARY 8

- 9:00 AM–6:00 PM** Early Convention Registration – Concourse A, Level I
- 10:30 AM–NOON** Meet NADA: Not Your Daddy's Orientation – Room 103
- 12:15 PM–1:30 PM** Workshops – Levels II and III
- 2:00 PM–3:15 PM** Workshops – Levels II and III
- 3:45 PM–5:00 PM** Workshops – Levels II and III
- 5:30 PM–7:00 PM** Welcome Reception* – The Peabody Orlando, Peabody Grand Ballroom R-V

SATURDAY, FEBRUARY 9

- 7:30 AM–4:30 PM** Convention Registration – Concourse A, Level I
- 8:00 AM–10:00 AM** Women Dealers Breakfast* – The Peabody Orlando, Windermere X
- 8:30 AM–4:30 PM** Expo Hall Open – Ribbon Cutting – Exhibit Halls A-C, Level II
- 8:30 AM–4:30 PM** Lifestyle Experience – Exhibit Halls A-C, Level II
- 10:30 AM–11:45 AM** Workshops and Dealer Franchise Meetings – Levels II and III
- 2:30 PM–5:00 PM** General Session: Formal Opening of NADA/ATD Convention and Expo – Exhibit Hall D (*Doors open 1:45 p.m.; NADA or ATD badge required.*)

SUNDAY, FEBRUARY 10

- 8:00 AM–5:00 PM** Convention Registration – Concourse A, Level I
- 8:30 AM–5:00 PM** Expo Open – Exhibit Halls A-C, Level II
- 8:30 AM–5:00 PM** Lifestyle Experience – Exhibit Halls A-C, Level II
- 9:00 AM–10:00 AM** Inspirational Program – Exhibit Hall D (*Doors open 8:30 a.m.; NADA or ATD badge required.*)
- 10:30 AM–11:45 AM** Workshops and Dealer Franchise Meetings – Levels II, III, and IV
- 10:30 AM–NOON** Dealer Franchise Meetings – Level IV
- 1:00 PM–2:00 PM** Dealer Franchise Meetings – Level IV
- 1:30 PM–2:45 PM** Dealer Franchise Meetings – Level III
- 2:30 PM–3:45 PM** Dealer Franchise Meeting – Exhibit Hall D, Levels II and IV
- 3:30 PM–4:45 PM** Workshops and Dealer Franchise Meetings – Levels II, III, and IV

MONDAY, FEBRUARY 11

- 8:00 AM–5:00 PM** Convention Registration – Concourse A, Level I
- 8:30 AM–3:30 PM** Expo Open – Exhibit Halls A-C, Level II
- 8:30 AM–3:30 PM** Lifestyle Experience – Exhibit Halls A-C, Level II
- 8:30 AM–9:45 AM** Workshops and Dealer Franchise Meetings – Levels II and III
- 10:30 AM–11:45 AM** Workshops and Dealer Franchise Meetings – Levels II and III
- 3:30 PM–4:45 PM** General Session – Exhibit Hall D (*Doors open 2:45 p.m.; NADA or ATD badge required.*)

* Tickets required.

SPEAKERS/SCHEDULE

ATD CONVENTION EVENTS

(NADA Convention Events on page 11)

FRIDAY, FEBRUARY 8

- 9:00 AM–6:00 PM Early Convention Registration – Concourse A, Level I
- 10:30 AM–NOON *Meet NADA: Not Your Daddy's Orientation* – Room 103
- 1:00 PM–3:00 PM Make Meetings – Level II
- 3:00 PM–5:00 PM Super Workshop – Supplier Panel – 208 A-C, Level II
- 6:00 PM–8:00 PM Welcome Reception – The Peabody Orlando, Terrace Pool Deck

SATURDAY, FEBRUARY 9

- 7:30 AM–4:30 PM Convention Registration – Concourse A, Level I
- 7:30 AM–4:30 PM Attendee Lounge Open – Gary Sain Café, Level III
- 8:00 AM–10:00 AM Make Meetings – Level II
- 8:30 AM–4:30 PM Expo Hall Open – Ribbon Cutting – Exhibit Halls A-C, Level II
- 8:30 AM–4:30 PM Lifestyle Experience – Exhibit Halls A-C, Level II
- 8:30 AM–10:30 AM Make Meetings – Level II
- 9:00 AM–11:00 AM Make Meetings – Level II
- 10:30 AM–11:45 AM Workshops – Levels II and III
- 12:15 PM–2:15 PM Opening General Session and Luncheon* – 415 A-C, Level IV
(*ATD badge required.*)
- 2:30 PM–4:30 PM NADA General Session – Exhibit Hall D
(*NADA or ATD badge required.*)
- 5:00 PM–6:00 PM NextGen Reception – The Peabody Hotel, Dux
(*Must meet requirements for ATD NextGen.*)

SUNDAY, FEBRUARY 10

- 8:00 AM–5:00 PM Convention Registration – Concourse A, Level I
- 8:00 AM–5:00 PM Attendee Lounge Open – Gary Sain Café, Level III
- 8:30 AM–5:00 PM Lifestyle Experience – Exhibit Halls A-C, Level II
- 8:30 AM–5:00 PM Expo Open – Exhibit Halls A-C, Level II
- 10:30 AM–11:45 AM Workshops – Level II
- NOON–1:15 PM General Session and Luncheon* – 415 A-C, Level IV
- 3:00 PM–5:00 PM Make Meetings – Level II
- 3:30 PM–4:45 PM Workshops – Level II
- 7:00 PM–10:30 PM Sunday Night Gala* – 415 A-C, Level IV

MONDAY, FEBRUARY 11

- 8:00 AM–5:00 PM Convention Registration – Concourse A, Level I
- 8:00 AM–3:30 PM Attendee Lounge open – Gary Sain Café, Level III
- 8:30 AM–3:30 PM Expo Open – Exhibit Halls A-C, Level II
- 8:30 AM–3:30 PM Lifestyle Experience – Exhibit Halls A-C, Level II
- 8:30 AM–9:45 AM & 10:30 AM–11:45 AM Workshops – Level II
- NOON–1:15 PM General Session and Luncheon* – 415 A-C, Level IV
- 3:30 PM–4:45 PM NADA General Session – Exhibit Hall D (*Doors open 2:45 p.m.*
NADA or ATD badge required.)

* Tickets required.



Bob Costello is chief economist and vice president for the American Trucking Associations, managing all of the organization's analysis and distribution of economic information about the trucking industry. In 2010, he was appointed to the Advisory Council on Transportation Statistics, which advises the Transportation Department's Bureau of Transportation Statistics. Costello addresses dealers Sunday.



Dennis Snow, who spent more than 20 years with the Walt Disney World Company, has a passion for service excellence. At Disney, he launched a division of the Disney Institute responsible for consulting for ExxonMobil, AT&T, and other large international companies, and was an instructor with Disney University. Snow addresses dealers Monday.



Troy A. Clarke is president of Navistar Truck and Engine, responsible for all Navistar operations both in North America and abroad. He was previously the president of Navistar Asia Pacific, having joined Navistar in December 2010 after 35 years at General Motors. Clarke addresses dealers Saturday.

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NOMINEES

TIME DEALER AWARD

Congratulations to the nominees for national *TIME* Dealer of the Year from NADA and all state and metro dealer associations. The winner will be announced at the opening session, Saturday, February 9.

- ALABAMA:** *Wayne Bentley*, Albertville
- ARKANSAS:** *Gary Dan Futrell*, Nashville
- ARIZONA:** *Don Luke*, Phoenix
- CALIFORNIA:** *Robert Hoehn*, Carlsbad; *Peter Hoffman*, Monrovia; *Rick Niello*, Sacramento
- COLORADO:** *Jay Cimino*, Denver
- CONNECTICUT:** *Mark Mitchell*, Simsbury
- DELAWARE:** *Richard Diver*, Wilmington
- FLORIDA:** *Frank DeLuca*, Ocala; *Ronald Parks*, Wesley Chapel; *Alan Wildstein*, Sebring
- GEORGIA:** *Valery Voyles*, Marietta
- HAWAII:** *Marc Cutter*, Honolulu
- IDAHO:** *Jim Addis*, Coeur D'Alene
- ILLINOIS:** *Mike Mangold*, Eureka
- INDIANA:** *Lynn Kimmel*, Fishers
- IOWA:** *John McEleney*, Clinton
- KANSAS:** *Sam Mansker*, Olathe
- KENTUCKY:** *Dick Swope*, Louisville
- LOUISIANA:** *Jack Hebert*, Sulphur
- MAINE:** *Jerry York*, Houlton
- MARYLAND:** *Richard Patterson*, Bowie; *Sam Weaver*, Bethesda
- MASSACHUSETTS:** *Raymond J. Ciccolo*, Boston
- MICHIGAN:** *Bill Perkins*, Eastpointe; *Ralph Shaheen*, Lansing
- MINNESOTA:** *Gary Papik*, Luverne
- MISSISSIPPI:** *Michael Joe Cannon*, Oxford
- MISSOURI:** *Ray Mungenast*, St. Louis
- MONTANA:** *Karl Tyler*, Missoula
- NEBRASKA:** *Bill Summers*, North Platte
- NEVADA:** *Carolynn Berardi Towbin*, Henderson
- NEW HAMPSHIRE:** *William Weiss Jr.*, North Conway
- NEW JERSEY:** *Melinda K. Holman*, Maple Shade
- NEW MEXICO:** *Edward Garcia*, Albuquerque
- NEW YORK:** *Michael Basil*, Lockport; *Dominick Carbone*, Utica; *Nick Toomey*, Westbury
- NORTH CAROLINA:** *Michael Alford*, Jacksonville
- NORTH DAKOTA:** *Justin Theel*, Bismarck
- OHIO:** *Michael Iemma*, Tallmadge
- OKLAHOMA:** *Dan Mullins*, Lawton
- OREGON:** *Mike Herzog*, Beaverton
- PENNSYLVANIA:** *Bryan O'Reilly*, Newtown Square
- RHODE ISLAND:** *Jay L'Archevesque*, East Providence
- SOUTH CAROLINA:** *George "Bal" Ballentine Jr.*, Greenwood
- SOUTH DAKOTA:** *Marty Rypkema*, Rapid City
- TENNESSEE:** *Brent Smith*, Camden
- TEXAS:** *Ernesto Ancira Jr.*, San Antonio; *Fernando Varela*, Palestine
- UTAH:** *Michael MacDonald*, Bountiful
- VIRGINIA:** *Michael Suttle III*, Newport News
- WASHINGTON:** *Bill McCurley*, Tri-Cities
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WHAT'S NEW AT THE CONVENTION

The 2013 NADA/ATD Convention & Expo is making it easier than ever before to network, stay in touch, and find out the latest news thanks to several new and improved features.

