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SOS holiday closures

Secretary of State Terri Lynn Land reminds dealers that all branch offices will be closed in observance of Martin Luther King Jr. Day on Monday, January 18.

CVR inventory count: January 12

Dealers participating in the CVR program are reminded that the count and physical verification of inventory must be taken **Tuesday, January 12 prior to any transactions being processed for the day.** The state suggests the following method to verify and report inventory. (This should take about 15 minutes.)

1. **Print a report** of your current available inventory from the CVR computer
2. Verify the report by a **physical check of the actual inventory** to ensure that each plate or tab/permit is present. Sealed boxes do not need to be opened, simply check the labeling on each package.
3. If there are no discrepancies between the printed report and the physical verification, **type the requested inventory numbers into the CVR computer:** beginning

and ending numbers for plates and tabs and permits in inventory, as well as the total number of each (as shown on the available inventory report).

4. **Submit** the report.

While dealers are given until Monday, January 18 to **submit** the report, the inventory must be counted and verified on January 12 prior to any new CVR transactions being processed.

Dealers who do not submit the required information are in violation of their agreement with the Michigan Department of State and risk losing the ability to use the CVR program. If you have questions or if you are having difficulty meeting your requirements, please contact your CVR account representative or CVR support at (800) 333-6995.

Reminder from NADA: body shop air emissions notifications due Jan. 11

www.nada.org/bodyshop

The Environmental Protection Agency's (EPA) rule governing hazardous air pollutants (HAPs) requires existing body shops to **file an Initial Notification Form by January 11, 2010.** Full compliance, due by January 11, 2011, requires that dealership body shops: 1) Paint only inside filtered, ventilated paint booths or prep stations; 2) Use high transfer efficiency application equipment; 3) Clean guns with non-hazardous solvents, in gun-enclosed washers, or using a method that does not involve atomized spraying to the open air; 4) Have painters trained and certified every five years; and 5) Keep basic records demonstrating compliance.

The rule also: 1) Allows a shop to petition for an exemption if it does not spray coatings with any of the above-listed HAPs of concern; and 2) Excludes the spraying of coatings from hand-held guns with paint cups of 3.0 fluid ounces or less.

Also, paint stripping involving methylene chloride (MeCl) is significantly regulated for shops using more than one ton of MeCl per year. Where possible, body shops should avoid the use of strippers containing MeCl.

For more information, please see the bulletin and forms found at: www.nada.org/bodyshop (login required). Questions on the new rule may be directed to Regulatory Affairs at regulatoryaffairs@nada.org or (703) 821-7040.

IRS Form 8300 filings: inform customers by Jan. 31

www.irs.gov

The IRS requires Form 8300 to be filed if more than \$10,000 in cash was received from one buyer as a result of a single transaction or two or more related transactions. As a reminder, a written statement must also be provided to each person named on Form 8300 to notify them that the business has filed the form. For 2009 transactions, dealers should provide a written statement to customers by January 31, 2010. The statement must include

the following information: 1) The name and address of the dealership, as well as a name and telephone number of a contact person; 2) The total amount of reportable cash received in a 12-month period; and 3) A statement that the seller is reporting the information to the IRS.

Additional information about Form 8300 requirements can be found within the *Links* tab at www.michiganada.org.

SuperFleet discount fuel program

MADA has endorsed SuperFleet to provide dealers with a discount fuel program. More details are available on the following page, or go to www.michiganada.org



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Michigan Presidents' Reception: Feb. 14

Dealers attending the NADA Convention are invited to join MADA President Garry Clift and DADA President Bill Perkins for the 2010 Michigan Presidents' Reception. The event will be held Sunday, February 14 at 5:00 p.m. An invitation with additional details will be mailed to dealers who preregister for the convention. (As a reminder, NADA preregistration closes today!)

their information-sharing practices and inform consumers of their right to opt out of certain sharing practices. The new model form can be used to comply with these requirements.

Reminder to be aware of potential fraudulent activity

MADA would like to remind members to be alert to potential scams and fraudulent activity. Dealers have recently received invoices for unsolicited quarterly marketing subscriptions. As with many similar scams, the invoices appear legitimate - and the company may even have a Web site listing the dealership - but the dealerships never requested a service from the company.

Another member contacted MADA to warn dealers to use additional caution

when allowing individuals with out-of-state licenses to test drive a vehicle. In a recent instance, a woman came into the store and provided an out-of-state license that did not appear to belong to her. After the dealership made a copy of the license, the woman decided she was no longer interested in the test drive and left. There is a possibility she intended to leave the state with the demo vehicle.

Consumer Protection Week and business resources

www.consumer.gov/ncpw

The FTC has launched a Web site for National Consumer Protection Week 2010, held March 7-13. consumer.gov/ncpw encourages people to learn about their rights as consumers and promotes free resources to help protect themselves. Also included are the following business-specific resources:

Identity Theft: Deter, Detect, and Defend - Dedicated to helping organizations fight back against identity theft. Includes educational materials and tools to help educate employees.

Ftc.gov for Business - Offers resources to help businesses understand and comply with consumer protection laws. Topics include:

advertising, credit, health, franchises, telemarketing, preventing fraud, and more.

Fighting Fraud with the Red Flags Rule - Provides step-by-step assistance to help draft a plan for spotting the "red flags" of identity theft and complying with the Red Flags Rule.

Red Flags Rule Video - This video provides a detailed overview of the Red Flags Rule.

Protecting Personal Information: A Tutorial - Offers steps to protect personal information of customers, employees and others.

Ftc.gov/infosecurity - More information about creating and implementing a plan for protecting personal information.

FTC issues new model privacy notice

www.ftc.gov

The FTC and federal banking agencies have developed a model privacy notice form that will make it easier for consumers to understand how financial institutions collect and share information. Under the Gramm-Leach-Bliley Act (GLB Act), institutions must notify consumers of

Dealers who continue to provide their finance and lease customers with a privacy notice that uses language from the sample clauses contained in Appendix A to the text of the original Privacy Rule (which required compliance by July 1, 2001) will lose safe harbor protection for the language used in those notices after December 31, 2010. Accordingly, dealers should consider transitioning to the new notices before the end of 2010.

Information from NADA is available online at www.nada.org/regulations. Additional details from the FTC, including the rule and model privacy forms, are provided at www.ftc.gov/opa/2009/11/glb.shtm.

NAIAS: Public Show opens Jan. 16

Dealers are reminded that the NAIAS opens to the public Saturday, January 16 at 9:00 a.m. This is a great opportunity for dealers and their employees to view more than 700 vehicles on display, representing the most innovative designs in the world. Group tickets (min. of 25) are available for \$8 per person. Individual ticket prices and show times are available online at www.naias.com.

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**Reminder: filing
deadline is Jan. 25**

As a reminder, the American Arbitration Association must have Chrysler and GM dealers' Demands for Arbitration in its office by Monday, January 25. A postmark on that date is not sufficient.

Chrysler dealers must also send an original demand directly to Chrysler, which must be received in Chrysler's office by January 25, 2010.

Additional information is available at www.michiganada.org.

MADA welcomes new leadership

We would like to thank Garry Clift, George Sharpe Sr. and Wes Lutz for agreeing to serve on the 2010 MADA executive committee. Our new president, Mr. Clift, is the owner of Clift Buick Pontiac GMC in Adrian and has been serving as a member of the executive committee since 2007. Mr. Sharpe is the vice president and treasurer. He owns The Sharpe Collection

in Grand Rapids. Our newest member to the executive committee is Mr. Lutz, our second vice president, who owns Extreme Dodge Chrysler Jeep in Jackson. All three dealers have been actively participating as a member of the association for many years and we look forward to a year of positive change and growth with these gentlemen at the helm.

Dealer reminders

NADA pre-registration deadline extended. Due to an overwhelming demand for additional time to register, NADA has extended pre-registration for the 2010 NADA Convention until January 27. (Pre-registration saves dealers \$50 to \$75 on registration fees.) For more information, please go to www.nada.org/convention.

Michigan Presidents' Reception. Dealers attending the NADA Convention are invited

to join MADA President Garry Clift and DADA President Bill Perkins for the 2010 Michigan Presidents' Reception. The event will be held Sunday, February 14 at 5:00 p.m. Invitations are in the mail.

Dealer plates are active through February. Current dealer plates will remain active through February 28, 2010. It is expected that the Michigan Department of State will begin shipping new dealer plates in late-February.

FTC to host roundtable discussion

www.ftc.gov

The FTC will offer a Webcast on January 28 during a public roundtable discussion, which will explore privacy challenges posed by technology and business practices that collect and use consumer data. Such practices include social networking, cloud computing, online behavioral advertising, mobile marketing, and the collection and use of information by

retailers, data brokers, third-party applications, and other diverse businesses. The roundtables will help determine how to best protect consumer privacy while supporting beneficial uses of the information and technological innovation. More information is available at www.ftc.gov/bcp/workshops/privacyproundtables.

Michigan International Auto Show opens in February

www.GRautoshow.com

The Michigan International Auto Show, presented by the Grand Rapids New Car Dealers Association, will open its doors at DeVos Place in Grand Rapids with a special Charity Gala on February 3. In addition to the opportunity to view 2010 vehicles and awe-inspiring concept cars, the gala will feature wine tasting from some of Michigan's finest wineries and music from the Hark Up Rapid City Swing Band, the Fred Knapp Trio and the John Gist Trio. Proceeds from the evening benefit the Helen DeVos Children's Hospital Foundation. The public show begins on February 4. For more information or to purchase tickets, please visit www.GRautoshow.com.

Charity Gala

Wednesday, Feb. 3 • 6:30 - 10:00 p.m.
Tickets are \$150 per person.

Public Show Schedule

Thursday, Feb. 4 • 3:00 p.m. - 10:00 p.m.
Friday, Feb. 5 • 11:00 a.m. - 10:00 p.m.
Saturday, Feb. 6 • 10:00 a.m. - 10:00 p.m.
Sunday, Feb. 7 • 10:00 a.m. - 6:00 p.m.
Tickets are \$10.00 for adults; children 6 to 14 are \$4.00; children 5 and under are free.

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Labor law posters

As a reminder, dealers should now be displaying the recently updated EEOC labor law poster, which includes changes mandated under the Genetic Information Nondiscrimination Act and the Americans With Disabilities Act.

Michigan revenue update, December 2009

www.senate.michigan.gov

The Michigan Senate Fiscal Agency recently released new state revenue numbers. Following are a few bullet points from that report.

- December tax collections were approximately \$44.9 million above the level expected in the Senate Fiscal Agency's estimate for the month, based on the consensus revenue estimates adopted in May 2009.
- Sales tax receipts totaled \$564.2 million in December, down 13.4% from the year-ago level. Adjusting for calendar year issues in the processing of tax returns, sales tax collections were down approximately 8.1%

from one year ago.

- Sales tax collections from motor vehicle transactions were 8.4% above the year-ago level, reflecting exceedingly low receipts in the prior year more than Michigan's mirroring the strong motor vehicle sales reported nationally in December. Compared with the FY 2008-09 average, December 2009 sales tax receipts from motor vehicle transactions were down 11.4%.
- Michigan Business Tax revenue totaled \$187.6 million in December, down 4.1% from last year's level.

Sale of new and used Toyota vehicles

NADA issued a special alert to Toyota dealers on Wednesday regarding the recent Toyota recall. A portion of

new vehicles should not be sold, and

2) that used vehicle is in an accident involving the defect.

Accordingly, all dealers should consult their attorney about their obligations before selling any of the affected new or used Toyota vehicles.

Dealers are therefore cautioned not to sell the vehicles in question until the necessary repairs have been completed. On a related note, many automotive auctions have announced they will halt sales of Toyota vehicles under the "stop sale" agreement. Rental car companies are also beginning to pull affected vehicles. Additional information is available at www.michiganada.org. *Please note that this is not intended as legal advice, dealers should consult with their own attorney with any questions they may have.*

that notice pertaining to used vehicles is reprinted below.

The federal Safety Act prohibits the sale and delivery of new vehicles subject to orders such as the one Toyota issued yesterday unless and until the defect is corrected. While there is no recall remedy yet available for in-use (used) vehicles, the resale of such vehicles is not prohibited by the federal Safety Act. 49 USC 30112(b). However, other laws, including state product liability laws, may impose liability in this situation if:

1) a dealer chooses to sell a used vehicle containing the safety-related defect, especially in the face of Toyota's instructions that

Important State of Michigan updates and reminders

www.michigan.gov

Dealer plates are good through February 28. As a reminder, current dealer plates will remain active through February 28, 2010. It is expected that the Michigan Department of State will begin shipping new dealer plates in late-February.

Review your business names. MADA encourages members to regularly review their business entity names (see www.dleg.state.mi.us/bcs_corp/sr_corp.asp) to ensure all names being used by the dealership are renewed prior to their expiration. (Renewal is required every five years.) It has come to our attention that some individuals are filing paperwork to obtain the right to use business names when a dealership does not renew the name in a timely fashion or allows it to expire.

Updated OFIR form. MADA has recently been notified that the Michigan Office of Financial and Insurance Regulation (OFIR) has revised its form FIS-0200, Insurance Business Entity Affiliate Disclosure Form. All business entity affiliations and designated responsible producer disclosures and changes must be submitted using the new form (dated 12/09). Effective February 12, 2010, OFIR will return information submitted on the previous version so dealers should dispose of any remaining forms. The new form is available at www.michigan.gov/ofir. (Choose the *forms* section, then *insurance*.)

If you have questions about these issues, please contact Jean Quinn at (800) 292-1923 or jquinn@michiganada.org.

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Dates to remember

Feb. 4-7 • Michigan International Auto Show

Feb. 13-15 • NADA convention & expo

Apr. 23-26 • ATD convention & expo

The Cash for Clunkers sales effort

www.senate.michigan.gov

NADA recently published its January 2010 *Economic Update*, which included a wrap-up of the Cash for Clunkers sales effort. Following are a few bullet points from that report.

- Cash for Clunkers caused a large spike in new vehicle sales in July and August. The August SAAR was 14.1 million units.
- Inventory at the end of 2009 was at a 53 day supply. There were a little less than 2/3rd's of 2008 new vehicle inventory levels at the end of November of 2009. There was about half the level of inventory in August 2009 compared to the end of August 2008, at the end of the Cash for Clunkers incentives. That August supply translated into a very low rate of 29 days of new light vehicle supply.
- Typical new car buyers don't drive 5 to 10 year old Clunkers; typical used car buyers

drive Clunkers. And the incentives offered by Cash for Clunkers converted many of them into new car purchasers...

- [Research supports] the fact that most Cash for Clunker participants were planning to buy a used car, or no car, in 2009 before the program was offered.
- ...there was clearly no significant "sell ahead" effect evident in the last months of 2009. The very low inventory...at the start of September assured that the month would produce slow sales, and that did occur. Why? Because of a lack of selection for typical new car buyers.
- As new car inventory came back, new car and truck sales improved in the last three months of 2009 compared with the first six months of 2009.

MADSIF offers HazMat certification

www.madsif.com

As a reminder, the U.S. Department of Transportation requires businesses that package, transport/ship, handle or store hazardous materials to have at least one DOT HazMat certified employee at the location during all hours of operation. Hazardous materials referenced in these regulations include, flammable liquids, compressed gas cylinders, air bag modules, seat belt with pre-tensioners, paints, adhesives and hazardous waste.

Re-certification is required every

three years. MADSIF/CastleRock RMS are offering the following certification/re-certification classes:

- Gaylord (Feb. 23) ~ Birch Run (Feb. 24)
- Troy (Feb. 25) ~ Lansing (Mar. 2)
- Kalamazoo/Oshtemo (Mar. 3)
- Grand Rapids (Mar. 4)
- Ann Arbor (Mar. 16)

For more information or to register, please contact MADSIF's Leslie Drake at (866) 919-9578.

Grand Rapids Auto Show

Dealers are reminded that the Michigan International Auto Show in Grand Rapids is now open. The public show runs through Sunday, February 7.

Additional information, including ticket prices and show times, is available online at www.GRautoshow.com.

Michigan Presidents' Reception: Sunday, February 14

MADA and DADA look forward to seeing the many dealers who will be attending the NADA Convention and the Michigan Presidents' Reception next weekend in Florida. Following are details about the event, as well as directions from the convention center to the reception. (The drive is about five miles.)

Sunday, February 14 from 5:00 - 7:00 p.m.
20Seven, Buena Vista Palace
1900 Buena Vista Drive in Lake Buena Vista, FL

Convention center to Michigan Presidents' Reception:

- International Drive to 528 West
- 528 W to I-4
- I-4 W toward Tampa
- Exit 68 for FL 535 N
- Turn right at S. Apopka / Vineland Road
- Turn left at Hotel Plaza Blvd.
- Turn right on Buena Vista Drive
- The hotel will be on the right



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ATTENTION

Parts - Service - Body Shop Managers

Mandatory Certification or Re-Certification Class

DOT Hazardous Materials Regulations

49 CFR HMR Parts 100 ~ 185

The U.S. Department of Transportation requires all businesses that package, transport/ship, handle or store hazardous materials to have at least one **DOT HAZMAT certified employee at the location during all hours of operation.** Hazardous materials referenced in these regulations include

- flammable liquids
- compressed gas cylinders (ex: Acetylene, Oxygen, Freon)
- air bag modules
- seat belt with pre-tensioners
- paints, adhesives
- hazardous waste

Re-certification is required every three (3) years. Have appropriate employees check their certifications to ensure they are current. An employee certified in 2007 or before, must attend one of these classes to be re-certified. These will be the only DOT Hazmat classes specifically tailored to auto dealership employees offered in 2010

MADSIF/CastleRock Safety & Health Staff is offering **Department of Transportation (DOT) Hazardous Materials Certification Classes** at locations throughout Michigan in February/March 2010.

Also as of February 2006 minimum civil penalties for not having employees trained increased to \$450.00

See next page for dates, locations and registration information.



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MADA Board Meeting

March 16, 2010
Lunch at noon
Meeting from 1-3 p.m.
MADA Red Room
East Lansing

All MADA dealers are welcome to attend the association's board meetings. To RSVP, please call (800) 292-1923

Help support a collective dealer voice

MADA needs your support and financial participation during the 2010 MADPAC campaign. Michigan's franchised new vehicle dealers are an important industry, and we must have a political action committee that represents our strength and numbers.

There are numerous PACs in Michigan. Many are very well funded, and some support legislation and regulation that may be detrimental to our businesses. We must ensure that our voices are heard, and a financially strong PAC is a great place to start.

There is no reason we cannot expect 100 percent financial participation.

Look for your MADPAC mailing to come in the mail soon and please show your support with a contribution. You can also call Larry Parker or Tommi Nielsen at (800) 292-1923 for more information or to provide your donation today. We thank you in advance for your support and look forward to a successful year for Michigan's franchised new vehicle dealers.

Thank you for joining us in Orlando

We would like to thank the many dealers and guests who joined us at the Michigan Presidents' Reception this past Sunday in Orlando. There was a great turnout and those in attendance had a wonderful time. We always enjoy the opportunity to network with colleagues throughout Michigan.

We would also like to thank MADA President Garry Clift and DADA President Bill Perkins for their service and time during the reception. We appreciate all the work you do for Michigan's franchised new vehicle dealers.

Dealer plates to be delivered next week; reminder of proper plate usage

www.michigan.gov/sos

The State of Michigan has informed MADA that dealer plates will be mailed via UPS next week. To assist dealers, the State of Michigan offers the following reminders about proper dealer plate usage.

- Create a list of current dealer plates (and keep a copy of this list in vehicles leaving the lot with a dealer plate).
- For law enforcement purposes, any time a vehicle leaves a dealer's lot on a dealer plate, the following should be in the vehicle: ownership document, proof of insurance and written authorization to drive the vehicle.
- Know where dealer plates are being used throughout the dealership and periodically audit dealer plates to ensure that none have been lost or stolen.
- Lost or stolen plates should be reported to MADA or the Michigan Department of State Licensing Unit.
- Prevent unlicensed drivers or drivers with an expired license from using your dealer plates.
- Collect and properly dispose of your expired dealer plates.

(One method of disposing plates is to cut the plates in half before discarding.)

If you have questions, or if you do not receive your plates before the end of February, please contact Jean Quinn at (800) 292-1923 or jquinn@michiganada.org.

Customer robs bank during test drive

While on the subject of dealer plates, the Iowa dealer association recently notified us of a situation that illustrates why it is so important to properly track your dealer plate inventory.

A bank robber used a test drive vehicle as his getaway car last week in Cedar Rapids. In addition to having the required current record of the location of every license plate issued to you, it is best practice to have a copy of the customer's current driver's license during any test drive. That information is your sales staff's first line of defense against misuse of a test vehicle. Fortunately, the police were able to apprehend the bank robber thanks to information provided by the dealership.

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A MADA employee moves forward

After more than 13 years with MADA, Jennifer Daniher, Manager of Insurance Operations, has taken a new job in the health care field in Flint. Her presence at MADA will be missed and we wish her great success at her new job.

protected. Following are some recommendations for franchised auto dealers. The complete bulletin is available at www.zurichna.com/zduZurich (choose the *Online Resources* tab then *Loss Prevention Library*).

Due to the quickly changing circumstances and complexities of recalls, business owners should consider the following actions until appropriate repairs can be made:

- Do not sell, rent, loan or lease any of the recalled vehicles, NEW or USED.
- If you are a franchised dealer not affiliated with the recalling manufacturer, send all used/pre-owned inventories affected

MADPAC golf: we'll see you June 7, 2010!

www.michiganada.org

While it may be hard to see beyond the snow and cold, spring and the annual MADPAC Golf Outing are quickly approaching. **The 2010 event will be held Monday, June 7 at the Country Club of Lansing.** Please save the date! Thanks to the very generous support of many sponsors, registration remains at \$250 per person, of which 100 percent goes directly to our MADPAC campaign in support of dealers' legislative activities.

We are looking forward to getting together with many of our annual golfers and excited for the opportunity to meet a few new golfers. The outing is open to all so dealers are invited

to register family, friends and coworkers to join them for a game of golf.

The day begins with a dealer luncheon at 11:00 a.m., followed by a shotgun start at noon. The event concludes with an awards reception and giveaways. Additional information and a registration form will be mailed to dealerships this spring.

Dealers who would like to register in advance may contact Tommi Nielsen at (800) 292-1923. Associate members who would like to help sponsor the event or donate player gifts should call Larry Parker at the same number. We look forward to seeing you in June!

Responding to automobile safety recalls

www.zurichna.com/zduZurich

With auto recalls making headlines, Zurich has developed recommendations to help dealers keep their business and customers

by the recall and to an authorized repair facility.

- Suspend the use of recalled demonstrators, service loaners and furnished autos to employees, clients, family members, institutions, sponsored events and any other individual or business.
- Suspend the practice of test drives on affected inventory.
- Recall any rental fleet vehicles in use from the factory or that you independently own and rent as part of a fleet rental program.
- Notify customers bringing recalled vehicles into your business for service that their vehicle is subject to the recall, and make repairs immediately. In addition, you should provide customers with a printed recall notification and ask them to sign a disclosure statement acknowledging receipt.
- Continually monitor the manufacturers' Web site for the latest information.

Freedom One offers retirement planning resources

www.freedomonefinancial.com

Freedom One Financial Group has two upcoming educational events open to dealerships. There is no cost to participate.

The first is a half-hour Webinar, held **Thursday, March 4 at 11:30 a.m.** Decisions by the U.S. Supreme Court, combined with scores of lawsuits filed against retirement plan sponsors over the last couple of years, reveal that the need for fiduciary training is severe. This Webinar will provide training that identifies a clear framework and actual practices required

to meet the demands of fiduciary duty. More information is available at www.freedomonefinancial.com/Workshops/GS_WEBINAR_SERIES_B1.html.

The second event will be held in Troy on **Wednesday, March 24 from 9:00 to 12:00 p.m.** Topics include: a strategic look at employee education, a preliminary 2010 congressional update and attracting and retaining key employees. Additional information is available at www.freedomonefinancial.com/Workshops/2010LeadershipInvite.html.

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Dates to remember

Mar. 16 • MADA board meeting, East Lansing

Apr. 23-26 • ATD convention & expo

Jun. 7 • MADPAC golf outing, Lansing

Congratulation Michigan award winners!

www.michiganada.org

We would like to recognize **Mr. Tom Thelen** (MADA nominee) and **Mr. Frank Audette** (DADA nominee) for being selected by their peers and nominated for the 2010 TIME Magazine Dealer of the Year Award.

This award calls attention to new car dealers in America who exhibit exceptional performance in their dealerships, combined with distinguished community service. We value their support and accomplishments within their community and the auto industry.

We would also like to congratulate **Mr. Joe Falzon** (MADA recipient) and **Mr. Barron Meade** (DADA recipient) on being awarded the

Northwood Dealer Education Award.

The annual Northwood award recognizes new vehicle dealers for their dedication and contributions to the advancement of education, both inside and out of the automotive industry.

We thank each gentleman for his service to his community, as well as our associations.

Mr. Terry Burns has also accepted Northwood University's Automotive Trade Association Executive (ATAE) award on behalf of MADA.

All award recipients were recognized during presentations held at the NADA convention last month in Orlando, Florida.

Save time and money with MADA programs

www.michiganada.org

As a MADA member, you have access to many volume discounts to enhance your profits and reduce your costs, including discount group rates on the products and services you already use! Following are just a few of the benefits we offer.

Health, dental and vision plans, plus COBRA administration. With Blue Cross Blue Shield of Michigan insurance through MADA, we can work with your dealership to design a benefit plan that meets your needs and lowers costs. We also offer cost-effective COBRA management.

Credit bureau access and OFAC compliance. 700Credit is a leading provider of credit reports, consumer information and compliance solutions designed for the automobile industry. Through this service, dealerships have instant, online access to credit reports and OFAC reports, helping you meet federal regulations. 700Credit can also integrate with your current DMS, F&I and CRM systems.

Check guarantees. Certegy Check Services offers many programs to fit your needs. *Enhanced Warranty* provides full stop payment coverage for fraud, forgery, stolen and NSF checks. *SettleSmart* consolidates returned checks into a Certegy funded bank account resulting in reduced check handling fees, improved cash flow and the elimination of claims processing. *Electronic check* conversion service streamlines the check approval and settlement process by removing the middleman and opportunities for error.

Credit/debit card processing. Dealerships that participate with the MADA Bankcard Advantage program receive a discount for credit card and debit card processing based on the usage of all participating MADA dealerships - not just your own.

Larry Parker can provide additional information about these benefits, as well as many other services available to MADA members. Call (800) 292-1923 today.

FTC endorsement and testimonial guidelines

www.ftc.gov

The FTC recently announced revisions to the guidance it gives advertisers on how to keep their endorsement and testimonial ads in line with the FTC Act. The guides address endorsements by consumers, experts, organizations, and celebrities, as well as the disclosure of important connections between advertisers and endorsers.

The revised guides also add new examples to illustrate the long standing principle that "material connections" (sometimes payments or free products) between advertisers and endors-

ers – connections that consumers would not expect – must be disclosed. These examples address what constitutes an endorsement when the message is conveyed by bloggers or other "word-of-mouth" marketers. Bloggers who make an endorsement must disclose the material connections they share with the seller of the product or service.

Additional information is available at www.ftc.gov/opa/2009/10/endortest.shtm.



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Special MIS ticket offer

www.michiganada.org

As an added MADA member benefit, the Michigan International Speedway (MIS) has extended promotional ticket pricing and special event packages to MADA members and their employees. Special offers are available for the Sunday, June 13 and Sunday, August 15

racers. Tickets can be ordered directly through the MIA at (517) 592-1285 or e-mail mitickets@misespeedway.com (please note *MADA member offer* in the subject line). Additional details about this offer are available on our Web site at www.michiganada.org.

Dates to remember

Mar. 16 • MADA board meeting, East Lansing

Apr. 23-26 • ATD convention & expo

Jun. 7 • MADPAC golf outing, Lansing

New-car sales trend up and NADA University

www.nada.org

New car sales to trend up. U.S. light-vehicle sales will reach just short of 12 million units in 2010 as credit becomes more available and consumer confidence improves with rising employment, said Paul Taylor, NADA chief economist. Speaking at the NADA Convention & Expo-

Jonathan Banks, senior director of editorial and data services for NADA Used Car Guide, reported that all used-vehicle segments posted double-digit percentage increases year-over-year in January, compared to the low points experienced during 2009. He said that values on most segments are in line or above pre-recessionary levels. Looking ahead, the economic fundamentals point to a strong used-car market in 2010.

NADA University Launch Draws Huge Interest, Enrollments. During the NADA convention in Orlando, NADA University was unveiled and dealers were able to activate their complimentary accounts, obtain Access ID cards, and tour the NADA U Web site. Dealers who did not enroll during convention are encouraged to visit www.NADAUniversity.com to enroll and begin taking advantage of the six free online courses, new online Driven publications and the many other member benefits available exclusively at NADA University.

sition in Orlando, Taylor reported that sales of crossover utilities and small and midsize cars improved in January compared to the same month last year. January sales of crossovers, the only vehicle segment whose sales improved in 2009, were up about 14 percent compared to January 2009.

Michigan revenue update, February 2010

www.senate.michigan.gov

The Michigan Senate Fiscal Agency recently released new state revenue numbers. Following are a few bullet points from that report.

- Increases in sales tax collections were offset by monthly declines in the Michigan Business Tax and the individual income tax collections. February tax collections were approximately \$132.3 million below the level expected in the Senate Fiscal Agency's estimate for the month.
- Net income tax revenue totaled a negative \$209.2 million in February 2010. Income tax withholding payments fell 7.4% below the year-ago level in February 2009, to \$522.1 million.
- February 2010 was a strong month for sales tax collections. Sales tax receipts totaled \$431.3 million in February, which was up 5.2% from the year-ago level. While a definite improvement, this number is coming off the extreme drop in

retail sales in early 2009.

- Motor vehicles sales tax accounted for \$52.3 million in February, down 7.8% from the year-ago level. The FY total was \$226.3 million, up 2.4% from one year ago.
- Michigan Business Tax revenue totaled \$35.9 million in February, down 67.4% from last year's level. There are several potential reasons for this drop-off, but given the relative newness of the tax it is difficult to ascertain the exact reason at this time. Michigan Business Tax quarterly payments were down by 36.7% and Michigan Business Tax annual payments were down 53.9% compared with February 2009.
- Real estate transfer tax receipts were down 6.3% from the year-ago level in February, to \$9.0 million. This month's decrease may reflect poor weather conditions or the general slowdown in real estate transactions with the anticipated end of the Federal tax credits.

Michigan Automobile Dealers Association's Friday Fast Facts

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Fast Facts Sponsor



Dates to remember

Mar. 24 • Freedom One 401(k) Leadership Workshop, Troy

Mar. 31 • Registration deadline for ASE spring testing

Apr. 23-26 • ATD convention & expo

Jun. 7 • MADPAC golf outing, Lansing

Northwood University Scholarship Showcase

www.northwood.edu

Since 1997, Northwood University's Scholarship Showcase has raised more than \$2.2 million for scholarships. This year the need for the Scholarship Showcase is more critical than ever. **Cancellation of the Michigan Promise Grant and additional budget cuts have resulted in more than \$1.2 million in state aid lost by Northwood students**, representing 60% of all those attending the Michigan campus.

The university is turning to friends, alumni

and philanthropic partners to replace these funds through private contributions. Support of the 13th Annual Scholarship Showcase, held May 5, will help Northwood begin to restore those funds. Working together, we can continue the Northwood University mission to develop the future leaders of a global, free-enterprise society. To learn more, please view the program flier posted on the MADA Web site at www.michiganada.org.

Honigman offers free property tax assessment reviews

Honigman Miller Schwartz and Cohn, a leading firm in handling property tax appeals in Michigan, is offering MADA members **free property tax assessment reviews** to determine if any properties are overvalued and should be appealed. To take advantage of this free review, forward a copy of your most recent property tax assessments to jhaas@honigman.com and

you will receive an analysis of the assessment valuation as compared with current market conditions.

Honigman handles property tax appeals on a contingency basis so MADA members pay legal fees only if they are successful in reducing property value.

Appraising and bidding on auction vehicles

Following is a brief overview from NADA's March dealership operations newsletter.

Before even leaving the dealership, you should examine your inventory needs and check recent auction reports.

- What price did the vehicles you need bring at auction?
- How do they compare to wholesale valuation guides?
- Are they in a range that seems reasonable to you, or are they higher or lower than you expected?
- If prices don't seem compatible with prices you would have bid, try to find out why.
- Is your own market research current, or has it been a while since you last studied your market?

Use the same used-vehicle appraisal form you use in the dealership and the same appraisal procedure. Being able to appraise thoroughly but quickly is essential.

A Dealer Guide to Auctions: Controlling Inventory, Increasing Profits (SL17) is available through NADA University's Resource Toolbox. You can also join NADA and Manheim Online Solutions for the **free MarketINSIGHT mini-webinar Maximizing In-lane and Online Auctions to Save Time, Save Money and Get the Best of Both Worlds** March 24. Call NADA at (800) 252-6232, ext. 2

NADA AppraisalPRO

During this week's MADA board meeting, members of the board reviewed NADA's new tool, NADA AppraisalPRO. Available exclusively to NADA and NIADA member dealers, NADA AppraisalPRO is a web-based appraisal tool that pulls together six market data sources to help dealers generate accurate appraisals. No software, no system integration, no contract - only a monthly fee of \$150.

Board members were very impressed with the program and many signed up for a free trial to further review and test NADA AppraisalPRO, helping NADA continue to develop the program so it is the most beneficial to dealers. The program will soon be available through MADA to all member dealers.

Additional benefits of the program:

- Instantly adjust to match vehicle specifics.
- Back up your offer with hard evidence.
- Monitor the performance of your appraisals.

To learn more about the program, call NADA's Stu Zalund at (800) 248-6232 ext. 4636 or go online to www.nada.com/appraisal.

NORTHWOOD UNIVERSITY'S

13th Annual Scholarship Showcase

FAST FACTS

What: Since 1997, Northwood University's Scholarship Showcase has raised more than \$2.2 million for scholarships. These scholarships allow Northwood University to support students who best exemplify our Code of Ethics. Rewarding young men and women who understand and act with Integrity, Respect, Honesty, Responsibility, Freedom, Empathy, Spirituality, and Achievement is an investment in everyone's future.

This year the need for Scholarship Showcase is more critical than ever. The cancellation of the Michigan Promise Grant and additional budget cuts have resulted in more than \$1.2 million in state aid lost by Northwood students, representing 60% of all those attending the Michigan campus. We must turn to our friends and philanthropic partners to replace these funds through private contributions.

Your support of the 13th Annual Scholarship Showcase will help us begin to restore those funds. Working together, we can continue our mission to develop the future leaders of a global, free-enterprise society.

When: Wednesday, May 5, 2010
6:30 pm VIP Sponsor Reception
7:00 pm General Reception and Strolling Dinner
8:30 pm Program and Live Auction

Where: The Fox Theatre
2211 Woodward Avenue
Detroit, Michigan

Cost: \$175 per individual*
\$300 per couple*
**Payment in excess of \$125 per person, per place is tax-deductible in accordance with Internal Revenue Service guidelines.*

Information: Contact Nicole Gize or Karol Miller at Northwood University — 248-649-1034 or 866-282-4182 —
— or e-mail questions to ScholarshipShowcase@northwood.edu.



NORTHWOOD UNIVERSITY'S

13th Annual Scholarship Showcase

SPONSORSHIP DETAILS

Package Pricing

Presenting Sponsor

\$25,000** (Single Opportunity Available)

- your company or your name will exclusively appear alongside the Scholarship Showcase name wherever it appears (i.e. - invitations, sponsor material, press releases, PSA, web pages, etc.)
- signage with logo at the event
- full page listing of your company logo, website address, and phone number in the program and all post event materials
- acknowledgment during program
- 6:30 pm VIP Sponsor Reception
- company acknowledgement in the *Northwood Idea*
- 20 reservations with reserved seating

***payment in excess of \$2,500 is tax-deductible*

Freedom Sponsor

\$15,000** (Single Opportunity Available)

- exclusive sponsor of the VIP Reception
- signage with logo at the event
- listing of company or your name in the invitation (if received by February 22, 2010)
- 1/2 page listing of your company logo, website address and phone number in the program and all post event materials
- acknowledgment during program
- 6:30 pm VIP Sponsor Reception
- company acknowledgement in the *Northwood Idea*
- 15 reservations with reserved seating

***payment in excess of \$1,875 is tax-deductible*

Achievement Sponsor

\$10,000** (Four Opportunities Available)

- exclusive sponsor of a food station or the student workers
- signage at the event
- listing of company or your name in the invitation (if received by February 22, 2010)
- acknowledgment during program
- 6:30 pm VIP Sponsor Reception
- mention in all media pieces
- 10 reservations

***payment in excess of \$1,250 is tax-deductible*

Integrity Sponsor:

\$5,000**

- signage at the event
- listing of company or your name in the invitation (if received by February 22, 2010)
- 6:30 pm VIP Sponsor Reception
- mention in all media pieces
- 5 Reservations

***payment in excess of \$625 is tax-deductible*

Entrepreneur Sponsor

\$2,000**

- signage at the event
- listing of company or your name in the invitation (if received by February 22, 2010)
- 6:30 pm VIP Sponsor Reception
- mention in all media pieces
- 2 Reservations

***payment in excess of \$250 is tax-deductible*

Individual Tickets:

Achievement: \$1,000* (includes 6:30 pm VIP Sponsor Reception)

Integrity: \$500* (includes 6:30 pm VIP Sponsor Reception)

**Payment in excess of \$125 per person, per place is tax-deductible in accordance with Internal Revenue Service guidelines.*

Northwood University is committed to a policy of nondiscrimination and equal opportunity for all persons regardless of race, gender, color, religion, creed, national origin or ancestry, age, marital status, disability or veteran status. The University is also committed to compliance with all applicable laws regarding nondiscrimination.