THE SOCIAL CONNECTION ZONE

The Social Connection Zone takes staying connected to a whole new level. This year's "Zone," which is located on the expo floor, has a brand-new look similar to the Genius Bar found in your local Apple store, complete with technicians in white lab coats to

help you find whatever you need. The space is full of opportunities to learn new technology and stay current on the latest tech trends. Features include large social media walls broadcasting a Twitter fountain and Flickr photos as well as a CNN ticker style feed with the latest convention news. Mini-sessions will also be available on topics such as "LinkedIn to the Second Degree: Getting More Out of Your LinkedIn Profile" and "Twitter in Twenty: Intro to Twitter." Got a question? Stop in and schedule a one-on-one consultation with a knowledge-

able tech clinician. Don't have any questions? Stop in to enjoy the coffee bar, charge your mobile devices at one of the rapid charge stations, and socialize with other attendees. Whatever you're looking for, you are sure to find it in the Social Connection Zone. It's designed with you in mind!

CONVENTION ORIENTATION

New to this year's convention is a 90-minute orientation session for all attendees that is designed to provide highlights of the weekend and everything that's going on so you won't



The Social Connection Zone—
a great place to tweet.



miss out on anything. It includes a tour, information on how to use social media throughout the convention, and an overview of the new workshop topics. The orientation will take place in room W103 at the convention center on Friday, February 8, at 10:30 a.m.

NADA WELCOME RECEPTION

Once again, NADA and J.D. Power and Associates have teamed up on a ticketed welcome reception. This is an opportunity to meet up with old acquaintances as well as meet new people. The reception will be held at the Peabody Hotel on Friday, February 8, from 5:30 to 7:00 p.m. If you have registered for the International

Automotive Roundtable, you are automatically registered for the NADA Welcome Reception. If you wish to register only for the reception, you may do so during the NADA convention registration process. Please note that tickets to the reception are limited by capacity and are available on a first-come, first-serve basis. For additional information, visit nadaconventionandexpo.org.

SCAN AND GO

In a big effort to go green and save on paper costs and shipping charges, NADA—for the first time—will no longer mail badges in advance. Just bring your reservation confirmation to one of the Scan & Go pods on-

site and quickly retrieve your badge. The best part: There are no lines to stand in!

SOCIAL MEDIA CONTESTS

This year, there will be multiple social media contests, with prizes including an iPad Mini, free registration to the 2014 NADA/ATD Convention & Expo, a complimentary three-night stay at the Hilton Riverside, and tickets to Disney World and Universal Studios theme parks. Contests include “Find George the Gnome” on Facebook and “We Mustache You a Question” on Instagram. Winners will be selected each day. Follow the NADA convention social media pages for the latest information.

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Automakers 2013

Keeping up the sales momentum.

BY NANCY DUNHAM

ONCE AGAIN, PENT-UP CONSUMER DEMAND for new cars will keep the auto industry growing this year, though likely at lower levels than 2011 and 2012.

While both the national and global economies remain shaky, analysts believe the auto sector won't be affected much. "Credit is near record-low rates and we don't expect that to change," says PwC Autofacts' Brandon Mason. "The auto industry already has gone through a fundamental restructuring, so it's built to be profitable at a much lower level" of sales and production.

Indeed, some of the lower growth stems from automakers' continued restructuring as they swap out some less-profitable models for revamped or new offerings.

"Nobody makes a bad car anymore," says Maritz Research's Chris Travell. "When you walk the floor of the auto shows, you are hit by that. And that's resonating with consumers."

Following are highlights of what analysts expect to see throughout 2013.

FORD: POWER DOWN NOW, ACCELERATE LATER

After two consecutive years of market share increases, Ford experienced a dip from 2011 to 2012. Why? For one thing, the automaker ended production of both the Ford Ranger and the

Crown Victoria in 2011 and has not announced any replacements for those vehicles, which are part of shrinking segments.

Instead, Ford has maintained discipline in pricing while boosting quality and design innovation. Key products include the turbocharged 2.0-liter EcoBoost Taurus, which boasts an EPA rating of 32-mpg highway. And topping everyone's list of exciting Ford products is the 47-mpg Fusion hybrid.

There is also a lot of excitement about the C-Max hybrids, which sport starting MSRPs of just over \$25,000 and fuel economy of 47 mpg for both the hybrid and plug-in hybrid. It outsold the Prius V (which sports ratings of 34 mpg for manual and 32 mpg for automatic) in October 2012, and analysts think it will continue to be a keen competitor.

Although the automaker is firmly committed to Lincoln, it will take a lot of work and time before a turnaround occurs for the make, analysts say.

"Ford has embarked on a journey that will take eight to 10 years," says AutoTrends analyst Joe Phillippi, Short Hills, N.J., about Lincoln. He notes that while some 150,000 Cadillacs are sold each year, Lincoln does about half that. "It's a tall order. That's a lot of money to invest when you're selling approximately 75,000 units."



2013 Ford C Max Hybrid

GM: COMING OUT AHEAD

GM's dip, like Ford's, represent a shift as it ramps *down* old products and moves ahead with new launches and refreshed models. The excitement surrounding GM this year centers largely on small cars and subcompacts in the United States. "You'll see that continue to heat up as more automakers enter the small and subcompact segments," says Mason.

Major buzz is building around the tiny, quirky Chevy Spark, which boasts a comfortable starting MSRP of just under \$13,000. The automaker believes that the Spark's array of options—a six-speaker audio system, power everything, and smartphone capability—will quickly win fans.

But it's not just smaller cars that are hotly anticipated. The new Cadillacs—including the curvy ATS, the luxury CTS, and the big, bold XTS—continue to generate excitement. Add to that the Chevy Malibu and Impala, plus updated niche cars like the Corvette, and you have the makings of a successful year.

The downside could be the continuing glut of pickup trucks that threatens to gobble profits. Reports showed GM closing the year with more than 240,000 trucks in inventory. The automaker responded with aggressive incentives.

"GM likely won't run out of current-year pickups until sum-

mer," says Maritz's Travell. "So if you are a consumer, it might make sense to look at GM if you're getting thousands off the list price. For GM, resolving the excess inventory issue is critical."

CHRYSLER: TOP OF THE BIG THREE

Analysts credit Chrysler chief executive Sergio Marchionne and his seemingly fearless leadership with the key product launches and model refreshes that continue to play major roles in the automaker's back-from-the-dead rebound. "They are absolutely on fire," says Travell, noting the strength of Marchionne's leadership. "They have been building market share for 31 consecutive months, year after year."

Last fall's ad campaign for the 2013 Dodge Dart positioned the model as a high-tech, high-fuel-economy (up to 41mpg) option for compact-car shoppers. Analysts note Dodge's commitment to posh technology in the Dart—including an 8.4-inch touch-screen media center and a customizable instrument cluster—will likely continue to catch buyers' attention. The starting prices are just under \$16,000 MSRP.

Marchionne bets the revitalized Chrysler 200, the automaker's midsize sedan priced at just under \$19,000 and with fuel ratings of up to 24 mpg combined, will finally

make Chrysler a player in the midsize sedan segment. The Fiat-inspired model still has a rugged path to overtake the refreshed Toyota Camry and Honda Accord.

The Fiat 500 has added some much-needed coolness to Chrysler's offerings, which may lead the way for Alfa Romeo to reenter the U.S. market.

And, of course, the Dodge Ram is expected to only continue to grow in sales volume, especially now that the 1500 SLT is the *MotorTrends* Truck of the Year.

HONDA: TAKING STRAIGHTER PATH

Honda seems to have refocused itself after weathering natural disasters that delayed production in 2011 and torpedoed sales in 2012. "Honda has done well this year, rebounding from the tsunami" that crippled production, says *AutoTrends*' Phillippi. "The new Civic helped them a lot."

But the automaker is still saddled with an aging portfolio and styling missteps, like those that necessitated restyling the Civic after only about a year. The new model sports a sassy front, including a new grille and a more-sculpted hood; sharper suspension; and updated taillights. The automaker bets a starting MSRP of just under \$18,000, and fuel economy up to 33 mpg will be ultra-attractive to shoppers.

Analysts expect Honda to break free of those pitfalls. The Accord, with a starting MSRP just under \$22,000 and up to 30-mpg combined fuel economy should make Honda more of a player in the lucrative midsize segment.

"The growth of the smaller segment has been driving downsizing," says Mason of PwC Autofacts. "The midsize-car segment hits the sweet spot and Honda is offering a reasonably priced option.

The real dogfight to watch, though, is in the small- to midsize-crossover section, which *Ward's* reports is 23 percent of the sales volume. That's where the CRV is neck and neck with the Ford Escape.

NISSAN HOLDS STEADY

Nissan's launch of the Altima 2.5, which boasts 31-mpg combined fuel economy, may well help the automaker gain ground. The Altima has been the second-best-selling car in this country for many years, and analysts think the more aerodynamic, 11-lb.-lighter 2013 Altima will draw some customers away from the Camry.