Michigan Automobile Dealers Association's
Friday Fast Facts

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Fast Facts Sponsor



Dates to remember

Apr. 6 • Registration deadline extended for ASE spring testing

Apr. 23-26 • ATD convention & expo (**prepaid registration closes today!**)

Jun. 7 • MADPAC golf outing, Lansing (*details and a registration form are available at www.michiganada.org*)

Jun. 13 & Aug. 15 • MIS NASCAR races (*details at www.michiganada.org*)

Special CVR offer extended for new participants

Computerized Vehicle Registration (CVR) is a program MADA has been working with for five years to help streamline the process of registering and plating vehicles. Currently, CVR is offering an introductory package to new subscribers. MADA recently mailed information to members about this special offer. However, due to the great interest in the program, CVR has decided to extend the enrollment deadline to April 30, 2010 so more dealers are able to take advantage of the program.

Through CVR, the process of registering and plating vehicles is handled through a computer system at the dealership, which is linked directly to the Michigan Department of State. Customers pay \$24.00 per transaction, \$12.00 of which goes to the dealership.

Customers appreciate the value of the program because it eliminates the need for a return trip to the dealership to pick up plates. In addition, transactions can be handled even

when the State of Michigan is closed. More than 350 Michigan new vehicle dealership are currently participating, which adds up to approximately 28,000 customer transactions every month.

Other benefits of the program include:

- Certified integration with ADP, R&R and UCS offers the highest level of security available in the market and protects a dealer's customer information.
- Certified integration to a dealers' accounting system. Journal Express (JE) automatically posts title and registration fees associated with a CVR transaction to the general ledger. (Available to ADP and R&R dealerships.)

To learn more about the program, please call MADA's Larry Parker at (800) 292-1923 or CVR's Marla Frazier at (847) 420-9341.

2010 ATD Convention & Expo...Voice of the Dealer

As a reminder, **prepaid registration for the 2010 ATD Convention & Expo closes today, March 26.** Dealers should not send in registration forms after this date. After March 26, 2010, plan to bring your registration fees

to the convention and register at the Gaylord Palms Resort & Convention Center. Registration forms will be provided on site. Please visit www.atd.org/convention for registration details.

MADPAC pledge cards were mailed this week

This is a pivotal time for the State of Michigan and the automotive industry. Our state government and the Michigan Legislature will soon undergo an extreme change, making your participation in this year's political process critical. Here are a just a few changes to consider:

- Term limits will push many legislators out of office, bringing in dozens of new senators and representatives. There will be 30 newly elected senators within the 38 offices
- At least 33 of the 110 representatives will be new. Possibly more if additional representatives decide to run for higher office.
- The office of governor and all executive branch officers, including lieutenant governor, attorney general and

secretary of state will change hands.

- Legislative leadership and committee make-up will also change.

We need the financial support of every MADA member to **ensure that we can educate our new leaders** and bring positive change for Michigan's new car dealers. Collectively, Michigan's dealers have a much stronger voice and we can get more accomplished if we are united.

Information about the 2010 MADPAC campaign was mailed to members earlier this week. Support your business and your colleagues with a 2010 MADPAC donation. Please call Tommi Nielsen or Larry Parker at (800) 292-1923 if you have questions or if you did not receive your pledge card.



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Dates to remember

Apr. 23-26 • ATD convention & expo

Jun. 7 • MADPAC golf outing, Lansing
(details and a registration form are available at www.michiganada.org)

Jun. 13 & Aug. 15 • MIS NASCAR races (details at www.michiganada.org)

CVR inventory count: April 13

Dealers participating in the CVR program are reminded that the count and physical verification of inventory must be taken **Tuesday, April 13 prior to any transactions being processed for the day.** The state suggests the following method to verify and report inventory. (This should take about 15 minutes.)

1. **Print a report** of your current available inventory from the CVR computer
2. Verify the report by a **physical check of the actual inventory** to ensure that each plate or tab/permit is present. Sealed boxes do not need to be opened, simply check the labeling on each package.
3. If there are no discrepancies between the printed report and the physical verification, **type the requested inventory numbers into the CVR computer:** beginning and ending

numbers for plates and tabs and permits in inventory, as well as the total number of each (as shown on the available inventory report).

4. **Submit** the report.

While dealers are given until Monday, April 19 to **submit** the report, the inventory must be counted and verified on April 13 prior to any new CVR transactions being processed.

Dealers who do not submit the required information are in violation of their agreement with the Michigan Department of State and risk losing the ability to use the CVR program. If you have questions or if you are having difficulty meeting your requirements, please contact your CVR account representative or CVR support at (800) 333-6995.

More opportunities for vehicle sales & maintenance

usa.polk.com

According to recent analysis by R. L. Polk & Co., the number of cars and light trucks scrapped in the past 15 months substantially outnumbers new vehicle registrations in the U.S. during the same period. Polk has reported the following:

- More than 14.8 million cars and light trucks were retired between July 1, 2008 and September 30, 2009, compared to new registrations of slightly more than 13.6 million.
- The average age of light vehicles on the road has increased, up 21 percent in the past 14 years. The average age for all light vehicles during the 15-month period is 10.2 years.

- As of September 2009, the average length of ownership for a new or used vehicle among U.S. consumers was 49.9 months, up from 45 months a year ago the same time.

Aging vehicles on the road will also mean owners will need to bring their vehicles in for regular maintenance and repairs no longer covered under a manufacturer's warranty. This provides opportunities for dealers to improve relationships with customers, expand customer loyalty programs and increase profits in the service and repair departments.

To view the full release, please go to usa.polk.com/News.

Dealer training sessions begin in April

www.michigan.gov/sos

The Bureau of Regulatory Services has announced vehicle dealer training dates for 2010. The information will also be posted on the Secretary of State's Web site at www.michigan.gov/sos, within the Automotive-related Businesses section (links are within the blue bar at the right).

Full-day training sessions are offered in Lansing to instruct licensed dealers and their employees on the basic requirements of the Michigan Vehicle Code. Topics include vehicle ownership documents, wholesaling/retailing vehicles, application for title

and registration/statement of vehicle sale - RD-108 form, TR-210/TR-209 secured interest change process, dealer records and dealer plate usage. Opportunities to ask questions are provided during all sessions.

Sessions will be held April 16, May 13, June 2, August 3, September 1 and October 18. There are no course registration fees, but registration is first come, first served. Picture ID is required for entry into the buildings where training is held.



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CVR inventory count

Dealers participating in the CVR program are reminded that the count and physical verification of inventory must be taken Tuesday, April 13 prior to any transactions being processed for the day.

Special payroll tax exemption form now available

www.irs.gov

The Hiring Incentives to Restore Employment (HIRE) Act signed by President Obama on March 18 created two tax benefits designed to encourage employers to hire and retain new workers. Employers who hire unemployed workers this year (after Feb. 3, 2010, and before Jan. 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from the employer's share of social security tax on wages paid to these workers after March 18. In addition, for each unemployed worker retained for at least a year, businesses may claim a new hire retention credit of up to \$1,000 per worker when they file their 2011 income tax returns.

The new law requires that employers get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for any-

one during the 60-day period. Employers can use *Form W-11, HIRE Act Employee Affidavit*, to meet this requirement. The form is posted on www.IRS.gov, along with FAQs about the payroll tax exemption and the related new hire retention credit.

Most eligible employers then use *Form 941, Employer's Quarterly Federal Tax Return*, to claim the payroll tax exemption for eligible new hires. This form, revised for use beginning with the second calendar quarter of 2010, is currently posted as a draft form on www.IRS.gov and will be released next month as a final along with the form's instructions. Though employers need this certification to claim both the payroll tax exemption and the new hire retention credit, they do not file these statements with the IRS. Instead, they must retain them along with other payroll and income tax records.

Reminder: FTC Safeguards Rule

www.afip.com

Most financial institutions that provide floorplanning, business loans or business operations loans require dealers to meet FTC safeguards rules and regulations. One method to help dealers meet their requirements is the *Safeguards Rule Compliance Kit*, developed by the Association of Finance and Insurance Professionals.

This kit offers all the necessary information in a format that can be easily modified, allow-

ing dealerships to tailor the program to their specific needs. Simply modify the Microsoft Word templates, save and print the finished files, and place completed documents in the Safeguards Rule binder.

More information is available online at www.afip.com/safeguards.htm, or call Larry Parker at (800) 292-1923. MADA members also qualify for a special reduced rate.

Ensure that your labor law posters are current

www.fwlli.com

Dealers who have not updated their Equal Employment Opportunity and Family and Medical Leave federal posters are reminded to do so to ensure compliance with federal regulations. The Federal EEO notice has been revised extensively to include new sections required by the Genetic Information Non-discrimination Act (GINA) and amendments to the ADA.

The FMLA notice includes an expansion of the recently enacted exigency and caregiver leave provisions for military families. One source of posters is the Federal Wage and Labor Law Institute (FWLLI), which has incorporated the new notice into the Federal All-In-One Poster. Visit www.fwlli.com/ada for additional information.

Free MarketINSIGHT Webinar

Next up in NADA University's free monthly Webinar series is "Steps to a Sale: Move the Metal with Ongoing Follow-up," to be presented on Wednesday, April 21, 1-2 p.m. (Eastern) by Kathy Kimmel, director of training for Cars.com. Given today's longer buying cycles, the deal typically goes to the salesperson who earns shoppers' business. That takes discipline and processes to give customers the information they need to make a purchase. This Webinar examines specific tactics to keep you focused to win the sale. Register at www.nada.org/seminars.

ORDER YOUR **COMPLIANCE MATERIALS** TODAY

Compliance is easy with the **Safeguards Rule Compliance Kit.**

Safeguards Rule Compliance Kit, Second Edition

The Safeguards Rule Compliance Kit, Second Edition is the simplest, most cost-effective way to get your information security program in place quickly and easily.

Order now at www.afip.com!

Tell us which organization recommended the Kit to receive discounted pricing. (Retail price: \$495 plus S&H and tax where applicable.)

NOTICE:

You need one Safeguards Rule Compliance Kit for each location to implement the program properly.

For more information:

Member Benefits Services, Inc.

5100 Thompson Terrace, Suite B
Colleyville, Texas 76034
www.afip.com
info@afip.com
817.428.2434



COMPLIANCE WITHOUT DISRUPTION

Order the Safeguards Rule Compliance Kit, Second Edition to implement the paper requirements of the rule.

Cost Effective

At \$495 per unit, the Safeguards Rule Compliance Kit is the least expensive way to bring your dealership into compliance. Why spend thousands of dollars to achieve the same objective?

Simple

The Safeguards Rule Compliance Kit provides you with all the easily modifiable materials you'll need to bring your dealership into compliance and stay that way. Simply put the supplied CDs in your computer, read the instructions and watch the video, modify the paperwork as necessary, and print! It even comes with a convenient three-ring binder and tabs to organize your Information Security Program.

Easy Online Training

The Kit also includes one free online training session for the Corporate Compliance Officer. At the end of the session, he or she can print a Certificate of Completion to document the training. Additional online training sessions for other Compliance Officers, Secure Document Workers, and general employees can be purchased for a nominal fee.

Complete & Flexible

All of the material necessary to implement the paper requirements of your Information Security Program is provided. All of the forms and policies are modifiable, so you can adjust them to suit the unique needs of your company.

** The authors of the Kit recommend having the program reviewed by qualified legal counsel.*



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- Simply type in a VIN and within 60 seconds you have access to current asking price, retail transactions, auction transactions, NADA values, days supply information and vehicle history reports.
- Further customize your report for reconditioning estimates and any local market adjustments then print a professional quote documentation for your customer.
- Access your complete appraisal history to track and modify

NADA's new industry-leading appraisal tool

www.nada.com/appraisal

NADA AppraisalPRO is a new web-based appraisal tool that pulls together six industry-leading market data sources to help dealers generate accurate appraisals.

past quotes, see what's in the pipeline, and view how many deals closed.

Twenty-six MADA members were given the opportunity to preview the program last month before it was officially released. Six members are currently participating in a trial membership of the program; another three have already signed up.

There is no software to install, no system integration and no contract requirements. Unlimited use is only \$150 per month.

If you would like to speak to a MADA member who is currently using the program, please contact Larry Parker at (800) 292-1923. To learn more about the program, you can also call NADA's Stu Zalud at (800) 248-6232 ext. 4636 or go online to www.nada.com/appraisal.

NADA asks you to contact your U.S. senators: dealer assisted financing under attack

The U.S. Senate will very soon take up legislation creating a Bureau of Consumer Financial Protection (BCFP). The agency would have sweeping powers to fundamentally alter auto financing at dealerships. The new bureau would potentially have the authority to reduce or eliminate dealer compensation for arranging a loan or lease, limit a salesperson's commission connected to a sale if the vehicle is financed or even regulate out of existence auto financing at dealerships.

Sen. Sam Brownback (R-Kan.) is sponsoring an amendment (referred to as the Brownback amendment) which would exempt auto dealers from this new bureau. The amendment faces a steep uphill battle as consumer groups and the Obama administration have come out in full-force against the idea.

Your immediate action is needed. Contact Michigan Senators Carl Levin and Debbie Stabenow and ask them to support the Brownback auto dealer amendment to the financial reform bill. You can also use the contact form on their Web sites. Dealership employees, friends, vendors, etc. can do the same. When talking to senators about the Brownback amendment, please alert them to the following points:

1. Auto dealers did not cause the credit meltdown, and auto loans did not contribute to the worst financial crisis since the Great Depression. Financial reform legislation should focus on what led to the economic crash in 2008, and not be used as a means to increase regulation on dealers.

2. The banks and finance companies that underwrite and service auto loans would be covered by BCFP, making further regulation of auto dealers costly and unnecessary.

3. Effective federal and state laws governing dealer-assisted financing already exist. Suggesting that without BCFP dealers would be left unregulated is false. Dealers are subject to extensive federal regulation (e.g., the Equal Credit Opportunity Act, Truth In Lending Act, etc.) and to the full range of state consumer protection statutes.

4. Laws and rules already make abusive practices unlawful (e.g., discriminatory lending), making creation of a new federal agency to again regulate dealers unnecessary.

Keep the focus on your ability to best serve your customers, and talk about how the automobile financing model is currently working well. More speaking points from NADA, as well as an issue brief, are available online at www.nadafrontpage.com/2307.xml. Once you have communicated with your senators, please provide MADA with feedback about your conversations.

Contact numbers for Michigan

All MADA members are asked to call Senators Levin and Stabenow. Request their support of the Brownback Auto Dealer Amendment and include the amendment in any compromise legislation.

- **Senator Carl Levin**, (202) 224-6221
levin.senate.gov/contact (topic: position on an issue)
- **Senator Debbie Stabenow**, (202) 224-4822
stabenow.senate.gov/email.cfm (topic: automotive industry issues)

Brownback Auto Dealer Amendment - Supporting Arguments

1. Wall Street caused the financial meltdown, not local auto dealers on Main Street.
 - The fact is auto loans had nothing to do with the economic crisis. Financial reform legislation should focus on what caused the crisis: the big financial institutions of Wall Street.
 - The auto finance model is sound. Auto financing is not broken. Vehicle financing is secured by a depreciating asset (the vehicle), which lenders must factor into their underwriting. This forces lenders to look to the borrower for repayment of the loan. Therefore, lending decisions must be based on due diligence. Unlike mortgages, auto finance did not experience a subprime lending crisis and has never posed a systemic risk.

2. Adding another layer of regulation will reduce availability of credit and increase costs to consumers.
 - Dealers are not lenders; they are facilitators. Dealers provide optional retail finance services at their dealerships in virtually every community in the country. Dealers increase financing competition by providing consumers with a wide variety of options from multiple financing sources. Dealers increase access to credit for consumers. Because of this competition, dealer-assisted financing reduces the cost of credit to consumers.
 - Access to affordable credit is essential for automobile buyers. Ninety-four percent of all vehicle sales in 2008 were financed. Congress should not take any action that could increase the cost of credit to consumers.
 - Over-regulation would put at risk the efficiency of the current system. The fact is, dealer-assisted financing provides affordable options for consumers of all economic levels. And the service is entirely voluntary. Plus, if consumers are not satisfied with financing at the dealership, they can go elsewhere to refinance, many times at no additional cost.
 - According to data from the Federal Trade Commission in 2009, less than 2% of consumer complaints were auto related. An even smaller percentage was related to auto finance.

3. Dealers are not seeking exemption from federal and state regulation; there are already effective federal and state laws that govern dealer-assisted financing.
 - It is false to suggest that without the new bureau dealers would be left unregulated and in need of additional regulation. Dealers are subject to extensive federal regulation (e.g., the Truth in Lending Act, Fair Credit Reporting Act, etc.) and are also subject to the full range of state consumer protection statutes.
 - Banks and finance companies that underwrite and service auto loans would be covered by the proposed bureau. Therefore, there is no reason for further regulation of auto dealers.

April 14, 2010



Fast Facts Sponsor



In memoriam: Frank Galeana

We regret to inform you that Frank Galeana, president of Galeana's Automotive Group, passed away April 20 in Naples, Florida. Mr. Galeana is the father of Carl Galeana, dealer principal of Galeana's Van Dyke Dodge Inc. (Warren), Saturn of Warren and Saturn of Lakeside (Macomb).

A Mass will be held at St. Aiden's Catholic Church in Livonia on Saturday, May 1, 2010. A public visitation will be at 8:45 a.m. and Mass at 9:30 a.m. Please see the Detroit News or fullerfuneralhome.com for more information.

critical that dealers contact their United States legislators to build support for the Brownback Amendment and explain the benefits of dealer-assisted financing. NADA thanks the dealers who have already made contact with their senators.