Another predicted hot seller is the all-new Pathfinder, with a starting price just under \$28,000 and fuel economy at 22 mpg combined. It moves from a unibody platform to body-on-frame, which ramps up fuel economy.

"Nissan went on record with aggressive plans to overtake Honda as No. 2 in the market, but they stalled as Honda recovered," says Travell, noting that this caused a management shakeup in sales and marketing.

Although sales for the all-electric LEAF are down—it sold just over 8,000 units in 2011 and will likely register below 7,000 in 2012—the automaker is fully committed to the



2014 Kia Forte



2013 VW GTI

car and what Travell deems “a hotbed of new technology.”

Nissan remains committed to other niche products as well, such as the NV passenger van and commercial vehicles. “Those are a couple of different ways Nissan is looking to gain market share in new segments,” says Mason.

TOYOTA PICKS UP PACE

Toyota has put in the rearview mirror the natural disasters and recalls that plagued it. Now the maker has gained market share, thanks in part to the all-new Camry launched in late 2011.

Toyota also spiced up the Corolla, giving it a new grille and adding luxury car touches, while the Prius continues to woo hybrid lovers—though some reviews, specifically of the Prius C, weren’t so glowing.

But the big news for Toyota will likely be the all-new Avalon, which is bold and powerful with 268 hp and average 26 mpg. The Avalon hybrid boasts fuel economy of up to 40 mpg.

HYUNDAI/KIA CONTINUE TO GROW

Both Hyundai and Kia remained relatively stable in 2012, mainly because they didn’t have many product launches.

“I don’t expect that lack of refreshment to be a long-term issue from a consumer standpoint,” says Travell. “What is interesting... is that they are not only conquering large numbers of consumers, but they are keeping those customers.”

The 2014 Forte, along with an Elantra refresh, will likely help the automakers see a boost in overall sales. The key, say analysts, is to continue such head-turning styling.

“They started trends from a styling standpoint, but other automakers are catching up,” says Phillippi.

VW: “THE TEAM TO BEAT”

Many automakers are toasting 2012 sales figures, but Volkswagen has a *number* of reasons to celebrate.

Fueling the excitement is an array of models, including the VW Passat (named a 2013 “best buy” by *Consumer Guide Automotive*), a Jetta sedan, a Jetta Hybrid, the Beetle Coupe, and the Golf and GTI, both recently named to *Car and Driver* magazine’s “Best Cars for 2013.”

Like its VW sibling, Audi had across-the-board gains. But with about a 1 percent total U.S. market share, Audi is not driving VW’s overall success, says Phillippi, though it is a nice boost.

One driver that will likely continue to push the German automakers’ success is a commitment to localize assembly.

“They are clearly the team to beat,” Phillippi says.

The economic crisis has kept most other automakers that are viable U.S. players either stalled (Land Rover, Jaguar, and Porsche remained stable) or with only a slight change. ■

Nancy Dunham is a contributing writer of NADA Magazine.

What a Concept

Cars of the
not-so-distant
future.

BY JOE PHILLIPS



Jaguar C-X75 Plug-In Hybrid: Alas, this \$1 million plug-in supercar is now on hold, though it mixes green cred with street cred and can blast from 0 to 60 mph in less than three seconds.



Mercedes Ener-G-Force: “Mad Max” SUV, with Robocop styling, topography scanner, and roof-top tanks that collect water and convert it to hydrogen for the fuel cell.

AUTOMAKERS KEEP CHURNING OUT cool concepts to pique consumer interest. The emphasis remains on EVs, plug-ins, and other eco-friendly fare, despite tepid sales of such vehicles. But SUVs, hatchbacks, and even cargo trucks can be sexy, too, depending on the design studio. Of course, don't expect all the concepts here to make it onto dealer lots. But the slick styling cues and high-tech gizmos will likely end up on various vehicles in an automaker's lineup—and that's a winning concept to help drive showroom traffic.



Chevy Spark EV: On sale this summer in California and Oregon, the tiny EV boasts impressive torque similar to a Vette and special apps for GPS, Pandora, and other infotainment, including Siri.





Mazda6 Skyactiv-D Diesel: Diesel version of the popular midsize gets 30 percent better fuel economy while weighing 10 percent less.



BMW i3 Concept Coupe: Quirky hatchback EV with rear-mounted electric motor has raised roofline for maximum headroom/storage, top speed of 56 mph (0 to 60 in less than eight seconds), and 100-mile range with lithium-ion batteries.



Nissan Hi-Cross: The seven-seat hybrid crossover—slotted between the Juke and Murano—features all-wheel drive, a sparse yet space-age console, and a center dash with holographic-like imagery.



Jeep Mighty FC Concept: Based on a 1950s design, the latest version has similar DNA: an inexpensive (and ugly) off-roader with a short cabin, very long cargo bed, and huge, 40-inch tires.



Hyundai Veloster C3: The funky C3—part convertible, part Subaru Baja—sports a roll-top roof, fold-down tailgate, and repurposed skateboard decks on the rear cargo floor.



Honda Urban SUV: Honda's latest crossover, based on a Fit-sized platform, with curvy Civic-like styling that erases memories of that boxy Element.

Sales Trends

While the world economy slides, U.S. auto sales still rise.

BY NANCY DUNHAM

DESPITE GLOBAL ECONOMIC UNCERTAINTY, stakeholders in the nation's auto industry see signs that the long-awaited recovery—of both the U.S. economy and the U.S. auto industry—may finally take hold.

Several trends have boosted consumer confidence, including a continual drop in the U.S. unemployment rate. Though economists attribute some of that decrease to workers leaving the workforce, forecasts that 151,000 jobs a month would be created in 2012 appear to have been on target.

“One key factor is that the residential real estate is starting to look healthy,” says NADA chief economist Paul Taylor. “Overall prices on homes that sell for less than a million dollars are on the way up, increasing about 4 percent on average across the country. That helps to bolster consumer confidence, especially for those that are making what in most households is a major decision: purchasing an automobile.”

Unlike 2011's floods and tsunamis, which hurt automakers, dealers, and suppliers, Hurricane Sandy's devastation across the Eastern Seaboard in October 2012 seems to have actually spurred some car sales. The storm destroyed an estimated 25,000 vehicles, and industry watchers predict consumers will continue to replace them.

Other factors that will spur car sales in 2013, say experts, include record-low interest rates, a boom in consumer credit, and manufacturers' discounts on new cars and light-duty trucks to work down an average 70-day inventory of new light vehicles.

“Consumers saw strong incentives, especially at the end of the year,” says Taylor. “We believe that 2013 will add a million to the 2012 volume, bringing sales to over 15 million for the first time since 2007.”

Those who recall the days of 17 million in U.S. annual auto sales in the decade preceding 2007 will simply have to accept that that figure was artificially inflated and will not return without significant economic growth, Taylor adds.

PARTNERING WITH AUTO BUYERS

The days of those with poor credit scores not being able to secure automobile loans are over. With loan requirements having been loosened, consumers who have average credit scores of 760 can now secure new-car loans, according to reports by Experian Automotive. That's nearly the same average score of new-car buyers in 2008.

Increased funds have allowed consumers with less-than-ideal credit scores to secure loans for fairly low interest rates,



an average of 4.6 percent for new vehicles and 9.0 percent for used, says Experian. Longer loan-term payments combined with the high manufacturers' incentives have let more consumers buy the cars they want.

"We know that the average age of U.S. car is more than 11 years old," says Taylor. "With all of the stylish, reliable models that continue to debut, it makes sense that as credit loosened and funds became available, consumers would look to replace their automobiles. Light trucks are 10.6 years old, so many cars and light trucks need to be replaced."

CONSUMERS WANT THE NEW UNITS

Hurricane Sandy put a crimp in the supply of used cars in the United States and drove prices of used units up by about \$700 to \$1000 per unit, some analysts say.

And although the used-car market is booming, they add, most consumers opt for new vehicles when affordable.

"Fairly low gasoline prices in most states, along with low interest rates and a growing economy, will encourage consumers to buy new cars and trucks in 2013," says Taylor.

Jonathan Banks, *NADA Used Car Guide* executive automotive analyst, reports that post-Hurricane Sandy demand and

end-of-the-year promotions helped drive up new-vehicle sales by 15 percent in November. That trend should continue, and Taylor says most checks to replace their cars will have been spent during December and first-quarter 2013.

BUT STORM CLOUDS LOOM FOR U.S. ECONOMY

If there are any dark clouds on the horizon, they stem from the world economy not the U.S. economy, says Taylor.

The end of the year saw European leaders fighting to keep Greece, Spain, and other countries from bankruptcy; British leaders wringing their hands over industrial slowdowns that would likely shrink their economy again; and Asian and Latin American leaders unable to jump-start their economies. More automakers look to expand beyond U.S. borders in sales and production, but economic downturns abroad could stymie that effort and undermine the overall health of the U.S. economy.

"The U.S. economy is responding to continued low interest rates and falling unemployment," says Taylor. "The two needed events are progress on U.S. budget deficits and the economic recovery of the European countries." ■

Nancy Dunham is a contributing writer of NADA Magazine.

SALES TRENDS

NADA NEWS

Average dealership profile

Light-Duty Vehicle Sales

In millions

	Oct. YTD 2012	% chg.	Full year 2011
Domestic cars	4.3	23.5%	4.2
Import cars	1.8	9.4%	1.9
Total cars	6.1	19.0%	6.1
Light-duty trucks	5.9	8.8%	6.6
Total light-duty vehicles	12.0	13.8%	12.7

Balance Sheet Ratios (YTD Sept.)