If you have not contacted Senator Carl Levin and Senator Debbie Stabenow, please do so very soon.

Some dealers and ATAEs have reported that Congressional offices are concerned about a Military Coalition letter opposing the Brownback amendment. NADA has prepared a response to the Military Coalition letter, which can be found within the NADA Web site at www.nada.org/legislativeaffairs. Also available are

Today's top national issues

NADA is surveying Michigan dealers to learn what you find to be the top issues of concern in today's environment. We have posted to the MADA Web site (www.michiganada.org) a brief, four-question survey and request your response by Friday, April 30, 2010.

NADA would like to know precisely what is on

your mind, and what you feel NADA should be doing about it. This will allow NADA and MADA to tailor our services and outreach efforts to the specific needs of our members.

If you have any questions, please contact MADA at (800) 291-1923. Thank you in advance for your feedback.

Michigan Franchise Act updates

Auto Dealers of Michigan, LLC



MADA and DADA are currently working with the Auto Dealers of Michigan, LLC and the Michigan Legislature to update and modernize Michigan's Motor Vehicle Franchise Act. Bills containing dozens of pro-dealer changes are expected to be introduced next week in both the Michigan House and Senate.

This is the most important legislation Michigan dealers have pursued in the past 10 years and the first substantive changes to the Franchise Act in more than 20 years. Your

participation in the legislative process will be the key to the passage and success of this new legislation.

Additional information about the proposed amendments will be available soon. We will also provide suggested speaking points and information to help you contact your legislators. If you have questions, please contact MADA (800-292-1923), DADA (248-643-0250) or ADM (517-492-2886).

Brownback amendment: NADA needs you to call today!

Financial reform legislation is reaching a crucial stage in the Senate, with consideration of the bill (S. 3217) likely to begin early next week. It is

NADA's Issue Brief, supporting arguments, a list of frequently asked questions and responses, and a sample letter to send to senators.

Please review the NADA documents and call Senator Levin and Senator Stabenow today. MADA and a few Michigan dealers are flying to Washington, D.C. next Tuesday and it would be beneficial for Michigan's senators to have heard from you.

If you have any questions, please call MADA at (800) 292-1923 or call the NADA Legislative Office at (800) 563-1556.

Contact numbers for Michigan's U.S. Senators

- Senator Carl Levin, (202) 224-6221
- Senator Debbie Stabenow, (202) 224-4822



Fast Facts Sponsor



Please check your mail

Join your colleagues for a game of golf and support the legislative priorities of Michigan's franchised new vehicle dealers! Information about the 2010 MADPAC Golf Outing was mailed to dealerships earlier this month. Registration forms are also available at www.michiganada.org. If you have questions, please call Tommi Nielsen at (800) 292-1923.

Your response to the NADA survey is requested today

NADA is conducting a survey to determine what dealers find to be the top challenges and issues of concern in our current environment. This will allow the association to better serve dealers throughout the country.

A Word file with the survey questions

is posted at www.michiganada.org. If you have questions or have trouble accessing the NADA survey, please contact MADA at (800) 291-1923 or e-mail news@michiganada.org. Thank you in advance for your feedback.

Michigan Franchise Act: your support is key

Auto Dealers of Michigan, LLC



The ADM would like to thank the numerous dealers who contacted their Michigan senators and representatives this week. Michigan dealers have gained many very important cosponsorships and supporters of the proposed amendments to Michigan's Motor Vehicle Franchise Act. Additional

information about this issue is posted online at www.michiganada.org.

As these bills move through the legislative process, we look forward to your continued involvement. Your communication with legislators will be key to the success and passage of these bills.

MADA members are averaging \$1,000 annual fuel savings

Nearly 140 MADA members are now enrolled in the MADA/SuperFleet fuel savings program. With the

www.michiganada.org.

MADA also works with many other programs to help dealers save time and reduce costs. Through the end of May, dealers who enroll with Computerized Vehicle Registration will receive free installation, free support for three months, and no transaction costs for one month. Nearly 50 dealers have already enrolled during this promotion, and more than 400 Michigan dealers are now participating. To learn more about the program, please call CVR's Karl Doppelberger at (586) 610-6732 or contact Larry Parker.

current usage, it is anticipated that the total fuel savings of participating members will exceed \$140,000 in 2010.

There are absolutely no participation fees, and dealers can save 5 cents per gallon. If you are interested in learning more about the program, call Tom Farnham with SuperFleet at (989) 615-2736 or contact MADA's Larry Parker at (800) 292-1923. More details and a program application are also available at

State improves process for vehicle bidding and contracting process

The State of Michigan has improved the vehicle bidding and contracting process to make it easier for dealers to participate. To help explain the new process, **the state is offering an informational session next week, Wednesday, May 5 at 1:30 p.m.** The session walks dealers through the process and provides pertinent information. This is also a great opportunity to meet State of Michigan staff and ask questions.

The session will be held in the General Office Building,

Conference Room A in Dimondale (7150 Harris Dr.) *Please note that a valid driver's license is needed when checking in.* If you have questions about directions or location, please contact Dana Schafer at (517) 335-1559.

While the state prefers that dealers participate in person, you may attend via conference call if necessary. For information, please contact Shelley Warstler at (517) 335-4079 or warstlers@michigan.gov

Auto Dealers of Michigan...

The State of Michigan has a great program for you!

Are you interested in getting more business?
Are you interested in selling vehicles to the State
and other units of government?

Why should your dealership participate?

- Simple pre-qualification process
- EVERY pre-qualified dealer is given an opportunity to win business
- Bidding opportunities every quarter – bid on new vehicles as released
- Only required to hold pricing for 1 model year
- Less paperwork - contracts with the State are valid up to 7 years
- One contract covers MDOT and local units of government (MIDEAL & Patrol Vehicles)
- Reliable payment from the State (Within 45 days by law)
- The opportunity to bid on over 100 different vehicles
- “Choice” contracts – Awards made for all 3 domestic manufacturers

Join us on May 5th:

Please join us for an informational session that provides a detailed review of the dealer pre-qualification process. This is a great opportunity for dealers to meet State purchasing staff and ask questions about State of Michigan contracts.

Date: Wednesday, May 5th, 2010

Time: 1:30 p.m.

Location: General Office Building
Conference Room A
7150 Harris Dr.
Dimondale, MI 48821



Key Dates:

Step 1 - Dealer Pre-Qualification Process

- | | |
|--|----------|
| ✓ Pre-Qualification Review/ Information Session | May 5 |
| ✓ Pre-Qualification Solicitation on Bid4Michigan.com | May 14 |
| ✓ Optional Questions from Dealers Due | May 24 |
| ✓ Pre-Qualification Questionnaire Due | June 10 |
| Contracts start | August 4 |

Step 2 - Dealer Pre-Qualification Process

- | | |
|--|-----------|
| ✓ Dealers access Pricing Bid on Bid4Michigan.com | Sept. 1 |
| ✓ Dealers Submit Pricing Bids | Sept. 15 |
| Effective date of new pricing | October 1 |

If you have questions, please contact
Dana Schafer at 517-335-1559

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Fast Facts Sponsor



Important state licensing information - 2010 changes

Vehicle dealer license applications. The State of Michigan, BRS has developed a new policy for those applying for a vehicle dealer license, or changing their classifications. The state will now perform an

Additional information, including a sample permission request letter and a link to check your corporate and dba names, is available at www.michiganada.org.

MADA mailed information this week to all dealers regarding installment seller license renewals. An e-mail was also distributed to those signed up to receive electronic license renewal updates. If you did not receive your mailing or if you would like to be added to the e-mail list, please contact Jean Quinn.

on-site inspection of each license application. Please be aware of this new provision and allow additional time for processing. If you have questions, please contact Jean Quinn at (800) 292-1923 or e-mail jquinn@michiganada.org.

Installment seller license renewals - due June 15. The State of Michigan, OFIR will be reviewing all corporate and dba names associated with a dealership. They will also ensure dealers are using the appropriate business name on their bank contracts. If you have more than one name (corporate and dba names) and use only one or the other on bank contracts, a permission letter is required. If you do not have a letter on file, or if you are unsure, MADA recommends including a permission request with your renewal.

Avoid unnecessary delays - send your renewal to MADA

Each year, MADA contacts dealers near the end of the installment seller renewal period because OFIR is holding their renewals for corrections. Sometimes a dealer is not even aware there is a problem. By sending your renewal to MADA, we can review the paperwork and contact your dealership immediately to correct any area of concern - avoiding unnecessary delays. Contact Jean Quinn with questions at (800) 292-1923 or jquinn@michiganada.org

Support dealer efforts to modernize the Michigan Franchise Act - play golf!

While dealers continue to build important relationships with their legislators, the Auto Dealers of Michigan, LLC is in our Capitol city speaking with various legislators to lobby for and promote Michigan's franchised new vehicle dealers. As you are aware, the ADM is currently working very diligently to modernize Michigan's Motor Vehicle Franchise Act.

One of the most enjoyable ways to support our small businesses and raise funds for the legislative priorities of

Michigan dealers is to participate in the annual MADPAC Golf Outing. Reward your top salespeople and number one customer, invite some friends, and join your colleagues for a great day away from the office. A registration form is available at www.michiganada.org. You can also contact Tommi Nielsen at (800) 292-1923 or tnielsen@michiganada.org for a form or more information about this event. **See you at the Country Club of Lansing on Monday, June 7!**

Free Webinar: improve pre-owned profitability with NADA AppraisalPRO

With research showing that more than 50% of consumers are dissatisfied with their last trade-in experience, having a clear appraisal process in place is even more critical. Listen in on NADA's upcoming Webinar and learn how to start with a realistic number based on current market conditions.

Wednesday, May 12 • 2:00 - 3:00 p.m.
Event Password: nada

A link to the Webinar is available at www.michiganada.org

Auto Dealers of Michigan, LLC



ADM would again like to thank the many dealers who have communicated with their legislators. Our proposed amendments to the Franchise Act gained 81 House and 27 Senate cosponsors and all four bills have been referred to committees for further review. **Please call and thank those legislators who signed on as cosponsors!** As these bills move through the legislative process, we will again call on dealers to continue communication with their legislators. Your involvement is very important to the success of these bills. ADM will provide additional updates as the process moves forward. Information about the legislation is also available online at www.michiganada.org.



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Local and national healthy living savings for BCBSM members

With the new Blue Cross Blue Shield of Michigan Healthy Blue XtrasSM program, Blues members can access special discounts and trusted health and wellness resources. Score big savings and special offers on a variety of healthy products and services from companies across Michigan and businesses from around the U.S. through Blue365[®], a national savings program. Visit www.bcbsm.com/xtras to register for Member Secured Services and view offers.

Not a Blues member? Contact MADA at (800) 292-1923 to find out how you can start taking advantage of Healthy Blue Xtras and other valuable member discounts.

Red Flags-Ready in 5 Easy Steps - May 20

www.afip.com

The Association of Finance and Insurance Professionals (AFIP) is offering a live Web workshop in preparation for the June 1, 2010 Red Flags compliance date. The workshop will be presented by David Robertson of AFIP.

Selling to even one identity thief could cost a business tens of thousands in lost revenue and cause business-killing negative media coverage. The Red Flags Rule requires businesses to have a prevention program in place. Failing to create and follow this program (even

if no theft actually occurs) could quickly lead to penalties three or more times as expensive as the losses from the theft itself.

Even if your program is in place, this Webinar will provide practical tips to refine existing procedures and more effectively train your compliance staff.

Red Flags-Ready in 5 Easy Steps

Thursday, May 20, 2010 at 2:00 p.m.

\$125 per person

www.afip.com/red-flags-ready.htm

NHTSA insurance costs booklet now available

The National Highway Traffic Safety Administration (NHTSA) recently released the *2010 Relative Collision Insurance Cost Information Booklet*. As a reminder, NHTSA requires all new vehicle dealers to provide information regarding comparative insurance costs, based on damage susceptibility and crashworthiness, for makes and models of passenger cars, sport utility vehicles, light trucks, and vans. Dealerships should keep copies

of the current-year NHTSA booklets in their showrooms so they can be given to prospective purchasers of new vehicles. This booklet is available at www.nhtsa.dot.gov. (Type "2010 insurance costs" in the search form at the top of the page.)

Dealerships can also download copies of the *2010 EPA Fuel Economy Guide*, which must be provided to customers upon request. This guide is available online at www.fueleconomy.gov/feg/dealers.shtml.

Resources and Webinars from NADA

NADA-ATD 20 Group offers sample composites online.

Prospective 20 Group members can see for themselves what NADA's Online Composite and Management Tools can do. Car dealers can explore a demo composite at www.nada20group.org. Just go to the Member Login section, enter username 331153841 and password @81689. Truck dealers enter username 331154949 and password 3241*6. New 20 Groups are currently forming and NADA-ATD 20 Group is working with several OEMs to develop additional groups.

Webinar: Wage & Hour Compliance. (Tuesday, May 18, at 1 p.m.) The U.S. Department of Labor is pursuing employers that fail to comply with the Fair Labor Standards Act (FLSA), which governs minimum wage and overtime pay. This 90-minute Webinar will address wage and hour issues involving all car and truck dealership employees. For information and participation

costs, go to www.nadauniversity.com (choose U-Store).

Webinar: Federal Health Reform. (Wednesday, May 19, at 1 p.m.) This Webinar will be offered as a special edition in NADA University's complimentary monthly MarketINSIGHT series. The Webinar will address changes related to federal health reform, the likely effects on premiums, new reporting obligations, and more.

Webinar: Internet as an Influencing Medium. (Wednesday, May 26, at 1 p.m.) This complimentary MarketINSIGHT Webinar will examine how today's car shoppers use the Internet to research and compare potential purchases, and how you can influence their decision-making process.

For more information about the MarketINSIGHT Webinars, please call NADA at (800) 252-6232, ext. 2.



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Dates to remember

May 31 • **Memorial Day**
Secretary of State offices will be closed Monday, May 31; SUPER!Centers will also be closed on Saturday, May 29

Jun. 7 • **MADPAC golf outing**, Lansing
(more information at www.michiganada.org)

Temporary sales require licensing

Now that summer is almost here, many dealers are taking advantage of the nice weather to hold temporary sales.

To ensure the most success for your sale, please make sure you have the necessary approval from the state. **Temporary sale locations must be properly licensed with the Bureau of Regulatory Services and are permitted only within a dealer's county of licensure.** Temporary sales may include a "tent sale," an auto show, or a similar event during which vehicles may be displayed or sold for a specified length of time.

There is no cost to obtain licensing for a temporary sale. However, the following must be provided 15 days prior to the sale for BRS

review and approval:

- Franchise approval (if new vehicles will be on display)
- Form AR-0066, Vehicle Dealer Supplemental Location License Application (signed by a corporate officer)
- Michigan Vehicle Dealer Closeout Statement - Temporary Location (used to cancel the supplemental license once the sale is over)

Please contact Jean Quinn at jquinn@michiganada.org or (800) 292-1923 to obtain the temporary sale forms. Completed forms can be returned to MADA via fax at (517) 351-3120. Forms will be reviewed for accuracy and forwarded to the state.

IRS payroll tax exemption and health care tax credit

www.irs.gov

Payroll tax exemption form

now available. The IRS has posted on its Web site the newly-revised Form 941, which most eligible employers can use to claim the special payroll tax exemption that applies to many new workers hired during 2010. The new form and details about the credit are available at www.irs.gov/businesses/small/article/0,,id=220745,00.html

Small business health care tax credit. The IRS has issued new guidance to make it easier for small businesses to determine whether they are eligible for the new health care tax credit under the Affordable Care Act and how large a credit they will receive. The guidance makes clear that small businesses receiving state health care tax credits may still qualify for the full federal tax credit. Additionally, the guidance allows small businesses to receive the credit not only for regular health insurance but also for add-on dental and vision coverage.

To be considered for eligibility, a qualifying employer must:

- cover at least 50 percent of the cost of health care coverage for some of its workers based on the single rate.
- have less than the equivalent of 25 full-

time workers (for example, an employer with fewer than 50 half-time workers may be eligible).

- pay average annual wages below \$50,000.

Eligible small businesses can claim the credit as part of the general business credit starting with the 2010 income tax return. Specific details about the credit and employer qualifications, including a step-by-step guide and answers to frequently asked questions, are posted within the Affordable Care Act page at www.irs.gov/newsroom/article/0,,id=220809,00.html. Please check with your tax professional for additional eligibility requirements.

Red Flags enforcement deadline extended

At the request of members of Congress, the Federal Trade Commission has again delayed enforcement of the "Red Flags" Rule, this time until December, 2010. However, this does not mean dealerships should put off developing and implementing identity theft prevention plans. As a reminder, the Red Flags Rule is currently in effect, the FTC is just not actively looking for violators.

Dealerships without an identity theft prevention plan in place can still be at risk if a vehicle is purchased by an individual fraudulently using someone else's identity. If you do not have a plan, please contact MADA at (800) 292-1923 for resources to help establish one. Additional information is available online at www.ftc.gov/redflagsrule.



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Dates to remember

Jun. 13 & Aug. 15 • **MIS NASCAR races** (details at www.michiganada.org)

Dec. 1 • **MADA Annual Meeting**, Soaring Eagle Casino & Resort in Mt. Pleasant

Feb. 5-8, 2010 • **NADA convention** in San Francisco, CA

MADPAC Golf Outing: Monday, June 7 at the Country Club of Lansing

We look forward to seeing many MADA members next week at the 19th annual MADPAC Golf Outing! Following is the event schedule. If you have questions about the event, please call Tommi Nielsen at (800) 292-1923.

- 9:30 a.m. ~ MADA board meeting (*all dealers are invited*)
Golf registration begins
- 10:00 a.m. ~ Driving range opens
- 11:00 a.m. ~ Buffet luncheon
- 12:00 p.m. ~ Golf begins with a shotgun start
- 4:30 p.m. ~ Reception following golf

Directions are available at www.michiganada.org

MADA member pricing for MIS races

Reminder: June 6 is the last day to get MADA member pricing for the June race at Michigan International Speedway (MIS)! MIS has extended promotional ticket pricing and special event packages to MADA members and their employees. Special offers are available for the Sunday, June 13 and Sunday, August 15 races. (Promotional prices for the August race are good until August 8.) Tickets can be ordered directly through the MIS at (517) 592-1285 or e-mail mitickets@mispeedway.com (please note "MADA member offer" in the subject line). A flier with additional information is available at www.michiganada.org.

Recognize your colleagues for their community involvement

New vehicle dealers are well known for their community involvement and support of various organizations and programs. Please help us recognize Michigan dealers for their outstanding leadership and noteworthy contributions by nominating a deserving colleague for one of the following dealer awards.