Net debt to equity (Total liabilities less floor plan to net worth + LIFO)	0.95
Current ratio (Current assets to current liabilities)	1.35
Service and parts absorption (Service and parts gross profits divided by total fixed overhead expense)	56.1%
Return on equity	32.2%

Source: NADA Industry Analysis Division

	YTD September 2012	YTD September 2011	Percent change
Total sales	\$28,685,792	\$26,174,942	9.6%
Total gross	\$4,009,213	\$3,824,742	4.8%
As % of total sales	14.0%	14.6%	
Total expense	\$3,289,310	\$3,165,403	3.9%
As % of total sales	11.5%	12.1%	
Net profit before taxes	\$719,903	\$659,340	9.2%
As % of total sales	2.5%	2.5%	
New-vehicle sales	\$15,935,182	\$14,085,191	13.1%
As % of total sales	55.6%	53.8%	
Used-vehicle sales	\$9,292,412	\$8,598,908	8.1%
As % of total sales	32.4%	32.9%	
Service and parts	\$3,458,198	\$3,490,843	-0.9%
As % of total sales	12.1%	13.3%	
Advertising expense	\$300,845	\$270,638	11.2%
As % of total sales	1.05%	1.03%	
Per new vehicle retailed	\$614	\$622	-1.4%
Rent and equivalent	\$302,517	\$305,473	-1.0%
As % of total sales	1.05%	1.17%	
Per new vehicle retailed	\$617	\$702	-12.1%
New-vehicle floor-plan interest	(\$34,633)	(\$16,593)	108.7%
As % of total sales	-0.12%	-0.06%	
Per new vehicle retailed	(\$71)	(\$38)	85.2%
Average new-vehicle selling price (retail)	\$30,450	\$30,309	0.5%
Gross as % of selling price	4.27%	4.63%	
Average gross profit	\$1,299	\$1,404	-7.5%
Average used-vehicle selling price (retail)	\$17,473	\$17,146	1.9%
Gross as % of selling price	12.17%	12.87%	
Average gross profit	\$2,127	\$2,206	-3.6%

Average dealership profile

Light-Duty Vehicle Sales

In millions

	Nov. YTD 2012	% chg.	Full year 2011
Domestic cars	4.7	23.6%	4.2
Import cars	1.9	9.8%	1.9
Total cars	6.6	19.2%	6.1
Light-duty trucks	6.5	8.9%	6.6
Total light-duty vehicles	13.1	13.9%	12.7

Balance Sheet Ratios (YTD Oct.)

Net debt to equity (Total liabilities less floorplan to net worth + LIFO)	0.95
Current ratio (Current assets to current liabilities)	1.35
Service and parts absorption (Service and parts gross profits divided by total fixed overhead expense)	56.2%
Return on equity	31.5%

Source: NADA Industry Analysis Division

	YTD October 2012	YTD October 2011	Percent change
Total sales	\$31,770,947	\$29,024,094	9.5%
Total gross	\$4,435,892	\$4,234,199	4.8%
As % of total sales	14.0%	14.6%	
Total expense	\$3,650,328	\$3,505,538	4.1%
As % of total sales	11.5%	12.1%	
Net profit before taxes	\$785,564	\$728,661	7.8%
As % of total sales	2.5%	2.5%	
New-vehicle sales	\$17,648,355	\$15,635,832	12.9%
As % of total sales	55.5%	53.9%	
Used-vehicle sales	\$10,264,214	\$9,521,331	7.8%
As % of total sales	32.3%	32.8%	
Service and parts	\$3,858,379	\$3,866,930	-0.2%
As % of total sales	12.1%	13.3%	
Advertising expense	\$335,167	\$301,782	11.1%
As % of total sales	1.05%	1.04%	
Per new vehicle retailed	\$620	\$627	-1.0%
Rent and equivalent	\$335,605	\$338,883	-1.0%
As % of total sales	1.06%	1.17%	
Per new vehicle retailed	\$621	\$704	-11.7%
New-vehicle floor-plan interest	(\$38,815)	(\$20,664)	87.8%
As % of total sales	-0.12%	-0.07%	
Per new vehicle retailed	(\$72)	(\$43)	67.4%
Average new-vehicle selling price (retail)	\$30,580	\$30,401	0.6%
Gross as % of selling price	4.23%	4.62%	
Average gross profit	\$1,294	\$1,406	-7.9%
Average used-vehicle selling price (retail)	\$17,476	\$17,176	1.7%
Gross as % of selling price	12.11%	12.76%	
Average gross profit	\$2,117	\$2,191	-3.4%



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The Cree portfolio efficiently delivers beautiful light while cutting energy consumption up to 50% and lasting more than three times longer than traditional technologies, eliminating maintenance and the need to move cars for bucket trucks. All of this adds up to lighting that pays for itself, then pays you year after year, all backed by our 10-year warranty.

We make light that inspires a test drive. **Cree is LED lighting.**



CREE EDGE® HIGH OUTPUT LED AREA LIGHT Vibrant, high quality light | Cuts energy use up to 50% | Low maintenance, 100,000-hour lifetime | FrontlineOptic™ delivers light precisely for the highest impact | 10-year finish and luminaire warranty



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- Employment practices liability
- Vehicle protection and security
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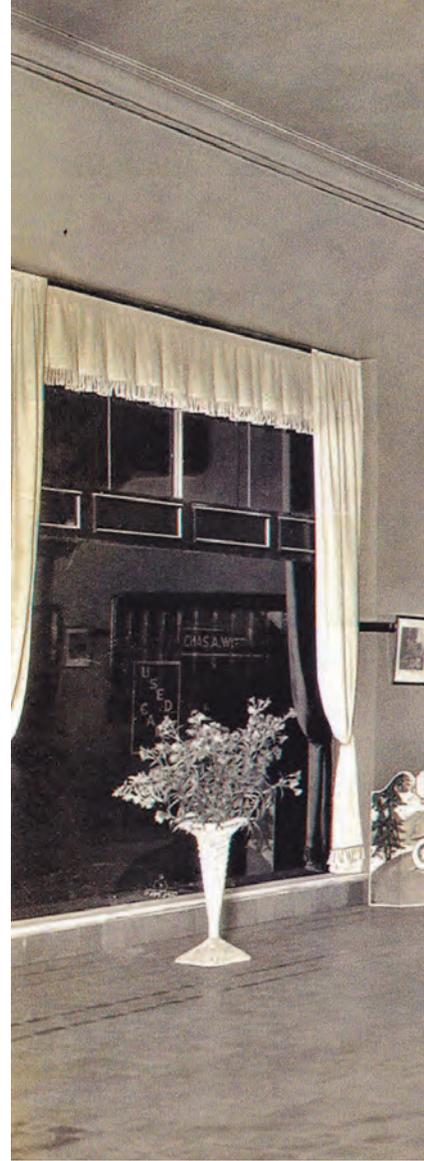
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Century Dealers

For more than 100 years, these
dealers have remained strong.

BY JOE PHILLIPS

MANY DEALERSHIPS WERE ORIGINALLY BLACKSMITHS or wagon makers before selling automobiles. The NADA Century Award celebrates those dedicated dealer families that have been in the transportation business for 100 years or more (to apply for the award, visit www.nada.org/centuryaward). Here is a look at current Century Award winners.



1847 | **W. Hare & Son, Inc.**
Noblesville, Indiana



1852 | **Schaefer & Bierlein**
Frankmuth, Michigan



1859 | **Reynolds' Garage & Marine, Inc.**
Lyme, Connecticut



1875 | **Normandin Chrysler/Jeep**
San Jose, California



1875 | **Kemmann Chevrolet, Inc.**
Lowden, Iowa



1885 | **Moser Motor Sales, Inc.**
Berne, Indiana



1912 | **Witt Buick**
Muskegon, Michigan



1895 | **Ferman Motor Car Co.**
Tampa, Florida



1897 | **Hill International Trucks, LLC**
East Liverpool, Ohio



1898 | **Eich Motor Co.**
St. Cloud, Minnesota



1900 | **Diehl Ford, Inc.**
Bellingham, Washington



1901 | **King BMW**
Freehold, New Jersey



1902 | **Suttle Motor Corp.**
Newport News, Virginia



1903 | Tenvoorde Ford, Inc.
St. Cloud, Minnesota



1903 | Wentworth Chevrolet, Inc.
Portland, Oregon



1904 | Martens Cars
Washington, D.C.



1905 | Claude Nolan Cadillac
Jacksonville, Florida



1906 | Smart Chevrolet Co.
Pine Bluff, Arkansas



1907 | Garber Buick
Saginaw, Michigan



1907 | Butts Motors, Inc.
Seaside, California



1907 | Hulsizer Chevrolet
Montgomery, Pennsylvania



1907 | Luck Chevrolet
Ashland, Virginia



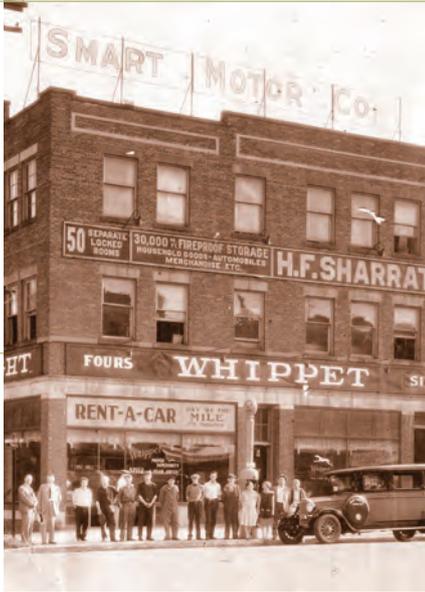
1907 | Wegner Auto Co.
Pierre, South Dakota



1908 | Don Drennen Motor Co.
Hoover, Alabama



1908 | Goodwin Bros. Auto
New Castle, Indiana



1908 | **Smart Motors, Inc.**
Madison, Wisconsin



1908 | **I.G. Burton & Co.**
Milford, Delaware



1910 | **Sames Motor Co.**
Laredo, Texas



1910 | **Tiffany Motor Co.**
Hollister, California



1911 | **Hight Auto Group**
Skowhegan, Maine



1910 | **Grovert Motor Co.**
Newhall, Iowa



1910 | **The Hersrud Co.**
Sturgis, South Dakota



1911 | **Barry Motor Co.**
Danbury, Iowa



1911 | **Chuck Colvin Auto Center**
McMinnville, Oregon



1911 | **Dahl Automotive of Onalaska**
Onalaska, Wisconsin



1911 | **Schallau Motor Co.**
Van Horne, Iowa



1911 | **Kelleher Motor Co.**
Ellensburg, Washington



1912 | **C. Speck Motors, Inc.**
Sunnyside, Washington

Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- FTC Used Parts Guide
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering rules
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