TIME Magazine Dealer of the Year Award. This award calls attention to new car dealers in America who exhibit exceptional performance in their dealerships, combined with distinguished community service.

Northwood Dealer Education Award. Recipients of this award have made noteworthy contributions to education, inside or outside of the industry. They are people who are recognized for substantial dedication (over a number of years) to the educational process and the field of automotive marketing.

To nominate a dealer, download a nomination form with guidelines from the MADA Web site at www.michiganada.org. Nominations are due to MADA by July 1, 2010.

Dealers are reminded to print confirmation of their installment seller license renewal

Dealers are encouraged to check the status of their installment seller license renewal and print a confirmation page once it has been renewed. (Many finance companies request a copy of this information.) To do this, please visit www.michiganada.org and follow the links to the OFIR search page. When searching, only use the company name field and just type one or two words in the field. Once you find your dealership (the search may find more than one company),

click on your dealership's name to open the detailed page with renewal status.

As a reminder for those who have not yet renewed, the Office of Financial and Insurance Regulation (OFIR) requests that installment seller license renewals be mailed by June 15, 2010. Paperwork can be sent to MADA for review and personal delivery to the state. If you have questions, please call Jean Quinn at (800) 292-1923 or e-mail jquinn@michiganada.org.

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NADA Convention

Save the date! The 2011 NADA Convention & Expo will be held February 5-7, 2011 in San Francisco. Registration will open in late July. As more information becomes available it will be posted to the convention Web site at www.nada.org/convention.

MADA membership directory has been mailed

The new membership directories have been mailed to MADA members and should arrive shortly, if they have not already. Please note that information printed in the directory reflects our records as of March 15, 2010. If there are updates to your dealership contact information, company name or franchises at any point during the year, please contact

Jean Quinn at (800) 292-1923 or e-mail jquinn@michiganada.org.

If you have any comments or suggestions for content in future MADA membership directories, please let us know. It is our desire to provide the most relevant information to our members and your input is one of the best ways to do that.

Please send us your thoughts (about anything MADA can do to help you and your business) or update your contact information. Fax: (517) 351-3120 or e-mail news@michiganada.org.

Thank you!

Thank you for your support and participation

We would like thank the many golfers and sponsors who joined us Monday afternoon for the 19th annual MADPAC Golf Outing. The event raised more than \$30,000 for MADPAC, which will support the legislative activities and goals of Michigan's franchised new vehicle dealers.

MADA members who were unable to participate can still support the MADPAC campaign with a personal donation.

During times of change, MADA, DADA and the ADM work even harder to promote the legislative needs of our members. As you are aware, our current focus is updating the Franchise Act. With your support and involvement, we have already made beneficial legislative contacts and positive steps in the process to update the law.

A MADPAC donation from every member will allow us to continue making progress on all our legislative activities. Please call MADA's Larry Parker at (800) 292-1923 for more information or download a contribution form online at www.michiganada.org.

Event sponsors play an important part in the success of the MADPAC Golf Outing. Special thanks goes to our major and underwriting sponsors.

Major Sponsors

- Automobile Dealers Accessory Corporation
- Blue Cross Blue Shield and Blue Care Network of MI
- Computerized Vehicle Registration (CVR)
- Enterprise Rent-A-Car
- Gadaleto Ramsby & Associates
- IGS Energy
- MADSIF

Underwriting Sponsors

- ADP Dealer Services
- ADRSIA/MADSIF P&C
- American Fidelity Assurance Company
- DealerTrack
- Dealers Resources
- Freedom One Financial Group
- Governmental Consultant Services, Inc.

- Manheim Detroit Auto Auction
- Michigan Automobile Dealers Association
- Morgan Stanley SmithBarney
- Paul V. Engstrom & Co., LLP, CPAs
- Protective
- Smith & Johnson Attorneys, P.C.
- Zurich

A full list of sponsors is available at www.michiganada.org/madpac.



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Dealer awards

Nominations are now being accepted for the annual Northwood Dealer Education Award and the TIME Magazine Dealer of the Year Award. Please download the form at www.michiganada.org. Dealer nominations are due by July 1, 2010.

to sign up as well. Enrollment is a free benefit of NADA/ATD membership, which also entitles members to six all-new online courses, dealership employee profile setup, and individual and dealership training activity reports, in addition to the Driven management guides, NADAPERKS tips and tools, and MarketINSIGHT mini-Webinars. NADA University's Customer Service team will follow up with phone calls to all members to acquaint them with NADA U's online learning management system.

Labor law poster update

www.fwlli.com/ada

Effective June 19, 2010 Federal contractors and their subcontractors are required to post notices informing employees of their rights under the National Labor Relations Act (NLRA). The notice to employees, required by the new regulation, informs employees about their rights under the NLRA.

The Federal Equal Employment Opportunity notice has been revised extensively to

include new sections required by the Genetic Information Nondiscrimination Act (GINA) and recent amendments to the ADA.

One source for posters is the Federal Wage and Labor Law Institute (FWLLI). Please visit www.fwlli.com/ada for additional information. Those who are currently enrolled in the FWLLI AutoComply Service should automatically receive the new poster.

NADA University and monthly sales recaps

www.nada.org

All NADA/ATD members to be enrolled in NADA University. NADA University is working on the next phase of its launch - an enhanced enrollment process that will automatically register all NADA and ATD members and allow others in the industry

Monthly sales recap now available at NADAFrontPage.com.

NADA is now publishing a short recap of monthly U.S. vehicle sales at www.nadafrontpage.com. Simply click on "Sales stats" from the home page. The recap is updated the first week of the month with data from the previous month. Here are some highlights from the current recap:

- The industry sold 1.1 million units in May, up 19 percent from a year ago and a 12.3 percent increase from April.
- Through the first five months of the year, the industry sold 4.6 million units, up 17.3 percent.
- The SAAR for the month was 11.8 million, beating estimates of 11.2 million.
- Chrysler sales increased 33 percent in May, when it sold more than 100,000 vehicles for the first time in more than a year.

Michigan revenue update, May 2010

www.senate.michigan.gov

The Michigan Senate Fiscal Agency recently released new state revenue numbers. Following are a few bullet points from that report.

- Net income tax revenue totaled \$415.1 million in May 2010, up 3.6% from the May 2009 level. This is the first time in 17 months that income tax collections exceeded the amount collected in the same month of the previous year.
- Sales tax receipts totaled \$456.0 million in May 2010, which was up 12.1% from the year-ago level. However, sales tax collections were almost \$30.0 million below the estimate for the month. This matches the nationally reported increases in retail sales as the economic recovery continues.
- Motor vehicle sales tax collections totaled \$68.7 million for

the month, up 2.5% over the year-ago level. The fiscal year-to-date total is \$444.7 million, which is up 1.7% from the year-ago level.

- Michigan Business Tax revenue totaled \$86.5 million in May 2010, down \$109.4 or 55.8% from last year's level. MBT quarterly payments were down by 41.7% and MBT annual payments were down 46.0% compared with May 2009. MBT refunds were up at over \$25.0 million in May compared with only \$6.4 million in May 2009. Higher refunds and much lower annual and quarterly payments led to the significant overall decline in monthly MBT collections.
- Real estate transfer tax receipts were up 7.4% from the year-ago level in May, to \$8.7 million.



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Dates to remember

Jul. 1 • **Dealer award nominations due** (visit www.michiganada.org for more details)

Jul. 5 • **SOS branches closed** in observance of Independence Day. SUPER!Centers will also be closed Saturday, July 3.

Aug. 15 • **MIS NASCAR race** (special prices available, see details at www.michiganada.org)

Dec. 1 • **MADA Annual Meeting**, Soaring Eagle Casino in Mt. Pleasant

Profile of the online shopper

www.nadauniversity.com

From the June 2010 NADA dealership ops newsletter

Online car shopping behavior has undergone a revolution. Dealers must now provide consumers with complete information online, and be prepared to respond quickly, accurately, and fully to every request for information.

During the early years of the Internet, the typical online shopper was young, wealthy, and male, according to E-Commerce Times. Today, online shoppers are everyone. However, they do share key characteristics:

- Internet consumers are motivated by convenience and control.
- They are informed. They visit various Web sites to determine MSRP, invoice price, available promotions and discounts, available features and options, performance parameters, average annual maintenance costs, and other factors. They are often as informed - if not more informed - about the vehicle they are buying as the sales representative selling it.
- They are committed to the online shopping experience and demand the same of the dealers with whom they do business. Thus, they expect *thoughtful* responses to their

e-mails and phone calls, and they expect *quick* responses with answers to their questions. Unfortunately, online car shoppers who ask for the price of a new vehicle are given this information less than 25 percent of the time, while only 13 percent are given information about the benefits of a particular brand or vehicle, according to one study. (According to the same study, 20 percent of consumers will go somewhere else if they do not receive a response within four hours.)

- Many dealers mistakenly think online shoppers are visiting many dealer sites to find the lowest price possible. While price clearly affects a shopper's final purchase decision, there are many other factors that influence online car shoppers' buying decisions. These buyers understand a dealer has to make a fair profit, and they will often pay for convenience and other perks they find valuable in the shopping/buying experience.

This article is adapted from *A Dealer Guide to Leveraging the Internet to Drive Sales* (BM41), available through NADA University's Resource Toolbox.

State now offers online repair facility renewal option

www.michigan.gov/sos

The State of Michigan, Bureau of Regulatory Services now offers an online license renewal option for repair facilities. The state has sent an e-mail with details to all repair facilities that have a current e-mail address on file. Following is a brief overview of the online renewal process:

- Approximately 60 days prior to your repair facility renewal date, you will receive a renewal application by mail containing your repair facility number and PIN.
- To renew online, go to www.Michigan.gov/sos. Choose *Automotive-related Businesses* then *Information for Repair Facilities*. The application link is at the top of the page.
- Have the renewal application available, as you will need to enter your repair facility number and PIN. (Credit card or electronic check payment information will also be needed to complete the renewal.)

- Links in the upper-left corner of the Web pages move from one section of the application to another. (Choose *Logout* to save and exit the application and finish later).
- A confirmation e-mail will be sent once the state receives your completed application.

Repair facilities may still choose to renew by mail. Completed renewal applications should be returned with the required fee before the expiration date.

If more than 60 days have passed from the expiration date preprinted on the renewal application, online renewal is not available. Please contact Jean Quinn for more information at (800) 292-1923 or jquinn@michiganada.org. She can also answer general questions you may have about your repair facility renewal or the online renewal process.

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ASE summer testing

ASE's Computer-Based Tests (CBT) will be offered July 16 - August 23 at approximately 200 test centers nationwide. Registration is from July 9 - August 16. CBT allows you to pick the test day and time that is most convenient. You receive your scores at the test center once finished. Visit www.ase.com for more information.

Holiday schedule

The MADA staff wish you and your family a wonderful 4th of July weekend! As a reminder, all Secretary of State branch offices will be closed on Monday, July 5 in observance of

Independence Day. SUPER!Centers will close Saturday, July 3.

The MADA office will also be closed for the holiday on July 5.

Theft rings continue to target dealerships

www.1800242HEAT.com

MADA has been informed by H.E.A.T. (Help Eliminate Auto Thefts) of an escalating number of key (and vehicle) thefts in West Michigan. The latest reports indicate the thieves are starting to attack used car dealerships and rental car agencies as well. H.E.A.T reminds dealers of the following ways thieves commonly operate to steal keys:

- Keys are taken from desks/counters and pocketed when one "buyer" in a team distracts the salesperson.
- "Buyers" return from a test drive and return a key to the same brand, but not the one that starts the vehicle they drove.
- The VIN is copied during a test drive then taken to an "insider" in another dealership who makes a duplicate key.
- "Buyers" hang out in the showroom observing security and location of keys. They return

after hours to break in and steal the keys... and the cars that go with them.

Call police immediately if you suspect you are being targeted or if a vehicle has been stolen, especially if the vehicle is not titled to your dealership since police are often unable to track these back to you in a timely manner if they are recovered. Other ways to help:

- Take ID for test drives, examine ID's carefully for potential fakes and note the vehicle description and license plate number they used to get to your dealership.
- Examine keys carefully when they are returned from test drives; hit the key fob lock to assure that your vehicle responds.
- Reinforce key security procedures with every employee in your dealership.

To learn more about auto theft prevention, please visit www.1800242HEAT.com.

Dealers exempt from Wall Street reform bill; important votes came from Michigan delegate

As NADA has reported, House and Senate conferees have agreed to exempt auto dealers from oversight by the new consumer watchdog agency. This is a testament to the efforts of dealers and ATAEs around the country who made sure their voices were heard, and their arguments prevailed.

This Wednesday, the House gave its final approval of the conference report. The Senate is expected to follow suit, likely the week of July 12 after the July 4 recess. The bill will then be sent to the president for approval.

NADA and MADA thank the many Michigan dealers who participated in the legislative process and contacted their U.S. legislators. You have helped achieve a big win for dealer-assisted financing.

Show your appreciation for a key Michigan supporter

United States Congressman Gary Peters, who represents the 9th district of Michigan, was a member of the House/Senate Conference Committee reviewing this issue - the only Michigan delegate on the committee. He spoke out and voted on behalf of dealers in Michigan, and throughout the country, on many occasions. He has taken the time to communicate with the dealers in his district and understand our industry. His support was an important vote leading to the passage of this bill.

Please call Congressman Peters' office and let him know you appreciate his willingness to stand up for small businesses and the automotive industry. His local office number is (248) 273-4227. (It is appropriate to leave a message with staff.)

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Fast Facts Sponsor



Dates to remember

Jul. 16 • **Dealer award nominations due** (details and a form are available at www.michiganada.org)

Aug. 15 • **MIS NASCAR race** (special prices available, see details at www.michiganada.org)

Dec. 1 • **MADA Annual Meeting**, Soaring Eagle Casino in Mt. Pleasant

Feb. 5-7, 2011 • **NADA convention** and expo in San Francisco, CA (Registration and housing will open on July 26.)

One more week to recognize your peers

MADA has extended the nomination deadline for those who would like to nominate a dealer for the TIME Magazine Dealer of the Year Award or the Northwood University Dealer Education Award. If you know a dealer who deserves to be recognized for his

or her exceptional work in the community or within the automotive industry, please fill out and return the attached nomination form by July 16, 2010. If you have questions, please call MADA at (800) 292-1923 or e-mail news@michiganada.org.

CVR inventory count: July 13

Dealers participating in the CVR program are reminded that the count and physical verification of inventory must be taken **Tuesday, July 13 prior to any transactions being processed for the day**. The state suggests the following method to verify and report inventory. (This should take about 15 minutes.)

1. **Print a report** of your current available inventory from the CVR computer.
2. Verify the report by a **physical check of the actual inventory** to ensure that each plate or tab/permit is present. Sealed boxes do not need to be opened, simply check the labeling on each package.
3. If there are no discrepancies between the printed report and the physical verification, **type the requested inventory numbers into the CVR computer**: beginning and ending

numbers for plates and tabs and permits in inventory, as well as the total number of each (as shown on the available inventory report).

4. Submit the report.

While dealers are given until Monday, July 19 to **submit** the report, the inventory must be counted and verified on July 13 prior to any new CVR transactions being processed.

Dealers who do not submit the required information are in violation of their agreement with the Michigan Department of State and risk losing the ability to use the CVR program. If you have questions or if you are having difficulty meeting your requirements, please contact your CVR account representative or CVR support at (800) 333-6995.

Your support helps gain access to Michigan's decision makers

As 2010 continues to unfold, more changes in the auto industry can be expected. The dealers' voice in each of these circumstances will be a powerful tool. We cannot stress enough how important MADPAC is to the future of the retail auto business.

MADPAC offers dealers a strong voice in government, providing you with the political clout and timely access to decision makers in the state Capitol.

We urge you to join your fellow dealers in supporting MADPAC this year, and every year. We need your help to get the job done and fight for the issues that are vital to the future success of the franchised new vehicle industry. Your MADPAC donation can make a difference in shaping the fate of the auto business in Michigan.

When you make a financial contribution, it is distributed through the Auto Dealers of Michigan, LLC (ADM), which is a joint legislative venture between MADA and the Detroit Auto Dealers Association (which also collects funds through its PAC). Under the direction of a nine-dealer composed Board of Managers, the ADM oversees all legislative activity on behalf of Michigan's automobile dealers, including PAC contributions. The ADM is the single, unified voice that speaks to the Michigan Legislature on issues of interest to dealers.

Join your colleagues throughout the state and make your MADPAC contribution today. A contribution form is available online at www.michiganada.org, or call Larry Parker at (800) 292-1923 for additional information. Thank you in advance for your support.



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MADA workshop: DOT towing regulations

The State of Michigan and the United States Department of Transportation (DOT) are stepping up enforcement of vehicles and trailers with a combined weight of greater than 10,000 lbs. This includes dealerships that tow a vehicle for business purposes.

To remind dealers and staff of their requirements under the federal and Michigan Motor Carrier Safety Acts, as well as the Michigan Vehicle Code, MADA is offering free workshops in August.

- Tuesday, August 17 in Gaylord
- Thursday, August 19 in Lansing
- Tuesday, August 24 in Ann Arbor

The workshops will be presented by the Michigan Center for Truck Safety and include information about required driver training, equipment, signage and DOT registration. Forms will be available during the program for dealers who need to register their vehicles with the DOT. The workshops will also provide time for questions and answers.

Additional information about the workshops and a registration form will be mailed to dealerships later this month. If you have any questions, please call MADA's Larry Parker at (800) 292-1923.

2010 MADA board meetings: October 15 and December 1

Friday, October 15. The next MADA board meeting will be held October 15, 2010 at Northwood University. The meeting will again be held in conjunction with the opening of the Northwood University International Auto Show. (Please note that this date is later than it has been in past years.) More information about the show is available at www.northwood.edu/autoshow.

Wednesday, December 1. Mark the date on your calendar and plan to attend the 2010 MADA Annual Meeting on December 1 at the Soaring Eagle Casino & Resort in Mt. Pleasant. As in the past, there is no cost to attend the day's events, thanks to the generous support of many sponsors. Additional information and a registration form will be mailed to dealers later this year.

News from NADA: convention updates

www.nada.org/convention

The 2011 NADA Convention & Expo will be held in San Francisco, California from February 5-7. NADA plans to open online registration and housing for the convention on July 26. You can register by visiting www.nada.org/convention. Detailed information about each hotel and a map of its location is also available online. More than 20 hotels have been secured and rates have been reduced, ranging from \$139-\$269. Look for promotional materials in the mail soon, as well.