All Departments (Customer)

- Americans With Disabilities Act
- CAN-SPAM Act
- Driver's Privacy Protection Act
- Electronic Funds Transfer Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC Written Warranty Rule
- IRS Cash-Reporting Rule
- Magnuson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

New- and Used-Vehicle Sales Departments

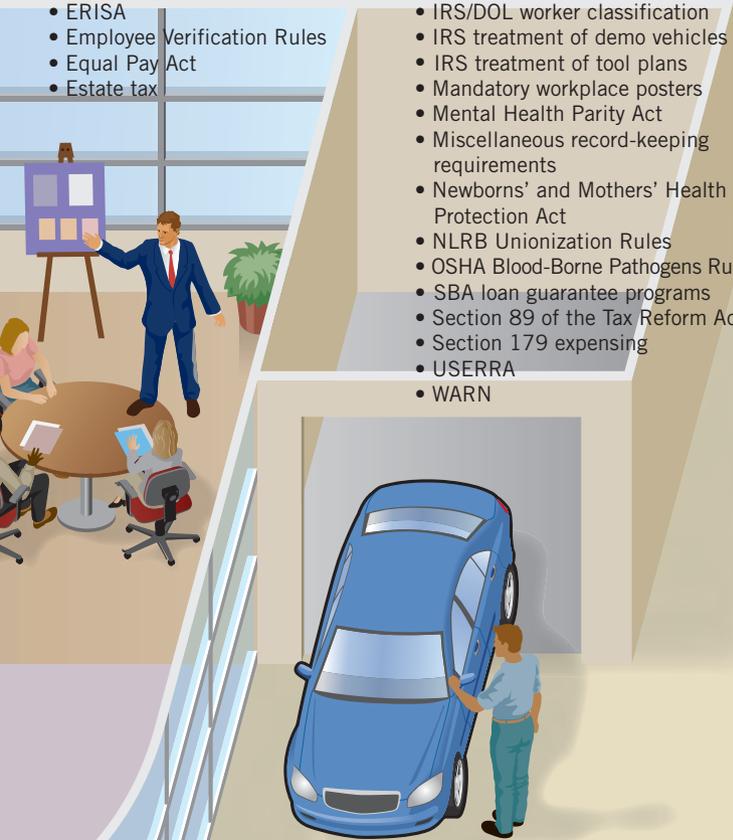
- American Automobile Labeling Act
- CAFE and GHGs Rules
- Diplomat vehicle purchases
- DOE/EPA gas-mileage guide
- EPA emissions certification
- Federal bankruptcy law
- FTC Door-to-Door Sales Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used Car Rule
- Gray-market vehicles
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
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- Monroey sticker (Price Labeling Law)
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- NHTSA collision-loss guide
- NHTSA odometer rule
- NHTSA recall regulations
- NHTSA safety belt/airbag deactivation
- NHTSA tire regulations
- School van sales
- UNICAP

F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- Fair Credit Reporting Act
- FACT Act of 2003
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing Acts

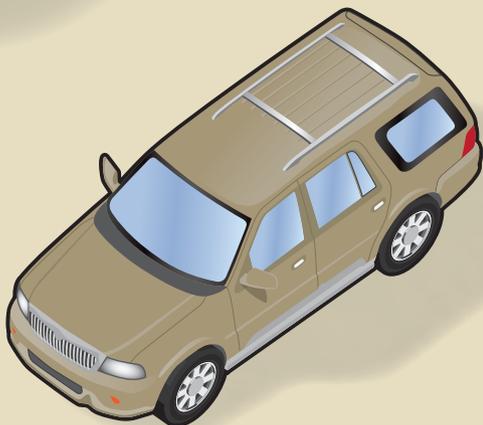
All Departments (General Management/Personnel)

- Affordable Care Act
- Age Discrimination in Employment Act
- Americans With Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- ERISA
- Employee Verification Rules
- Equal Pay Act
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regulations
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information Nondiscrimination
- Health Insurance Portability and Accountability Act
- IRS/DOL worker classification
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous record-keeping requirements
- Newborns' and Mothers' Health Protection Act
- NLRB Unionization Rules
- OSHA Blood-Borne Pathogens Rule
- SBA loan guarantee programs
- Section 89 of the Tax Reform Act
- Section 179 expensing
- USERRA
- WARN



Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking



Kopp Illustration

THE REGULATORY MAZE

Our annual list of major federal regulations; state and local laws also apply and sometimes include additional requirements.

IN ADDITION TO THIS LIST OF FEDERAL LAWS and regulations, be sure to consult www.nada.org/regulatory_affairs.

All Departments (General Management/Personnel)

■ **Affordable Care Act:** Extensive health-care reforms enacted in 2010 affect dealerships and their health-care plans. For example, certain dealerships (with more than 50 full-time employees) must decide by January 1, 2014, whether they will offer health coverage that meets the federal requirements or pay a penalty. Many other reporting, record keeping, and other duties will apply to dealerships and other businesses. For more information, visit www.healthreform.gov.

■ **Age Discrimination in Employment Act:** Protects older individuals against age-based employment discrimination.

■ **Americans With Disabilities Act (ADA):** Dealerships with 15 or more employees must reasonably accommodate disabled workers and job applicants.

■ **Consolidated Omnibus Budget Reconciliation Act (COBRA):** Requires dealerships with 20 or more employees to continue health-care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.

■ **Electronic deposit of taxes:** Dealerships having more than a de minimis amount of aggregate depository taxes generally must deposit through the Electronic Federal Tax Payment System.

■ **Electronic records retention:** Revenue Procedure 98-25 explains the IRS requirements for retaining computerized accounting records.

■ **Emergency-response planning:** Federal, state, and local laws require dealers to have emergency-response plans.

■ **Employee drug testing:** Unionized dealerships must bargain with unions before implementing employer drug policies (not necessary for preemployment drug testing). The ADA prohibits employers from discriminating against employees or applicants who have completed or are currently undergoing a drug treatment program, as long as they aren't currently abusing drugs.

■ **Employee Polygraph Protection Act:** Prohibits dealerships from using polygraphs in pre-employment screening; allows use in limited cases where an employee is reasonably suspected of a workplace incident involving economic loss to the employer.

■ **Employee Retirement Income Security Act (ERISA):** Dealers offering retirement or health plans must, among other things, provide employees with plan information, keep records, abide by fiduciary responsibilities, and set up a grievance process.

■ **Employment Verification Rules:** Dealerships must verify the employment eligibility of prospective new employees using I-9 form and proper support documentation. Use of E-verify is optional.

■ **Equal Pay Act:** Prohibits wage discrimination on basis of sex.

■ **Estate tax:** The top rate is 40 percent on amounts over \$5.12 million in 2012, expected to be over \$5.25 million in 2013.

■ **Family and Medical Leave Act:** Dealerships must post a notice informing employees of their right to take limited, unpaid leave for personal and family medical emergencies and must comply with appropriate requests for such leave. Special provisions apply to leave related to military service.

■ **Federal child-support enforcement regulations:** Requires states to govern liens put on personal property—including vehicles—for overdue child support. Dealerships should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.

■ **Federal Civil Rights Act:** Bars employment discrimination on the basis of race, sex, color, religion, or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status, or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.

■ **FTC Repossession Rule:** Requires formal accounting of money collected for repossessed vehicles.

■ **Federal wage-hour and child labor laws:** Address minimum-wage and overtime pay standards and exemptions as well as standards for employing minors, including teen driving restrictions. Federal minimum wage is \$7.25 per hour; state minimum wage rates may be higher.

■ **Genetic Information Nondiscrimination Act:** Prohibits discrimination based on health-related employee DNA information.

■ **Health Insurance Portability and Accountability Act:** Generally prohibits health insurers from denying coverage to workers

who lose or change jobs and bars insurers from excluding coverage for preexisting conditions for more than a year.

■ **IRS/DOL worker classification:** The IRS has launched a Voluntary Classification Settlement Program (VCSP) aimed at encouraging employers to admit to past worker misclassifications. When making worker classification decisions, dealerships should be careful, be conservative, and be prepared to document their decisions. The IRS and the Department of Labor

use multi-factor legal standards and tests to evaluate whether workers are "employers" or "independent contractors." Of greatest importance: the level of control employers exercise over workers as measured by the means and manner of the work performed.

■ **IRS treatment of demo vehicles:** Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines record-keeping requirements.

■ **IRS treatment of tool plans:** Tool and equipment plans for service technicians and other employees must comply with the IRS's requirements for business connection, substantiation, and return of excess payment.

■ **Mandatory workplace posters:** Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage," and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed.

■ **Mental Health Parity Act:** Requires insurers and health plans to offer mental illness coverage comparable to that for physical illness. Group health plans may not set dollar limits on mental health care lower than limits for general medical and surgical services. Nothing requires dealerships to provide mental health coverage, and certain exemptions apply.

■ **Miscellaneous record-keeping requirements:** A multitude of requirements govern the length of time records must be maintained. Examples: Personal and corporate income tax records must be kept at least three years; notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.



■ **Newborns' and Mothers' Health Protection Act:** Employers and insurers must provide minimum hospital-stay benefits.

■ **National Labor Relations Board (NLRB) unionization rules:** Govern unionization activities, including employee rights, election rules, postings, unfair labor practices, and others.

■ **OSHA Blood-Borne Pathogens Rule:** Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships should have proper first-aid kits.

■ **SBA loan guarantee programs:** Small-business dealerships seeking working capital, floor-plan, or real estate financing may be eligible for federal loan guarantees on loans up to \$5 million. SBA rolled out a new dealer floor-plan program in early 2011 with a 100 percent advance rate, five-year term, reduced fees, and guarantees of up to 75 percent. The current program is effective until September 20, 2013. For all SBA loan programs, small-business dealers are those with 200 or fewer employees (100 for truck dealers) or a combined \$15 million net worth and \$5 million in net income.

■ **Section 89 of the Tax Reform Act:** Dealerships are prohibited from discriminating against lower-paid employees in their employee benefits packages.

■ **Section 179 expensing:** Qualifying businesses can expense qualified Section 179 property, subject to phaseout. The total depreciation deduction (including the Section 179 expense deduction) for a passenger automobile (not a truck or a van) that you use in your business and first placed in service in 2012 is increased to \$3,160. The maximum deduction for a truck or van that you use in your business and first placed in service in 2012 is increased to \$3,360. The first-year deduction for passenger automobiles is increased by \$8,000 (to \$11,160 for autos and \$11,360 for light trucks or vans) for vehicles that are qualified property for bonus depreciation purposes (that is, were new and acquired and placed in service in 2012).

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):** Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Worker Adjustment and Retraining Notification Act (WARN):** Dealerships must give 60 days' notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans With Disabilities Act (ADA):** Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to facilities, such as by installing ramps and accessible parking spaces, drinking fountains, public toilets, and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornog-**

raphy and Marketing) Act: E-mailers must identify a commercial message as an advertisement or solicitation and provide their postal addresses and a mechanism to opt out of future commercial e-mails. If recipients opt out, senders must stop sending them commercial e-mail within 10 business days. The disclosure requirements don't apply to e-mails that relate to transactions or relationships, such as for warranty or recall-repair issues or the completion of transactions requested by the consumer. No one may send commercial e-mails to wireless devices unless recipients provide express prior authorization to receive them. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at <http://transition.fcc.gov/cgb/policy/DomainNameDownload.html>. Commercial e-mailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines, and other spam tactics.)

A text message may also be considered an e-mail and therefore subject to the CAN-SPAM Act if it is sent to an e-mail address—that is, if it has an Internet domain name after the

“@” symbol (whether the e-mail address is displayed or not). This means that no commercial text message (deemed to be an e-mail), may be sent to a wireless device without “express prior authorization.” Merely having an “established business relationship” with the recipient is not enough.

■ **Driver's Privacy Protection Act:** Denies access to personal information in state motor vehicle records except for limited purposes, such as driver safety, theft, and recalls. Also restricts the release of personal info for marketing.

■ **Electronic Funds Transfer Act (EFTA):** EFTA and its implementing “Regulation E” govern a variety of electronic transactions. Certain provisions of

Regulation E apply directly to any “person” that engages in certain activities or transactions, regardless of whether the person is a financial institution. Examples of such transactions include: issuing access devices (such as debit cards, personal identification numbers [PINs], or payroll cards); issuing or selling gift cards; initiating electronic check conversions; preauthorizing electronic fund transfers; or operating ATMs.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some cases, when the dealer discloses nonpublic information about consumers to third parties. The rule also restricts disclosures of nonpublic personal information. Dealers who correctly use a FTC model privacy notice receive safe harbor protection for the language used to describe their privacy policy.

■ **FTC prohibition against deceptive and unfair trade practices:** Prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, including recent claims that the dealer will “pay off” what con-



sumers owe on a trade-in vehicle.

■ **FTC Safeguards Rule:** Dealers must develop, implement, and maintain—and regularly audit—a comprehensive, written security program to protect customer information.

■ **FTC Telemarketing Sales Rule (TSR):** Imposes many of the TCPA restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell, or obtain payment authorization for, goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records for 24 months. An amendment to the rule prohibits prerecorded telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

■ **FTC Written Warranty Rule:** Dealers must display warranties near products or post signs in prominent places telling consumers that copies of the warranties are available for review.

■ **IRS Cash-Reporting Rule:** Dealers receiving more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named on the report by January 31 of the following year. "Cash" includes certain cashier's checks, traveler's checks, money orders, and bank drafts.

■ **Magnuson-Moss Act:** Dealers must give consumers certain required information on warranties and limited warranties.

■ **Office of Foreign Assets Control (OFAC) restrictions:** Dealerships may not enter into transactions with certain sanctioned countries, governments, and specially designated organizations and individuals, including those appearing on an electronic list maintained by OFAC.

■ **Telephone Consumer Protection Act (TCPA):** Imposes numerous restrictions on telemarketing, including the national and company-specific do-not-call (DNC) rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of autodialers and prerecorded messages. Fax ads may be sent only to authorized recipients and must include a phone number, fax number, and toll-free opt-out mechanism (each available 24/7) on the first page of the fax ad.

The FCC considers text messages to be "phone calls" under the TCPA. This means you cannot send a text message "solicitation" to a phone number on either the national DNC list (subject to the "established business relationship" and "prior express permission" exemptions to the national DNC rules) or your company-specific DNC list (to which there are no exemptions); and you cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a DNC list or not—using an "automated dialer system" unless you have the called consumer's "prior express written consent."

■ **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities if requested by the federal Financial Crimes Enforcement Network with whom they conducted transactions or created accounts. Deal-

ers are temporarily exempt from the law's anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

■ **American Automobile Labeling Act:** New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15 percent of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.

■ **Corporate Average Fuel Economy (CAFE) and Greenhouse Gases (GHGs) Rules:** NHTSA and EPA rules on CAFE and GHGs govern the fuel-economy performance of all light, medium-duty, and heavy-duty vehicles, which affects their design, performance, and cost. The rules also impact the use of alternative technologies and fuels.

■ **Diplomat vehicle purchases:** The State Department's Office of Foreign Missions must approve a diplomat's vehicle purchase before that diplomat's tax exemption request may be honored.

■ **DOE/EPA gas-mileage guide:** Dealers must make this guide available to prospective new-vehicle buyers upon request. Download the guide from www.fueleconomy.gov and also download NADA brochure *Green Checkup: Maintenance Tips to Help You Save Gas* from www.nada.org.

■ **EPA emissions certification:** Dealers must provide a form to new-vehicle customers certifying a vehicle's compliance with emissions standards.

■ **Federal bankruptcy law:** Dealerships should perfect security interests within 30 days after a customer takes possession of a vehicle, regardless of state law. Otherwise, if the customer files for bankruptcy within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships failing to perfect liens in a timely manner may be liable for any loss.

■ **FTC Door-to-Door Sales Rule:** Gives consumers a three-day "cooling off" period for sales not consummated at the dealership. Does not apply to auctions, tent sales, or other temporary places of business if the seller has a permanent place of business.

■ **FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling:** Dealer and manufacturer fuel-economy advertisements must state that the numbers are estimates and come from EPA; alternative-fueled vehicles must be properly labeled.

■ **FTC Used Car Rule:** "Buyer's Guides" are required on used-vehicle side windows, disclosing make, model, year, VIN, whether offered "as is" or with a warranty (and, if so, what kind of warranty), and service contract availability. Guides must warn that all promises should be in writing. For sales conducted in Spanish, the "Buyer's Guide" and the required cross-reference in the sales contract must be in Spanish.

■ **Gray-market vehicles:** EPA, Department of Transportation, and Customs restrict the importation/sale of vehicles lacking safety or emissions certification.

■ **IRS treatment of salesperson incentives:** Factory incentives

paid directly to salespeople are not wages for tax purposes.

■ **LIFO (last-in/first-out) inventory accounting method:** The use of the LIFO inventory method requires compliance with the conformity requirement.

■ **Heavy highway vehicle excise tax:** A 12 percent excise tax generally applies to the first retail sale of (1) truck chassis and bodies with a gross vehicle weight rating (GVWR) in excess of 33,000 lb. (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 lb. (Classes 7 and 8); and (3) “highway tractors,” unless they have a GVWR of 19,500 lb. or less (Class 5 and under) and a gross combined weight rating of 33,000 lb. or less. Dealers selling Class 5 vehicles with more than 33,000-lb. gross combined weight rating or Classes 6 or 7 vehicles should apply the “primary design” test to determine if a vehicle is a taxable tractor or a nontaxable truck.

■ **Motor vehicle tax credits:** Consumers may be eligible for up to a \$7,500 personal federal tax credit when they buy a qualifying plug-in electric vehicle or dedicated electric vehicle at a dealership (“EV Tax Credit”). Eligibility for the EV Tax Credit is based on a taxpayer’s income and tax status.

■ **Monroney sticker (Price Labeling Law):** Dealerships must keep stickers on new passenger cars showing the manufacturer’s suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also include EPA’s revised fuel-economy information and NHTSA NCAP revised crash-test star ratings. Dealerships that alter covered vehicles must attach a second label adjacent to the Monroney label, stating, “This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable.” No size or form of this label is specified, only that it be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **National Highway Traffic Safety Administration (NHTSA) alteration and tire-placarding rules:** Significantly altered new vehicles must have labels affixed identifying the alterations and stating that they meet federal safety and theft standards. Tire-placarding and relabeling rules require a new tire information placard/label whenever parts or equipment are added that may reduce a vehicle’s cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA collision-loss guide:** Dealers must make this guide available to prospective new-vehicle buyers. Congress has passed a law to repeal this mandate.

■ **NHTSA odometer rule:** Prohibits odometer removal or tampering and misrepresentation of odometer readings. Requires record keeping to create a “paper trail,” and odometer disclosures on

titles. Vehicles with a greater than 16,000-lb. gross vehicle weight rating and those 10 model years old or older are exempt.

■ **NHTSA recall regulations:** New vehicles and parts held in inventory that are subject to safety recalls must be brought into compliance before delivery.