Several exciting changes are in store at the 2011 convention. The registration process has been streamlined to give dealers more flexibility. Registrants will now receive only one confirmation for both their registration and housing arrangements. They will also have the option to receive their credentials (badge) by mail, instead of waiting in line onsite. And NADA will

no longer require registrants to swipe expo cards to sign up for more information from exhibitors; instead, each person's name badge will be printed with a barcode that can easily be scanned to download contact info.

NADA is co-hosting a reception Friday evening with J.D. Power & Associates. Tickets are limited and are available for purchase during the registration process. NADA also has a new format for general sessions, which will be held inside the Moscone Center West Hall instead of the San Francisco civic center, so dealers will no longer have to take a shuttle to a separate venue. Workshops and speakers will be announced later this summer.

Please visit the NADA convention Web site (www.nada.org/convention) after July 26 for more information.

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Special MIS ticket offer

www.michiganada.org

As a reminder, Michigan International Speedway (MIS) has extended promotional pricing to MADA members and their employees. There is still time remaining to take advantage of special ticket prices and event packages for the August 15 NASCAR race at MIS - but make sure to order your tickets by Sunday, August 8, 2010!

Tickets can be ordered directly through the MIS at (517) 592-1285 or e-mail mitickets@mispow.com (please note *MADA member offer* in the subject line). A flier with additional details about this offer is available on our Web site at www.michiganada.org.

Dates to remember

Aug. 15 • **MIS NASCAR race** (special prices available, see details at www.michiganada.org)

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Update about random dealer inspections

As MADA and DADA informed dealers in May of this year, the Office of Financial and Insurance Regulation (OFIR) is in the process of randomly auditing and inspecting dealerships throughout the state. (Please see the *May 18, 2010 dealer advisory for additional information about inspections, including what to expect when an auditor shows*

up at your dealership.)

to dealerships for these inspections and most dealerships are largely in compliance with the department's requirements and regulations.

OFIR has been working closely with the association to keep us updated and has been very receptive to our feedback and input. We appreciate their willingness to work with us on this issue. It is anticipated that OFIR will conduct an inspection of each licensed dealership at some point during the next couple years.

If you have questions or would like to confirm the name of an auditor who shows up at your dealership, please contact MADA at (800) 292-1923 or DADA at (248) 643-0250. Dealers who are audited are also asked to contact the association with feedback about the inspection so we can continue to work with OFIR and support the business needs of our members.

EPA now offers a Tier 1 qualified facility SPCC plan template

www.epa.gov

NADA has reported that the U.S. Environmental Protection Agency (EPA) has made available on its Web site a template to help Tier 1 qualified facilities develop a self-certified Spill Prevention, Control, and Countermeasure (SPCC) Plan. As a reminder, the compliance date is November 10, 2010.

The template can be used by small facilities, including qualified dealerships, in lieu of a complex written plan. If the Tier 1 facility chooses to modify the template, the plan must include a section cross-referencing the location of each applicable requirement of the SPCC rule and ensure that the plan is an equivalent plan that meets all applicable rule requirements of 40 CFR 112.6(a)(3).

To meet the Tier I applicability criteria, a facility must have:

- A total aboveground oil storage capacity of no more than 10,000 U.S. gallons and a maximum individual oil storage container capacity of 5,000 gallons.
- In the 3 years prior to the date the SPCC Plan is certified, had no single discharge of oil to navigable waters or adjoining shorelines exceeding 1,000 U.S. gallons, or no two discharges of oil to navigable waters or adjoining shorelines each exceeding 42 U.S. gallons within any 12-month period.

The EPA offers editable Word and PDF templates online at www.epa.gov/osweroe1/content/spcc/tier1temp.htm.



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Dates to remember

Aug. 3 • **Primary Election**
(more information at
www.Michigan.gov/vote)

Aug. 15 • **MIS NASCAR
race** (special prices
available, see details at
www.michiganada.org)

Dec. 1 • **MADA Annual
Meeting**, Soaring Eagle
Casino in Mt. Pleasant

Feb. 5-7, 2011 • **NADA
convention** and expo in
San Francisco, CA

Primary election is Tuesday

MADA reminds dealers to take part and vote in the primary election on Tuesday, August 3. This is a critical election year for Michigan and your participation is important. In many primary races, the winner on Tuesday will determine who becomes the next senator or representative due to the political make-up of certain districts.

Residents can view a copy of their sample ballot, find their polling place and locate their local clerk at www.Michigan.gov/vote. The Secretary of State's Bureau of Elections will post unofficial election returns, as they are available, on its Web site. (Go to www.Michigan.gov/sos and click on "Elections in Michigan.")

Congresswoman Miller speaks out for dealers

U.S. Congresswoman Candice Miller recently spoke on the House Floor regarding the report released by the Inspector General of the Troubled Asset Relief Program (TARP). As you have likely read, the report found that the Department of the Treasury did not show why the elimination of thousands of auto dealers was necessary for the sake of General Motors or Chrysler Co.'s economic survival or prudent for the nation's economic recovery.

Congresswoman Miller has been a champion for the auto industry, the dealers and

the workers who produce some of the best vehicles the world has seen. We invite you to listen to her full speech, which is posted on the MADA Web site at www.michiganada.org and also available at www.youtube.com/watch?v=n8z-ZJhAfrQ.

Dealers who would like to thank Congresswoman Miller for her continued support of Michigan's auto industry may contact her office at (202) 225-2106

NADA Convention & Expo: registration is now open

www.nadaconventionandexpo.org

Advance registration for the NADA convention is now open. The 2011 event will be held February 5-7 in San Francisco, CA. Additional information, including registration instructions and hotel details are available within the new convention Web site at www.nadaconventionandexpo.org.

MADA reminds dealers that convention registration is required before reserving a hotel room. Since hotel rooms fill quickly during the convention, it is recommended that dealers register for the event early to ensure they are able to reserve a room at the hotel they desire. NADA has also announced that for the 2011 show, they are able to offer lower housing costs than the previous time the NADA Convention & Expo was held in San Francisco.

Some highlights of the 2011 convention include:

- February 5: formal opening of the convention with Industry Message from Jim Lentz, CEO Toyota
- February 6: keynote presentation from Captain Chelsey B. "Sully" Sullenberger, III, "Miracle on the Hudson" hero pilot and best-selling author
- February 7: keynote address from Condoleezza Rice, former Secretary of State

Attend the NADA convention to find solutions your business needs, learn new trends and explore ways to grow your business. Major automotive manufacturers will again be on hand to answer questions. A welcome reception will be held Friday night, co-hosted by J.D. Power and Associates. (Please note: this is an optional ticketed event.)



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Dec. 1 • **MADA Annual Meeting**, Soaring Eagle Casino in Mt. Pleasant

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News from NADA: ATD letter to the president and 1099 form

ATD leads effort to stimulate new-truck sales with letter to president. The American Truck Dealers division of NADA recently sent to President Obama a letter signed by a coalition of heavy- and medium-duty truck makers and industry associations urging the creation of a federal stimulus program to boost new-truck sales and put cleaner, more fuel-efficient trucks on the road.

In the letter, ATD outlines why a stimulus is needed now, as U.S. truck retailing slowly recovers from historically low sales in 2009 and new 2010 emissions standards have added as much as \$13,000 to the cost of a new truck. With the help of NADA's Legislative Affairs group and input from truck manufacturers, ATD leaders have drafted a proposal being distributed to members of Congress. It institutes a short-term 10 percent investment tax credit on the purchase of Class 8 trucks with engines meeting 2010 emissions regulations and a "green voucher" of \$6,000-\$8,000 for the purchase of Class 6 and 7 trucks, totaling no more than \$3 billion.

NADA supports effort to repeal new 1099 form requirement. NADA has joined numerous other business organizations in drafting a letter to Sen. Mike Johanns (R-Neb.), supporting his effort to repeal a new 1099 form requirement included in the healthcare reform bill.

Under the bill, companies, nonprofits and government offices are required to file 1099 forms with the IRS when goods purchased from another business exceed \$600 in a year. Under previous law, the reporting requirement pertained only to services exceeding that amount. "This new and expanded requirement means that almost every business-to-business transaction is potentially reportable to the IRS," the letter to Johanns states. "The new requirements will dramatically increase ... costs, pulling capital out of the business that could be better used to reinvest in the business and create jobs."

To read the full letter, please visit the MADA Web site at www.michiganada.org.

New rules for 401(k) plan sponsors

On July 16, 2010, the Department of Labor (DOL) released new regulations under ERISA Section 408(b)(2) changing the way fees are disclosed by retirement plan service providers. All plan sponsor's 401(k) contracts, regardless of whether they were entered into before the effective date, will need to comply with these new rules. Dealers who participate with MADA's endorsed 401(k) provider, Freedom One Financial Group, can be assured they will be in compliance with the new regulations.

In response to increased DOL and IRS audit and enforcement activities, nearly 60% of plan sponsors surveyed by Mercer said they intended to take some kind of action in the next 12 months. Actions cited include:

- 53% will conduct an administrative fee benchmarking study;
- 28% will reevaluate who (participant or employer) pays administrative fees; and

- 21% will change from a nontransparent bundled pricing arrangement to a transparent, fixed administrative fee pricing arrangement.

In light of these new regulations, it is recommended that businesses have an independent review completed to ensure their retirement plan is aligned.

Freedom One Financial Group has been MADA's 401(k) partner providing retirement consulting services to our members since 1989. They currently provide full service retirement plans to more than 150 MADA members, including the MADA employee's 401(k) plan. As a service to MADA members, Freedom One offers an opportunity to benchmark your current plan without cost. A member of Freedom One's consulting team is available to discuss these changes and will be happy to schedule a free consultation. For more information or to schedule a consultation, please call Freedom One's John Young (248-620-8100) or Larry Parker at MADA (800-292-1923).



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Improve pre-owned profitability

www.nada.com/appraisal

Numerous dealers in Michigan are now taking advantage of NADA's new appraisal tool. NADA AppraisalPRO helps dealers ensure confidence, transparency and credibility with customers. For more information about improving your pre-owned profitability with NADA AppraisalPRO, dealers and their managers are encouraged to join a free Webinar from NADA. The Webinar will explain how to:

- cope with a used car market that has turned transparent
- deal with consumers who are researching trades before coming to the dealership and arrive with erroneous information
- put key market data at your fingertips with appraisal tools, such as NADA AppraisalPRO®
- interpret and apply market data to reach a precise trade number through a clearly defined and explainable process
- support or create your appraisal process

The program speaker will be Stu Zalud, Director, Dealer Services, NADA Used Car Guide and a 38-year veteran of the dealership world.

Webinar: Improve Pre-owned Profitability with NADA AppraisalPRO

Thursday, August 26, 2010
2:00 – 3:00 p.m. EDT

Location: <https://nada.webex.com/nada/onstage/g.php?t=a&d=483610743>

Event Password: nada

Pre-registration is required

To learn more about the program, you can also call NADA's Stu Zalud at (800) 248-6232 ext. 4636 or go online to www.nada.com/appraisal.

Computerized Vehicle Registration

We continue to receive a great response from dealers, customers and the Secretary of State (SOS) about the Computerized Vehicle Registration (CVR) program. This summer, CVR is averaging 35,000 transactions per month. Dealers and customers appreciate the convenience of the program, which helps expedite the process of registering and plating a vehicle.

The SOS has also experienced less traffic in the branch offices, which allows the state to help other customers quicker and more efficiently. For more information about the CVR program, please call MADA at (800) 292-1923.

Dealers who currently participate with CVR can now begin ordering 2012 serialized tabs.

IRS extends UNICAP audit suspension period

We thank NADA for their involvement on the very important UNICAP audit issue. The following update has been prepared by NADA.

The Internal Revenue Service has issued a field directive that states:

(i) the IRS Office of Chief Counsel is currently considering publishing additional guidance on dealership uniform capitalization (UNICAP) issues, and

(ii) the IRS will extend the current audit suspension period on new UNICAP audits (which was scheduled to expire on December 31, 2010) until the date the pending guidance is published in the Internal Revenue Bulletin.

This announcement follows several recent meetings between NADA and senior IRS and Treasury officials in which NADA has urged the IRS to reconsider its application of the complex UNICAP rules to franchised car and truck dealers. The announcement ensures that dealers will have the opportunity to review any forthcoming UNICAP guidance from the IRS before having to decide whether and how to change their inventory methods of accounting.

The IRS announcement is available at www.irs.gov/businesses/article/0,,id=226621,00.html. NADA will disseminate any additional IRS UNICAP guidance when it is finalized and released.



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SOS holiday hours

Secretary of State Terri Lynn Land reminds dealers that all branch offices and the Office of the Great Seal will be closed on Monday, September 6 in observance of Labor Day.

SUPER!Centers normally offer Saturday hours but will be closed on Saturday, September 4.

Dealer license renewals are in process

The State of Michigan, Bureau of Regulatory Services will be mailing dealer license renewals to dealerships next week. MADA has also mailed a separate packet of information with reminders to help dealers ensure a properly completed license renewal.

Dealers can again choose to renew by mail or online. **Please note: if there are changes to be made (including a change in the number of plates ordered last year), your best option is to renew by mail.**

Dealers who renew by mail are encouraged to send their completed renewal paperwork directly to MADA. We are happy to review your renewal application. Once we personally deliver it to the State of Michigan we will send a confirmation of delivery. Please call Jean Quinn at (800) 292-1923 or e-mail jquinn@michiganada.org if you have any questions.

Free SOS training sessions finish up this fall

www.michigan.gov/sos

Only a few dates remain on this year's schedule for dealer and repair facility/mechanic training sessions. These free programs are offered each year by the State of Michigan, Bureau of Regulatory Services.

change process, dealer records and dealer plate usage.

A repair facility/mechanic session will be held September 23 in Grand Rapids; the final session will be in Wixom on October 21. Topics include the Repair Facility Manual, proper written estimates and final invoices, record keeping requirements, repair facility and mechanic responsibilities, common mistakes to avoid and other basic requirements.

All programs provide opportunities to ask questions. There are no fees, but registration is first come, first served. Picture ID is required for entry into the buildings where training is held. Please visit www.michigan.gov/sos and choose the *Automotive-related Businesses* tab for more details and to register.

Final dealer sessions for

the year will be held September 1 and October 18 in Lansing.

Topics include vehicle ownership documents, wholesaling/re-tailing vehicles, application for title and registration/statement of vehicle sale - RD-108 form, TR-210/TR-209 secured interest

An update from NADA

Amidst the government's involvement with retirement plan reform, and the new regulations regarding fee disclosure, businesses nationwide are taking a closer look at their current retirement plans to determine the reasonableness of compensation paid to plan service providers. Service providers must disclose a description of the services it provides and the direct and indirect compensation received for such services, as well as whether they are providing any services as a fiduciary to the plan.

In addition to the full fee disclosure requirements, fiduciary liability should not be overlooked. Businesses should also examine their current plan to ensure they are receiving the full benefits available to them while minimizing their fiduciary liabilities related to:

- Trustee & Custody Services
- Selection of Investment Options
- Providing Investment Guidance vs. Investment Advice

NADART has provided 401(k) retirement plan services to NADA members since 1957, and helps shoulder the fiduciary responsibility by providing the fiduciary roles of a named plan administrator and plan trustee. NADART prides itself on offering franchised new car and truck dealers an optimum combination of plan administrative and recordkeeping services, assumption of fiduciary responsibility and a competitive fund selection – all while fully disclosing our fees.

For a complimentary Fiduciary Checklist, or for additional information on NADART retirement plan products and services, please contact (800) 462-3278, e-mail nadart@nada.org or visit www.nadart.org/retirement.



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The 2010 EEO-1 survey is now open: due Sept. 30

The Employer Information Report (EEO-1 Report) is a government form requiring employers to provide a count of their employees by job category and then by ethnicity, race and gender. The report is now available and can be submitted online. The filing deadline is September 30, 2010.

The report must be filed by companies or "affiliated entities" with 100 or more employees. Affiliated entities are companies owned or affiliated with another company, or there is centralized ownership, control or management so that the group legally constitutes a single enterprise, and the entire enterprise employs a total of 100 or more employees.

Single-establishment employers must complete a single Standard Form 100, or use one of the alternate filing methods. All multi-establishment employers (doing business at

more than one location) must file:

- 1.a report covering the principal or headquarters office;
- 2.a separate report for each establishment employing 50 or more persons;
- 3.a consolidated report that MUST include ALL employees by race, sex and job category in establishments with 50 or more employees as well as establishments with fewer than 50 employees; and
- 4.a list, showing the name, address, total employment and major activity for each establishment employing fewer than 50 persons, must accompany the consolidated report.

The report and additional information is available at the EEOC Web site at www.eeoc.gov/employers/eo1survey.

NADA dealer ops newsletter: operational best practices

In the first study of its kind across brands to identify and measure the activities, practices, and behaviors that drive dealership financial profitability, NADA undertook a research project with support from McKinsey & Company to define and corroborate best practices in automotive dealership management.

Analyzing survey responses across all the different factors that influence profit—region and demographics, brand and origin (domestic, European import, or Asian import), dealership size (measured by volume of new-vehicle sales) and structure (stand-alone store versus part of a broader network of dealerships), and operational practices—the study found that operational best practices are the single biggest profit differentiator.

Based on this study, the average-performing dealership in an average environment achieves, roughly, two percent net profit before tax. An improvement in each of the influencing factors, one by one, results in more profit. To explain step-by-step:

- If the average dealership could be relocated to a better region with better demographics, net profit would be expected to increase three-tenths of a percent, to 2.3 percent.

- If the dealer had a better-selling brand, profit could increase another nine-tenths of a percent, to 3.2 percent.
- Improvements in sales volume and structure can add a full one percent to net profit for this dealer, bringing the total to 4.2 percent.

But the big jump can come with implementation of operational best practices:

- If the dealer's operations are consistent with best practices, net profit can increase by 2.3 percent, bringing the total for the hypothetical dealer all the way to 6.5 percent.

Obviously, most dealerships cannot change all the external factors that affect profit. They can, however, change internal factors. Therefore, finding #1 is vital to all dealerships.

The analysis suggests that regardless of size, brand, or region, an average dealer who transforms average practices—not poor practices, but average practices—into best operational practices can increase operating profit by more than two percentage points. Best operational practices involve personnel management, departmental policies and processes, and relationships with the OEM. This article is adapted from *A Dealer Guide to Driving Dealership Performance* (BM34), available through NADA University's Resource Toolbox.



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NADA Convention

Today (September 10) is the last day to receive an early registration discount for the 2011 NADA Convention & Expo in San Francisco.

Housing is also filling up quickly, with five hotels already sold out. For more information and to register, please go to www.nadaconventionandexpo.org.