■ **NHTSA safety belt/airbag deactivation:** Dealerships may install airbag switches for consumers with NHTSA authorization. Dealerships must be responsive to consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Rule requires proper replacement or modification of the tire-information label when replacing tires or adding weight before first sale or lease. Also, consumers must be given registration cards when buying new tires or tires must be registered electronically. Other rules govern handling and disposal of recalled new and used tires.

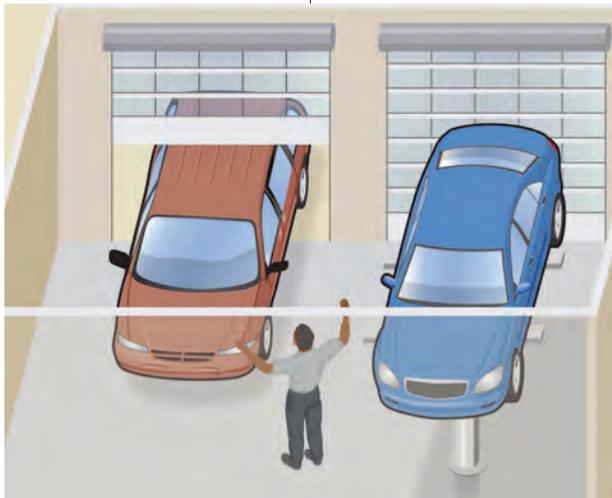
■ **School van sales:** Dealers may not sell, lease, or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students

to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **Uniform capitalization (UNICAP):** Dealers who (1) “produce” property or (2) acquire it for resale if their average annual gross receipts over the three preceding tax years exceed \$10 million must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. Revenue Procedure 2010-44 creates two safe harbor methods of accounting, which dealers may elect by filing Form 3115 with the IRS, that generally permit dealers to expense, instead of capitalize, all handling and storage costs at certain dealership facilities.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Comprehensive legislation enacted in July 2010 created a new, independent Consumer Financial Protection Bureau and granted it unprecedented authority to regulate financial products and services. Dealers engaged in three-party financing are excluded from the authority of the new bureau and remain subject to regulation by the Federal Reserve Board, the Federal Trade Commission (which has been given streamlined authority to declare dealer practices as unfair or deceptive), and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, are subject to the bureau’s jurisdiction. The Dodd-Frank law also created several new obligations for creditors, including new disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F)



that took effect on July 21, 2011. It also contains a requirement to collect, report to the federal government, retain, and make available to the public upon request certain data collected in credit applications from small, women-owned, and minority-owned businesses. Dealers are temporarily exempt from this requirement pending promulgation of specific regulations.

■ **Equal Credit Opportunity Act (ECOA):** Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national origin, age, and public-assistance status. The dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records. (See also “Dodd-Frank Financial Reform Law,” above, for a description of new small-business loan data collection requirements.)

■ **Fair Credit Reporting Act (FCRA):** Dealers are restricted in their use of credit reports for consumers, job applicants, and employees. Credit reports generally may be obtained only pursuant to consumers’ written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees.

■ **Fair and Accurate Credit Transactions (FACT) Act of 2003:** This significantly amended FCRA by adding several identity-theft prevention and other duties. Duties include: responding to requests for records from victims of ID theft and to fraud and active-duty alerts on credit reports; disposal requirements for credit report information; opt-out disclosure formatting requirements for prescreened credit solicitations; truncating the expiration date and all but the last five digits on electronically printed credit and debit card receipts provided to purchasers at the point of sale; the Federal Reserve’s Regulation FF restrictions on obtaining, using, and sharing “medical information” in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect, and respond to “red flags” indicating the possibility of identity theft; the FTC Address Discrepancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer’s identity when receiving a “Notice of Address Discrepancy” from a consumer reporting agency; the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out

of receiving solicitations from the business’s affiliates before affiliates may market to the customers; and the Risk-Based Pricing Rule, which generally requires initial creditors to issue either risk-based pricing notices to consumers to whom credit is granted but on relatively unfavorable terms, or credit score disclosure exception notices to all consumer credit applicants. Additional requirements apply to businesses that furnish negative information about consumers to consumer reporting agencies.

■ **FTC Credit Practices Rule:** Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sales contract. Dealers cannot “pyramid” late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

■ **FTC Holder-in-Due-Course Rule:** Preserves the consumer’s right to raise claims and defenses against purchasers of consumer credit contracts (with automobile sales, it protects consumers who buy cars from



dealerships on credit). When dealerships sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealerships. Under the rule, if a dealership engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealership’s conduct as a defense against the lender’s demand for payments. Dealerships must ensure that their credit contracts contain the precise disclosure required by the rule.

■ **Gramm-Leach-Bliley Act:** See “FTC Privacy Rule” and “FTC Safeguards Rule” under “All Departments (Customer).”

■ **Producer-Owned Reinsurance Companies (PORCs):** IRS Notice 2004-65 removed certain reinsurance arrangements as “listed transactions,” but states that the IRS will continue to scrutinize transactions that shift income from taxpayers to related companies “purported to be insurance companies that are subject to little or no U.S. federal income tax.”

■ **Truth in Lending and Consumer Leasing Acts:** Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount, and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

■ **Clean Air Act:** Dealerships may not tamper with, replace, or remove emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning

techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, as well as the alternative fuels motorists use, including gasohol. It restricts emissions from solvents and chemicals.

■ **Clean Water Act:** Sets standards for regulation of wastewater and storm water at dealerships and comprehensive rules governing aboveground oil storage tanks.

■ **Department of Transportation (DOT) hazardous-materials-handling procedures:** Require parts employees who load, unload, and package hazardous products, such as airbags, batteries, and brake fluid, to be trained in safe handling practices.

■ **FTC Used Parts Guide:** Prohibits misrepresentations that a part is new or about the condition, extent of previous use, reconstruction, or repair of a part. Previously used parts must be clearly and conspicuously identified as such in advertising and packaging, and, if the part appears new, on the part itself.

■ **IRS Core Inventory Valuation:** Revenue Procedure 2003-20 creates an optional method for valuing core inventories for those using Lower of Cost or Market Valuation Method.

■ **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.

■ **NHTSA tampering rules:** Prohibit dealerships from rendering inoperative safety equipment installed on vehicles in compliance with federal law.

■ **NHTSA tire rules:** Dealerships must report sales of defective tires when the tires are sold separately from vehicles, and must properly manage recalled tires.

■ **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposure. Water, aerosol cleaners, or brake washers may be used to comply with the standard.

■ **OSHA Hazard Communication Standard (right-to-know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the workplace, keep chemical product information sheets on-site and accessible, and train staffers to properly handle the hazardous materials they work with. Recent revisions require retraining employees by December 1, 2013. Also, EPA's community right-to-know rules require dealers to list annually with state and local authorities tanks holding more than 1,600 gallons.

■ **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.

■ **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from hydraulic lift operation to the number of toilets required. Example: Dealerships must determine if workplace hazards warrant personal protective equipment and, if so, to train employees on its use. Verbal reports must be made within eight hours of any incident involving hospitalization of three or more workers or any death.

■ **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management, and disposal of used oil, antifreeze, mercury products, and hazardous wastes. Underground tanks must be monitored, tested, and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 lb. per month (about half of a 55-gallon drum) of certain substances and must use EPA-certified haulers to remove the waste from the site; dealers must keep records of the shipments. Used oil should be burned in space heaters or hauled off-site for recycling. Used oil filters must be punctured and drained for 24 hours before disposal.

■ **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships may be barred from discharging waste liquids (such as used oil, antifreeze, and brake fluid) into septic system drain fields, dry wells, cesspools, or pits.

■ **Superfund (Comprehensive Environmental Response, Compensation, and Liability Act [CERCLA]):** As waste generators, dealerships may be subject to Superfund liability. Carefully select companies to haul waste off-site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability at sites involving used oil managed after 1993. The service station dealer exemption application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

■ **Clean Air Act:** National paint and hazardous air-pollution rules require reformulated, environmentally safer paints and finishes, special handling procedures, and record keeping.

■ **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."

■ **OSHA Hazard Communication Standard (right-to-know laws):** See "Service and Parts Department."

■ **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit, and maintain respirators to protect body shop workers from hazardous chemicals.

■ **OSHA workplace health and safety standards:** Extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves, and respirators. The hex chrome standard limits air emissions during sanding and painting. (See also "Service and Parts Department.")

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

■ **VIN and parts marking:** Dealers may not alter, destroy, or tamper with vehicle identification numbers or anti-theft parts-marking ID numbers and should use only properly marked replacement parts. ■

Doug Greenhaus, Paul Metrey, and Brad Miller of the NADA Legal and Regulatory Affairs Department contributed to this article.

Primed for Action

David Westcott, the 2013 NADA chairman, draws on past experience to help the auto industry today.

BY AMANDA DELUCA

DAVID W. WESTCOTT HAS GOTTEN A GREAT deal of value out of more than 30 years in the automotive business. And he's paying it back to his industry, with interest, by supporting fellow dealers as NADA's 2013 chairman. "I've had several different experiences," says Westcott, the owner of David Westcott Buick/GMC/Suzuki in Burlington, N.C. "All of them have given me a solid background for my new position."

BUILDING A CAREER

Westcott was raised in Birmingham, Mich., a Detroit suburb. So it's no surprise that he always had a special interest in the car industry. After attending Wayne State University, Westcott began his career at General Motors subsidiary Detroit Diesel as a service and sales instructor. He then became a district sales manager for GM's Pontiac Motor Division, a "terrific job" that provided "insight into the wholesale business." After that he worked at the Jim Moran's Pontiac Dealership in Hollywood, Fla., before he purchased a daily rental company with eight locations in Florida. In 1981, Westcott bought his current dealership and moved to North Carolina with his wife, Debbie. They've been married for 42

years and have two children: Jennifer, a financial analyst, and Greg, who works at the dealership as vice president and general manager. Greg and his wife, Ashley, have two children, Langdon and Mason, who Westcott says "are our highlights."

WORKING WITH NADA

While looking for a way to give back to the industry, Westcott became involved with the North Carolina Auto Dealers Association (NCADA), where he was chairman in 1995–96. For the past 10 years, Westcott has been actively involved with NADA. He was vice chairman in 2012 and will now be the sixth director from North Carolina to serve as the association's chairman. "I have been fortunate to head up various committees at NADA, which has provided me with a good sense of the scope and potential of the association," he says. "I have a good feel for what we've done and what we'll continue to do."

NEXT UP

For 2013, Westcott sees NADA facing important issues. At the top of the list is two-tier pricing. "It is critical, and we will continue our discussions with manufacturers," says Westcott, who recently surveyed the board of directors and found this



At the dealership: Westcott overlooking his show floor



At right: Westcott and Sen. Richard Burr (R-N.C.); below: the Westcott family in 1980



to be the top priority. “We’re not suggesting that incentive payments go away in any regard, but we are suggesting that incentive programs be fair and equitable to everyone because we represent all dealers from the smallest to largest,” he adds.

The second focus is the facilities issue and whether there is a return on investment for dealers. NADA is currently gathering some data on the issue to show manufacturers.

NADA’s third concern is the new 2025 fuel-economy rule and making sure consumers are not priced out of the market.

For the industry as a whole, Westcott expects this year to build on the “momentum” experienced in 2012, with new-car sales leading to a slow but steady economic recovery.

As far as the long-term outlook for NADA, Westcott will examine the five-year strategic plan. “We are always looking for better ways to serve our dealer members,” he says, adding that there is already a strategic task force in place to look at the convention of the future because that is where NADA reaches the largest amount of members at one time.

Overall, 2013 is shaping up to be a productive year for Westcott and NADA. “I don’t think there could be a bigger honor in my career than to represent 16,000 dealers as NADA chairman,” he says. “It’s very exciting.” ■

Amanda Deluca is a writer for NADA Public Affairs.

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Dudley Martin Chevrolet
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Richard Stephens
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Bottineau, N.Dak.
(North Dakota)



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Willis Automotive Group
Smyrna, Del.
(Delaware)



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McConnell Honda &
Acura
Montgomery, Ala.
(Alabama)



Annette Sykora
Smith South Plains
FLM DCJ
Levelland, Tex.
(North Texas)



Mark Birdnow
Birdnow Motor Trade
Oelwein, Iowa
(Iowa)

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(Tennessee)



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Dan Mullins Nissan
Lawton, Okla.
(Oklahoma)



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Way**
Way Brothers, Inc.
Hawkinsville, Ga.
(Georgia)



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Hare Chevrolet &
Son, Inc.
Noblesville, Ind.
(Indiana)



**Andrew "Jack"
Caldwell Jr.**
Caldwell Toyota
Conway, Ark.
(Arkansas)



George E. Nahas
George Nahas Chevrolet
Wildwood, Fla.
(Florida)



David W. Westcott
Westcott Automotive
Burlington, N.C.
(North Carolina)



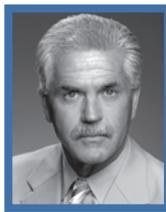
Thomas D. Ganley
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Cleveland, Ohio
(Metro Cleveland)



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DARCARS Automotive
Group
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D.C.)



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(Mississippi)



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Shepherd Team Auto
Plaza
Fort Scott, Kans.
(Kansas)



Brian Hamilton
Midway Chevrolet/
Cadillac/Buick/Chrysler/
Dodge/Jeep
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(Nebraska)



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Monument Chevrolet
Pasadena, Tex.
(South Texas)



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Auffenberg St. Clair
Auto Mall
O'Fallon, Ill.
(Illinois)



H. Douglas Knust
Harry K. Chevrolet/
Buick, Inc.
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(Michigan)



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Mendenhall Auto
Center
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**Marlene "Marti"
Hollenback**
Dishman Dodge/
Chrysler
Spokane Valley, Wash.
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Cascade Auto Group
Ltd.
Cuyahoga Falls, Ohio



Carlo Merlo
Glendale Chrysler/Jeep/
Dodge/Ram
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(Missouri)



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Victory Dealership
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(Northern California)



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Jim Marsh Automotive
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(Nevada)



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Advantage Chevrolet
Hodgkins, Ill.
(Illinois)



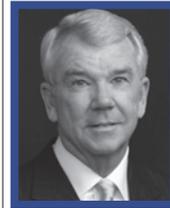
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Tiffin Ford/Lincoln, Inc.
Tiffin, Ohio
(Ohio)



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Glenwood Springs Ford/
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Glenwood Springs, Colo.
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Shortline Auto Group
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Raymond Chevrolet
& Kia
Antioch, Ill.
(Metro Chicago)



Don Chalmers
Don Chalmers Ford
Rio Rancho, N.Mex.
(New Mexico)



Greg Taylor
Taylor & Sons Chevrolet
Sandpoint, Idaho
(Idaho)



AT-LARGE—WEST
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Coeur d'Alene Honda
Coeur d'Alene, Idaho



Todd M. Snell
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Mankato, Minn.
(Minnesota)



Greg Galpin
Galpin Ford, Inc.
Prescott, Ariz.
(Arizona)



Edward C. Tonkin
Ron Tonkin Dealerships
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DEALERS**
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Minuteman Trucks, Inc.
Walpole, Mass.



Kenneth C. Vance
Ken Vance Motors, Inc.
Eau Claire, Wis.
(Wisconsin)

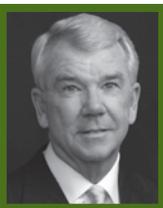


**Richard P. "Pete"
Greiner Jr.**
Greiner Ford/Lincoln
Casper, Wyo.
(Wyoming)

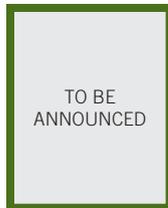


**William P.
Underriner**
Underriner Motors
Billings, Mont.
(Montana)

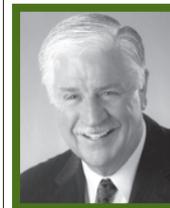
REGION IV



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Donald P. Hicks
Shortline Auto Group
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By Peter Craig

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Hubbell Inc./Spaulding Lighting, Greenville, S.C., offers outdoor LED lighting for energy efficiency, safety, and security. Its Cimarron LED, with finned die-cast housing to keep the fixture cool, extends component life to 60,000 hours. An energy-control option uses less than half the energy of a comparable HID. Call 864.678.1000 or visit www.spaulding-lighting.com. **(NADA booth #1335)**

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LOT LIGHTING



WLS Lighting Systems, Inc., Fort Worth, Tex., provides a range of lighting fixtures to help maximize vehicle presentation. Services range from design to routine maintenance. Call 800.633.8711 or visit www.wslighting.com. (NADA Booth #2256)

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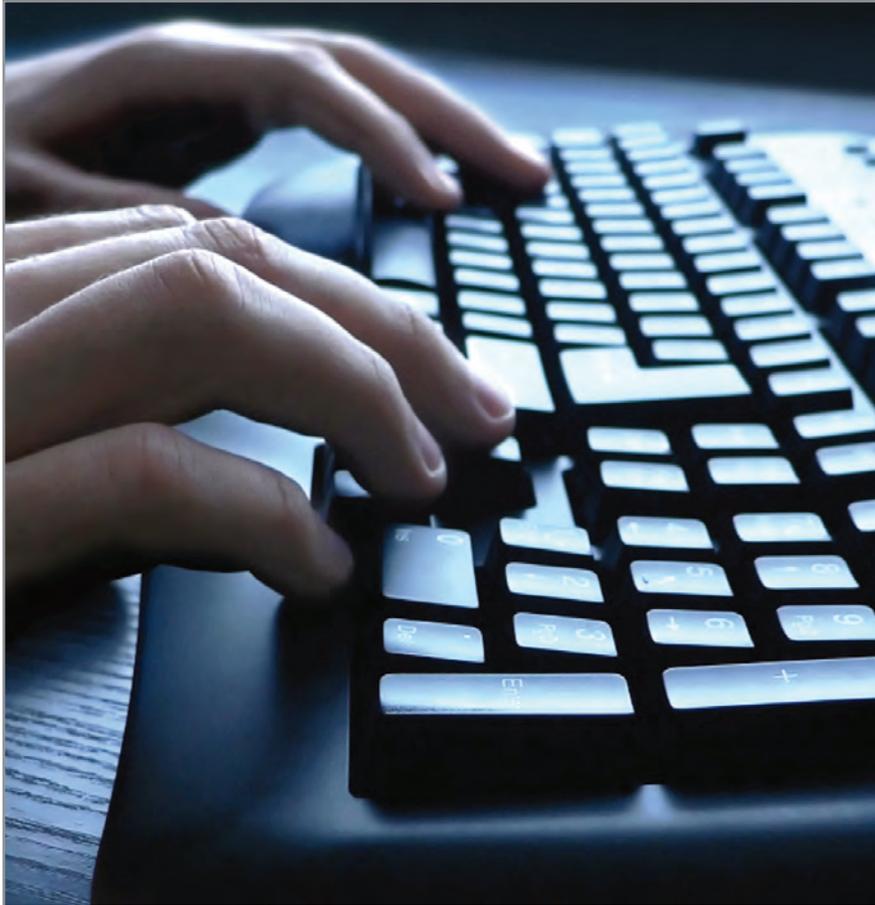


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NADA
The Voice of the Dealer



CARE CENTER UPGRADES



Reynolds and Reynolds Co., Dayton, Ohio, has added follow-up call services to its Virtual Customer Care Center, which acts as a business development center for dealerships. The new services are designed to help boost lease renewals, as well as vehicle and service-customer retention. A revised care-center menu lets dealers choose follow-up options. Call 800.649.7515, option 2, or visit www.reyrey.com/consulting. **(NADA booth #1084)**

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