Abandoned vehicle form

The Secretary of State has released a revised version of the TR-52L Form, which is the bill of sale form used by law enforcement agencies for abandoned vehicles. The new TR52-L has been enhanced with the addition of a certificate of scrapping assignment that permits the new vehicle owner to properly reassign the vehicle to a scrap metal processor.

The state has sent an update with additional details of the change to used vehicle parts

dealers, recyclers and scrap metal processors who have a current e-mail address on file with the Bureau of Regulatory Services.

More information about this update is available at www.michigan.gov/sos. (Choose the *Automotive-related Businesses* tab, *Information for Dealers*, then *Dealer Bulletins*.)

If you have any questions regarding the proper use of this form please contact the Abandoned Vehicle Unit at (517) 636-5234.

MADA continuing education programs: what would you like to see?

MADA realizes dealerships need access to continuing education on various issues and we would like to be one option for low cost or no cost training. We are currently reviewing possible topics and speakers for educational programs this fall and winter. Your input is requested to ensure we offer workshop topics that are most pertinent

Educational options - please mark all that interest you.

- () Service () Fixed ops, sales and retention
- () Social media () Internet auto listings
- () Other topics or specific speakers: _____

Fax (517) 351-3120 or e-mail news@michiganda.org

New rules for our west coast colleagues

Under the category of too much regulation, we received this new ruling affecting California automotive service providers, which includes all maintenance and repair service shops. The newest from the west coast is a "regulation to reduce greenhouse gas emissions from vehicles operating with under inflated tires." (For now, this only applies to California dealers.)

- Effective September 1, 2010, every time a vehicle comes in for service and is diagnosed or repaired, each tire on a vehicle must be inflated to the vehicle manufacturer's recommended tire pressure rating. (The rule applies even if no repair is actually performed.)
- Services must be performed using a tire pressure gauge

with a total permissible error of no more than +/- 2 psi.

- The vehicle service invoice must indicate a tire inflation service was completed *and* note the tire pressure measurements. A copy of the invoice must be kept for three years.
- A customer may decline only if he or she "affirms" the tires were checked and inflated within the last 30 days, or will be within the next 7 days.
- A technician may not under inflate tires, even if requested by the customer.
- Failure to comply (whether negligent or intentional) is punishable by significant fines and imprisonment.



Fast Facts Sponsor



Did you receive your two mailings?

All dealers should have received two mailings about dealer license and plate renewals: 1) the official renewal application from the State of Michigan; and 2) a helpful renewal tips packet from MADA, which also included information about bond renewals.

If you did not receive these mailings, please contact Jean Quinn immediately at jquinn@michiganada.org or (800) 292-1923.

Special note: Dealers with **DIA bonds** who renew their dealer license online will still need to renew their bond by mail.

Upcoming Webinars from NADA University

www.nadauniversity.com

Dealer obligations under the new Model Privacy Notice and Risk-Based Pricing Rule will be examined by NADA attorneys together with representatives from federal agencies in two NADA University Learning Hub Webinars this fall.

In **Transitioning to the New Model Privacy Notice** (Oct. 27, 2010, 1 - 3 p.m. EST), guest presenter Loretta Garrison, an attorney with the FTC Division of Privacy and Identity Protection, will explain and answer questions about the new model privacy notice issued in late 2009 by the FTC and the federal banking agencies. Moderating the discussion will be NADA attorneys Paul Metrey, chief regulatory counsel for Financial Services, Privacy, and Tax; and Brad Miller, counsel and assistant director, Legal and Regulatory Affairs.

In **The New Risk-Based Pricing Rule** (Nov. 3, 2010, 1 - 3 p.m. EST), attorneys from the Federal Reserve and FTC will explain what dealers must do beginning Jan. 1 to comply with the new rule, which generally requires creditors who pull credit reports to issue a new notice to customers who receive credit from them but on terms that are less favorable than the terms received by most of their other credit customers. The Federal Reserve Board's Mandie Aubrey will be guest presenter, along with a representative from the Federal Trade Commission. NADA's Metrey will moderate the discussion.

To register for these or other NADA Webinars, please visit the NADA U Store at <http://store.nadauniversity.com/store> and choose *NADA Webinars*.

MPSC to host forums for utility customers

www.michigan.gov/mpsc

The Michigan Public Service Commission (MPSC) has asked MADA to inform dealers about a series of consumer forums being hosted throughout the state. These forums are designed to inform Michigan utility customers about important issues related to electric, natural gas and telephone industries, and to provide them an opportunity to discuss utility concerns with staff of the MPSC.

Sessions will be held in: Southfield (Sept. 20), Sault Ste. Marie (Sept. 30), Traverse City (Oct. 6), Kalamazoo (Oct. 12), Greenville (Oct. 21), Detroit (Oct. 25), Flint (Oct. 28). For locations and times, please visit www.michigan.gov/mpsc and choose the *consumer forums* bullet.

SOS collecting donations for MI Harvest Gathering

www.michigan.gov/sos

Michigan residents can again donate nonperishable food items at local SOS branch offices through Friday, December 10. The donations benefit needy families as part of the 20th annual Michigan Harvest Gathering.

The campaign is coordinated by the Food Bank Council of Michigan, which supplies the state's regional food banks through donations of food and money. The regional food banks serve food pantries, soup kitchens and shelters in every Michi-

gan county. Cash donations help cover the cost of collecting and distributing the food. Donations may also be made online at www.feedmichigan.org.

The 2010 goal is 300,000 pounds of food and \$800,000, which is estimated to provide 4.2 million meals in Michigan. In 2009, Michigan Harvest Gathering collected more than 284,000 pounds of food and \$559,000.



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Dates to remember

Oct. 15 • **MADA Board Meeting**, held in conjunction with the Northwood auto show

Oct. 15-17 • **Northwood University International Auto Show**, Midland

Dec. 1 • **MADA Annual Meeting**, Soaring Eagle Casino in Mt. Pleasant

Feb. 5-7, 2011 • **NADA convention** and expo in San Francisco, CA

MADSIF/CastleRock compliance seminars

The Michigan Auto Dealers Self-Insured Fund (MADSIF) and CastleRock Risk Management Solutions (CRMS) are offering Environmental Compliance Seminars for service and body shop managers. Seminar topics include:

- Federal Spill Prevention Control and Countermeasures
- Michigan Pollution Incident Prevention Plan
- National Emissions Standard for Hazardous Air Pollutants

- Hazardous Waste Manifesting Regulations
- Department of Natural Resources & Environment Rules and Regulations

Programs are offered in Gaylord (Sept. 23), Birch Run (Oct. 5), Troy (Oct. 6), Ann Arbor (Oct. 7), Lansing (Oct. 12), Grand Rapids (Oct. 13), Kalamazoo/Oshtemo (Oct. 14).

For additional details please contact Leslie Drake with MADSIF at (866) 919-9578 or e-mail ldrake@madsif.com.

Northwood University auto show

www.northwood.edu/autoshow

The Northwood University International Auto Show opens next month on the school's Midland campus. The theme for the 47th annual event is "Electrify the Drive, Sparking a Global Revolution."

Organized and managed by more than 500 students from all curriculums, the show is

Admission and parking is free of charge.

Auto Show Schedule

Friday, Oct. 15 from 1:00 p.m. - 6:00 p.m.
Saturday, Oct. 16 from 9:00 a.m. - 6:00 p.m.
Sunday, Oct. 17 from 10:00 a.m. - 5:00 p.m.

Location

Northwood University Campus
4000 Whiting Drive in Midland

The MADA board meeting will also be held on the show's opening day at 9:30 a.m. in the Sloan Family Building for Aftermarket Studies. All MADA dealers are invited. Please call Cindy Sadler at (800) 292-1923 if you plan to attend.

Regulatory notice from NADA: young dealership employees

www.nada.org

While workers 18 years and older generally may perform any job, federal and state laws restrict the ability of dealerships to employ minors in certain "hazardous" occupations or to do certain "hazardous" jobs. Recently, the U.S. Department of Labor clarified its rules governing "child" labor:

1) 14- and 15-year-olds may not be employed in occupations that involve operating, tending, setting up, adjusting, cleaning, oiling or repairing any power-driven machinery, including but not limited to lawn mowers, golf carts, ATVs, trimmers, cutters, weed-eaters, edgers, etc. On the other hand, they may operate office equipment and vacuum cleaners.

2) 14- and 15-year-olds generally may ride inside motor vehicles but not on beds, running boards or bumpers, and not in conjunction with the transportation of persons or property

(e.g., delivering parts). They generally may not load or unload motor vehicles, except for light non-power-driven hand tools (e.g., rakes, clippers, shovels or brooms) or personal items (e.g., back packs, lunch boxes and coats).

3) 14 and 15-year-olds may work in connection with cars and trucks if confined to: dispensing gasoline and oil; courtesy service; car cleaning, washing and polishing by hand; but not if the work involves pits, racks or lifting apparatus, or the inflation of any tire mounted on a rim equipped with a removable retaining ring. Despite NADA's objections, cleaning, washing and polishing using any powered equipment is not permitted.

For additional information visit www.dol.gov/whd and choose the "child labor" link in the "highlights" section at right.



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Feb. 5-7, 2011 • **NADA convention** and expo in San Francisco, CA

Higher dealership profits, Part 1 from Plante & Moran

Achieving higher dealership profits by rightsizing your operation.

If you are like many dealers, you were probably glad to see the end of 2009. Last year was probably both one of the most scary and challenging periods in the car business ever. The year concluded with new car and light truck sales S.A.A.R. in the United States of approximately 10.3 million, which is well below the estimated annual scrap replacement rate of vehicles in this country. While the forecasters are saying the 2010 S.A.A.R. should be north of 11 million and maybe 12, the overall size of the sales pie nationally is still likely to be one of the lowest in history. These conditions have resulted in lower 2009 and 2010 total dealership gross profit levels for many, many dealers. As we observe the differences between dealers who felt they had a good or even great 2009 and those who were not profitable or who were greatly disappointed in their earnings, a key distinct difference was how the dealers in these two camps reacted to lower overall total dealership

gross profit levels. Most of the more profitable dealers right sized their cost structures in time to compensate for the gross profit declines.

While some dealers actually saw their total gross profit level increase in 2009 largely due to manufacturer market share swings, as well as the effect of neighboring dealers' terminations, the focus of this article is to provide you with suggested guidance on keeping your dealership cost structure properly aligned with the volume of business activity in your dealership.

To read the full article from Jim Eagan, which includes information about essentials of dealership profitability and compensation problem analysis, please go to Plante & Moran's Web site at www.plantemoran.com and type "higher dealership profits by rightsizing" in the search field.

News from NADA: recent NHTSA CARS investigations

www.nada.org

The National Highway Traffic Safety Administration (NHTSA) has contacted via mail some dealers who participated in the Car Allowance Rebate System (CARS), also known as "Cash for Clunkers," identifying one or more allegedly invalid CARS transactions. These letters typically request that the dealer review and examine the transaction and, if confirmed to be in error, to refund the \$3500 or \$4500 incentive amount. The letter also requests that all CARS invoices be reviewed for to ensure their accuracy. The letter states that compliance failures could result in penalties of up to \$15,000 per violation.

Following a discussion between NADA and NHTSA staff, the following have become apparent:

- NHTSA's recent CARS investigations include some dealers but primarily are focused on auto recycling and dismantling companies.
- NHTSA is concerned about less than 1% of all invoices submitted and intends to have completed the mailing of

audit letters by this date.

- Many audit letters involve fuel economy disparities with the Ford Taurus and Chevrolet Malibu. Apparently, dealers did not always accurately identify the new vehicle's engine and/or transmission configuration. Using a VIN decoder, NHTSA has identified trade-in/new-vehicle pairs where there was no minimum amount of fuel economy increase.
- NHTSA has advised NADA that dealers do not have to audit all transactions, clarifying that dealers should focus on those CARS invoices involving vehicles similar to what was specifically identified in the letter.
- At NADA's request, NHTSA developed a PowerPoint presentation for use by dealers responding to CARS audit letters. http://images.magnetmail.net/images/clients/NADA/attach/Incorrect_engine_categorization.pdf

Please contact MADA or NADA Legislative or Regulatory Affairs with any questions or concerns.



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Dates to remember

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Dec. 1 • **MADA Annual Meeting (noon)**, Soaring Eagle Casino, Mt. Pleasant

Feb. 5-7, 2011 • **NADA convention** and expo in San Francisco, CA

CVR inventory count: October 12

Dealers participating in the CVR program are reminded that the count and physical verification of inventory must be taken **Tuesday, October 12 prior to any transactions being processed for the day.** The state suggests the following method to verify and report inventory. (This should take about 15 minutes.)

1. **Print a report** of your current available inventory from the CVR computer.
2. Verify the report by a **physical check of the actual inventory** to ensure that each plate or tab/permit is present. Sealed boxes do not need to be opened, simply check the labeling on each package.
3. If there are no discrepancies between the printed report and the physical verification, **type the requested inventory numbers into the CVR computer:** beginning and ending

numbers for plates and tabs and permits in inventory, as well as the total number of each (as shown on the available inventory report).

4. **Submit** the report.

While dealers are given until Monday, October 18 to **submit** the report, the inventory must be counted and verified on October 12 prior to any new CVR transactions being processed.

Dealers who do not submit the required information are in violation of their agreement with the Michigan Department of State and risk losing the ability to use the CVR program. If you have questions or if you are having difficulty meeting your requirements, please contact your CVR account representative or CVR support at (800) 333-6995.

MADA Annual Meeting: December 1

www.michiganada.org

We are looking forward to a great turnout at this year's

MADA Annual Meeting on December 1 at the Soaring Eagle Casino and Resort in Mt. Pleasant. This event provides dealers and their guests a wonderful opportunity to network with colleagues throughout the state, discuss issues we are working through, and take some well-deserved time for enjoyment and entertainment.

The support of many gracious sponsors allows MADA to offer dealers and their guests free registration.

Highlights of the 2010 MADA Annual Meeting include:

- Luncheon and speaker presentation
- Annual dealer meeting and year-end board meeting
- Business session with guest speaker
- Dinner and entertainment

Additional information, including hotel accommodation details, will be mailed to dealers later this month.

Drug- and alcohol-free workplace Webinar for auto dealers

www.fedins.com

Seventy-two percent of drug users are employed - but you won't find them working at a company with an effective drug- and alcohol-free workplace program.

Federated Insurance is offering a 30-minute Webinar tailored for auto dealers on October 12. There is no cost for MADA members to participate. The Webinar will address the serious consequences of not having a drug and alcohol testing policy in place at a dealership. It will also offer steps and resources

needed to implement a drug- and alcohol-free workplace program at your company. The session will be led by Dave Cameron, Risk Manager - National Accounts for Federated.

Drug- and Alcohol-Free Workplace for Auto Dealers

Tuesday, October 12 at 11:00 a.m. ET

Webinar Registration: <https://aiadaevents.webex.com/aiadaevents/onstage/g.php?d=663530871&t=a>



Fast Facts Sponsor



Dates to remember

Oct. 15-17 • **Northwood University International Auto Show**, Midland

- Friday, Oct. 15
1:00 p.m. - 6:00 p.m.
- Saturday, Oct. 16
9:00 a.m. - 6:00 p.m.
- Sunday, Oct. 17
10:00 a.m. - 5:00 p.m.
Classic Car Show

Dec. 1 • **MADA Annual Meeting (noon)**, Soaring Eagle Casino, Mt. Pleasant

MADA offers federal compliance workshops

www.michiganada.org

MADA will offer three free workshops in November to help dealers stay informed and in compliance with changing federal regulations. Our event speakers will be NADA attorney Bradley Miller, Zurich and others.

The workshops will cover the new Risk-Based Pricing Rule, which generally requires creditors, including dealers, who pull credit reports to issue a new notice to customers who receive credit from them but on terms that are less favorable than the terms received by most of their other credit customers. NADA worked with the Federal Reserve and Federal Trade Commission to permit dealers and other initial creditors to issue an "exception notice" to all of their credit customers. Mr. Miller will review the rule and the new notice.

The workshops will also cover additional

federal compliance issues such as the EPA's Spill Prevention, Control, and Countermeasure (SPCC) plan requirements, model privacy notices, auto body shop rules, and others.

MADA Federal Compliance Workshops

Gaylord - Wednesday, November 10
2:00-4:30 p.m.

Flint - Thursday, November 11
8:30-11:00 a.m.

Grand Rapids - Thursday, November 11
2:00-4:30 p.m.

A registration form was mailed to dealerships this week. A copy is also available on the MADA Web site at www.michiganada.org. There is no cost for MADA members to attend, but pre-registration is required by November 1, 2010.

Improve pre-owned profitability

www.nada.com/appraisal

Join the many MADA members already participating and find out how NADA Appraisal-PRO can help your dealership

The program speaker will be Stu Zalud, Director, Dealer Services, NADA Used Car Guide and a 38-year veteran of the dealership world.

ensure confidence, transparency and credibility with customers. Please join NADA for a free Webinar to help improve your pre-owned profitability. The Webinar will explain how to:

- cope with a used car market that has turned transparent
- deal with consumers who are researching trades before coming to the dealership and arrive with erroneous information
- put key market data at your fingertips with appraisal tools, such as NADA AppraisalPRO®
- interpret and apply market data to reach a precise trade number through a clearly defined and explainable process

Webinar: Improve Pre-owned Profitability with NADA AppraisalPRO

Thursday, October 21, 2010 ■ 2:00 – 3:00 p.m. EDT
Location: <https://nada.webex.com/nada/onstage/g.php?t=a&d=485465170>

Event Password: nada

Pre-registration is required

More information: www.nada.com/appraisal or call Stu Zalud at (800) 248-6232 ext. 4636.

SPCC plan deadline extended until 2011

www.nada.org

The U.S. Environmental Protection Agency (EPA) amended its Spill Prevention, Control, and Countermeasure (SPCC) rules in 2008, providing dealerships with regulatory relief by creating a category of "Tier 1" qualified facilities eligible to complete a simple, self-certified SPCC plan template in lieu of a complex

written SPCC plan. November 10, 2011, is the new date by which dealerships must fill out the self-certified SPCC plan template.

Templates and criteria for Tier 1 qualified facilities are available at www.epa.gov/emergencies/content/spcc/tier1temp.htm



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Tell your story

Automotive News is looking for story ideas about dealers who are implementing novel, innovative techniques or business practices at the dealership that would be of interest to other dealers across the country. If you have a story send it to: dhyatt@nada.org or call (703) 821-7120

License plate registration: Recreation Passport

As of October 1, 2010, Michigan residents can purchase a Recreation Passport for \$10 (or \$5 for motorcycles). The Recreation Passport replaces the state park sticker and gets drivers into all 98 state parks and recreation areas.

Vehicle owners may pay the Recreation Passport fee with original and renewal motor vehicle registrations. Customers have the option to purchase it through the dealership at the time of vehicle purchase. (Customers can also purchase directly from the Secretary of State.) If a customer already has a Recreation Passport they may transfer the passport when they purchase a new or used vehicle and transfer the plate.

Dealers who sell the Recreation Passport must include the fee on line 5 of the RD-108 under non-taxable items and list it under the remarks section of the RD-108. If a dealer affixes a note to the RD-108 stating the customer wants to purchase the Recreation Passport with an original plate or renewal/transfer plate and includes the extra \$10,

the Recreation Passport can be issued at the branch when processing the RD-108.

Current CVR programming does not offer the sale of the Recreation Passport; however, the Recreation Passport indicator will carry forward on the record if a registration bearing the indicator transferred through the CVR system. (An upcoming programming update will provide CVR dealers an option to allow customers to add the Recreation Passport.)

“Recreation Passport” will print on the registration.



The letter “P” will print on the year tab.

Reminder of upcoming educational programs

Federal compliance issues (free workshops from MADA)

Dates: Nov. 10 (Gaylord-afternoon) and Nov. 11 (Flint-morning, Grand Rapids-afternoon)

Topics: Risk Based Pricing Rule, model privacy notices, SPCC, auto body shop rules and others

Speakers: NADA attorney, Zurich, plus additional guests

Registration form: www.michiganada.org

EPA compliance for body shops (free Webinars from EPA)

Dates: Oct. 28, Nov. 1, 8, 16, and 18

Discussion: EPA's hazardous pollutant rules, which require compliance by Jan. 10, 2011.

More details: www.epa.gov/ttn/atw/area/arearules.html

Transitioning to the new Model Privacy Notice

(Webinar from NADA, please call NADA for pricing)

Date: Oct. 27 at 1:00 p.m.

Discussion: Explain the new model privacy notice issued in late 2009 by the FTC and the federal banking agencies.

Presenters: Loretta Garrison, FTC and Kellie Cosgrove Riley, FTC. NADA attorneys Paul Metrey and Brad Miller will moderate.

The new Risk-Based Pricing Rule

(Webinar from NADA, please call NADA for pricing)

Date: Nov. 3 at 1:00 p.m.

Discussion: Explain what dealers must do to comply with the new rule.

Presenters: Mandie Aubrey, Federal Reserve Board and Manas Mohapatra, FTC. NADA's Paul Metrey will moderate.

More details: www.nadauniversity.com (choose U Store > Webinars, then scroll down to the topic)



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Save money on fuel

Dealers participating in our Speedway fuel discount program have pumped a total of 2,323,335 gallons of fuel this year, saving \$120,000 year to date!

If you would like to begin saving 5 cents per gallon when fueling your fleet vehicles, please call MADA's Larry Parker at (800) 292-1923.

Please check your dealer license renewal status

www.michiganada.org

Dealers who have returned their State of Michigan dealer license and plate renewal application are encouraged to check their renewal status online.

For quick access to the state's licensed dealerships database and instructions for using the search form, please go to MADA's Web site at www.michiganada.org.

As a reminder, the State of Michigan requests that renewal applications be completed and returned by Monday, November 1. MADA encourages dealers to send renewals to our office for review and personal delivery to the State of Michigan. If you have questions, please contact Jean Quinn at jquinn@michiganada.org or (800) 292-1923.

November 2 is Election Day, ballot proposal wording

We would like to remind dealers that Tuesday, November 2 is election day. This is an important election year for Michigan, and many new legislators will be seated in 2011. MADA encourages you make your voice heard and vote on election day. For your reference, following is the text for the two statewide ballots.

Proposal 10-1. A proposal to convene a constitutional convention for the purpose of

Proposal 10-2. A proposal to amend the state constitution to prohibit certain felons from holding elective office and specified types of public employment positions.

The proposed constitutional amendment would:

Make a person ineligible for election or appointment to any state or local elective office or to hold a position in public employment in this state that is policy-making or has discretionary authority over public assets, if:

- within the preceding 20 years, the person was convicted of a felony involving dishonesty, deceit, fraud, or a breach of the public trust; and
- the conviction was related to the person's official capacity while holding any elective office or position of employment in local, state or federal government.

Require the State Legislature to enact laws to implement the prohibition.

Should this proposal be adopted? (*respond yes or no*)

drafting a general revision of the state constitution.

Shall a convention of elected delegates be convened in 2011 to draft a general revision of the State Constitution for presentation to the state's voters for their approval or rejection? (*respond yes or no*)

MADA announces Time and Northwood dealer award nominees

The MADA winners of the Time Magazine Dealer of the Year and Northwood University Dealer Education awards were confirmed earlier this month at our MADA board meeting. We would like to congratulate our **Time award winner, Otto Belovich**, and our **Northwood award winner, Dave Kring!** Both gentlemen are incredibly involved and supportive of their local communities and we are pleased to have the opportunity to recognize and honor them.

Mr. Belovich is the owner of Cherry Capital Cadillac Subaru, Traverse Motors and Traverse City Auto Plaza. He has been an active member of the MADA Board of Directors since 1997 and currently serves as our Group 1 Chair. He is very dedicated to his

community and supports many organizations with scholarships, participation in community events and various sponsorships.

Mr. Kring is the owner of Dave Kring Chevrolet Cadillac in Petoskey. He was a member of the MADA board for many years and served as our 2005 MADA president. He continues to stay active in MADA activities and serves on the ADA and ADM boards. Mr. Kring is a long-time supporter of educational programs, including the Petoskey and Harbor Springs schools, as well as Central Michigan University.

Congratulations to our winners and thank you to the MADA members who nominated a deserving dealer this year.



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SOS closures

Dealers are reminder that all branch offices will be closed on Thursday, Nov. 11 in observance of Veterans Day.

2011 Fuel Economy Guide now available

A printable version of the new 2011 EPA *Fuel Economy Guide* is now available online at www.fueleconomy.gov/feg/dealers.shtml. The guide gives consumers important information about estimated fuel costs and mileage standards for model year 2011 vehicles.

As a reminder, federal EPA regulations

require dealers to prominently display a *Fuel Economy Guide* that corresponds with each new vehicle model year available for sale at your dealership. These guides should be made available, upon request, to the public at no charge. Hard copies can be ordered online or by calling (877) 337-3463.

Higher dealership profits, Part 2 from Plante & Moran

Achieving higher dealership profits by rightsizing your operation.

As discussed in Part I of this series, every dealership department has a gross level and an appropriate costs structure. The largest components of dealership costs are typically employment costs,

were 25 percent lower, for a total \$3,000,000. You have lost \$1,000,000 of dealerships gross profits coming in the door. However, if you sought to preserve your net profit percentage of 15 percent, your net profit goal in 2009 would have been \$450,000. To attain this goal, the 2009 dealership cost structure would have to be no more than \$2,550,000, which is an \$850,000 reduction from the 2008 level. Is such a reduction realistic? Ask yourself honestly, how much of the walk between your dealership's total gross profits and your target net income goal can be changed by you? When you really drill into your costs, the correct answer is the vast majority of it.

To read the full article, which includes expectations of an effective pay plan, floorplan and advertising expense problem analysis, as well as improved profits, please go to Plante & Moran's Web site at www.plantemoran.com and type "higher dealership profits by rightsizing" in the search field.

NADA convention: registration numbers are up and hotels are selling out

NADA has announced that half of the hotels reserved for NADA's 2011 Convention & Expo in San Francisco (Feb. 5-7) are already sold out and registration numbers are ahead of last year. "There is increased interest in the NADA convention as the auto industry makes a comeback," says Jack Caldwell, chairman of NADA's convention committee and dealer from Conway, Ark. *For additional information and to register, please visit www.nadaconventionandexpo.org.*

Among the 10 different tracks of workshops being offered at the 2011 NADA Convention & Expo is a new, rich "Online Presence" track featuring nine workshops that provide the nuts-and-bolts knowledge needed to address a variety of Internet applications. Workshops will include top speakers from Google, DrivingSales, J.D. Power and Associates, AutoTrader, ActivEngage and more. The workshop program kicks off on Friday, February 4, with sessions at 1:30 p.m. and 3:15 p.m.

NADA also offers a free MarketINSIGHT Webinar this month.

In "Does the ROI on Social Media Pencil? New Ideas on Measuring Performance of Social Media," ADP Director of Digital Solutions Ralph Paglia will debunk many of the misconceptions surrounding social media by showing participants how to apply new measurement and tracking tools to reveal revenue opportunities and cost efficiencies. Participants will learn what to measure, where to track these metrics, and how to assess performance measurements of social media campaigns. They will get a clear picture of the effectiveness of their dealerships' reputation management and a greater understanding of ROI from social media marketing. This Webinar is scheduled for 1:00 p.m. on Tuesday, November 16. To pre-register, go to: <https://nada.webex.com/nada/onstage/g.php?t=a&d=481857987>. You can also call NADA at (800) 557-6232 to request a direct link and event password.



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SOS holiday closures

Dealers are reminded that all Secretary of State branch offices will be closed in observance of the Thanksgiving holiday. Offices will be closed Thursday, Nov. 25, Friday, Nov. 26, and SUPER!Centers will also be closed on Saturday, Nov. 27.

Annual Meeting registration still open

MADA is still accepting registrations for our Annual Meeting on Wednesday, December 1. A registration form is available at www.michiganada.org, or simply call Cindy Sadler at (800) 292-1923 to register today.

We have a very limited number of hotel rooms for those who will be staying overnight. Cindy can provide additional details to those interested.

The event schedule is as follows:

Luncheon with Dr. Jim Surrell at noon. Dr. Surrell is a practicing Northern Michigan doctor and a much sought-after speaker. He discusses healthy lifestyle topics, including nutrition and dietary weight management.

Annual dealer meeting at 1:45 p.m. Keep up-to-date with issues being addressed by the association.

Business session with special guest speaker, Howard Polirer at 3:00 p.m. Mr. Polirer will speak about effective online advertising through strategic industry partnerships and programs. He will also discuss emerging social media platforms.

Reception & cocktails at 5:30 p.m. Enjoy the opportunity to network with colleagues throughout the state.

Dinner & awards at 6:30 p.m., followed by entertainment. Help us recognize outgoing president, Mr. Garry Clift, and welcome in a new slate of MADA officers. Mr. Tim Skubick will also be on hand to offer an interesting and enlightening look at politics in Michigan and the country.

Additional speakers and special guests have also been invited.

The FTC offers a new auto dealer Web site

The Federal Trade Commission (FTC) has a new online Business Center at www.business.ftc.gov. The Web site gives business owners the tools needed to understand and comply with consumer protection laws, rules, and guides enforced by the FTC.

An auto dealer-specific site is also available at www.business.ftc.gov/selected-industries/automobiles. This section provides information about topics such as the Used Car Rule, labeling guidelines for alternative fueled vehicles and alternatives fuels, and how the FTC's Privacy Rule applies to auto dealers.

Your involvement is appreciated

We would like to thank the many generous MADA members who offered a financial contribution to MADPAC this year. We are very close to our fundraising goal for 2010 so these next few weeks are important!

We are also incredibly pleased to have so many dealers give their first ever contribution to MADPAC this year! We hope to add a few more names to this list before the year is over.

Please know you can call MADA at (800) 292-1923 if you ever have questions about MADPAC or how your contribution supports the entire franchised new vehicle industry. There are also many dealers currently participating in MADPAC who would be more than happy to speak with you and provide

additional information. Just give MADA a call and we can put you in touch with someone.

This past year has been an excellent example of what a large and involved group of dealers can accomplish. The update to the Michigan Franchise Act was a critical step forward for all franchised new vehicle dealers in Michigan, and one that could not have been done without a strong dealer network. Our 2011 Michigan Legislature will bring some very significant changes. We look forward to working with and educating this new Legislature so we can continue to experience positive gains for our industry. Your willingness to meet and speak with your legislators will have a far reaching effect.



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Secretary of State & MADA holiday hours

Dealers are reminded that all Secretary of State branch offices will be closed Thursday, November 25 and Friday, November 26 in observance of the Thanksgiving holiday. SUPER!Centers will also be closed Saturday, November 27.

The MADA office will be closed Thursday,

November 25 and Friday, November 26.

The MADA staff would like to thank you for your continued support and participation. We appreciate your membership and friendship, and wish you and your family a wonderful Thanksgiving. Please note there will be no *Friday Fast Facts* next week.

MADA Annual Meeting: final reminders

Wednesday, December 1 ~ Soaring Eagle Casino & Resort, Mt. Pleasant

We look forward to visiting with many members and guests at the MADA Annual Meeting on December 1. Following are a few helpful reminders.

- Business attire is suggested throughout the day and evening.
- The MADA registration desk is located in the Grand Foyer lobby. Attendees can check in anytime after 11:30 a.m. to receive event materials.
- The dealer luncheon and the ladies' luncheon begin at noon.

- **Please remember that pre-registration is required.**
- If you have questions about the event or hotel accommodations, please call Cindy Sadler at (800) 292-1923.

Casino & Resort Address

The Soaring Eagle is located at 6800 E. Soaring Eagle Blvd. in Mt. Pleasant. (Take Exit 143 from North or South US 127. The resort is 1 mile east of the interstate.)

Follow up information from MADA's federal compliance workshops

We would like to thank the more than 250 dealers and dealership personnel who attended last week's federal compliance workshops. There are many new and changing federal compliance requirements for auto dealers, and there was a lot of information discussed during the workshops. MADA has prepared a follow up resource for those who attended a workshop and requested additional information,

as well as those who were not able to attend.

Posted to our Web site at www.michiganada.org is a pdf download with links to additional resources from NADA, the Federal Trade Commission, the Federal Reserve Board and the Environmental Protection Agency. If you have questions about any of these compliance issues, please call MADA at (800) 292-1923.

Is your health care plan the best fit for your dealership?

MADA would like to remind members that our in-house insurance department can work directly with your dealership to help manage your complete health care plan. We work with Blue Cross Blue Shield of Michigan (BCBSM) to offer medical, dental and vision coverage plans that best fit the needs of your business. BCBSM offers plans with cost-sharing features to keep your premiums affordable, while offering all the protection your employees need. The Blues also provides plan options for the

health-conscious employer by focusing on accountability and rewarding employees for healthy living and spending health care dollars wisely. Traditional plans are also available for employers who want benefits to satisfy the most demanding needs and the most comprehensive coverage available.

To receive more information about any of the BCBSM plan options and to get a comparison quote, please call MADA at (800) 292-1923.



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MADA Milestone

We would like to recognize and congratulate Jean Quinn on 30 years with the Michigan Automobile Dealers Association!

As our membership services director, Jean acts as a liaison between our members and the BRS and OFIR. She is the go-to person when you need to obtain, renew or update a dealer license, installment sellers license, or any other documentation necessary to run a dealership in Michigan.

Her 30 years of service to our members and this association are very much appreciated.

Thank you attendees, sponsors and speakers

www.michiganada.org

We would like to thank the dealers, sponsors and guests who attended the MADA Annual Meeting this week. This event always provides a much anticipated opportunity to catch up with many familiar friends, as well as meet a few new faces.

Dr. Jim Surrell gave a wonderful and very entertaining presentation about healthy eating and avoiding unnecessary sugar. The aftereffect appeared to be extra cookies left on the snack table! There were a few attendees who were unable to purchase one of Dr. Surrell's books during the Annual Meeting. If you would like to purchase a copy, please call MADA at (800) 292-1923 or e-mail skniss@michiganada.org for information.

We would also like to thank Mr. Howard Polirer with AutoTrader.com. He offered some very timely and practical advice about the influence of a dealership's Internet presence on the car shopping and buying experience. A copy of his PowerPoint presentation is available on the MADA Web site at www.michiganada.org.

2011 MADA officers. During the board meeting portion of the event, MADA President Garry Clift announced the nominating committee's slate of officers for 2011. **Mr. George Sharpe** of The Sharpe Collection in Grand Rapids will be our new president. First vice president and treasurer will be **Mr. Wes Lutz**, president of Extreme Dodge Chrysler Jeep in Jackson.

Annual Meeting Sponsors

Thank you for your continued support!

Diamond:

Blue Cross Blue Shield of Michigan
Gadaletto Ramsby & Associates
Protective I Zurich

Platinum:

Auto Dealers Accessory Corp
Governmental Consultant Services Inc
AutoTrader.com | MADSIF | CVR

Silver:

Dealers Resources Inc
Enterprise Rent-A-Car
Freedom One Financial Services

Bronze:

ADP Dealer Services | Auto-Wares Group
American Fidelity Assurance Co.
DealerTrack | Flint Auto Auction
Fraser Trebilcock Davis & Dunlap, PC
Federated Insurance Co.
Loftus & Associates | UHY Advisors MI
Manheim's Metro Detroit Auto Auction

We are very pleased to have **Mr. Doug Fox** join our executive committee as the 2011 second vice president. He is the owner of Ann Arbor Automotive and has been active as a MADA board member for many years.

We truly appreciate the commitment and participation of our executive committee, as well as all our MADA, ADA and ADM board members. Thank you.

Flexible spending arrangements (FSAs)

The IRS recently made changes regarding the use of FSAs to pay for over-the-counter medicines and drugs. The Affordable Care Act established a new uniform standard, **effective January 1, 2011, stating the cost of an over-the-counter medicine or drug cannot be reimbursed from the account unless a prescription is obtained.** Claims for medicines or drugs purchased without a

prescription in 2010 can still be reimbursed in 2011, if allowed by the employer's plan. Additional information and updates can be found on the Affordable Care Act page at IRS.gov. The IRS has also created a question and answer page at www.irs.gov/newsroom/article/0,,id=227308,00.html.



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Find it online at www.MichiganADA.org

Looking for the Model Privacy Notice online form builder? Need to check the status of your dealer license renewal? We've made it simple with links right on the MADA home page.

UNICAP information

We would like to thank NADA for their work with the IRS on the Uniform Capitalization (UNICAP) issue. The IRS recently reached a favorable solution for dealers. NADA has continued to keep dealers updated during the process with an informational summary of the IRS Revenue Procedure related to UNICAP, Webinars and other information to help dealers understand the issue.

MADA has consulted with Plante & Moran in the past on many tax issues affecting dealerships. They have generously provided an overview of the UNICAP changes, which you will find attached. We would like to thank Plante & Moran and Mr. Kurt Beck for their work on this issue.

If you have questions, please contact MADA at (800) 292-1923.

News from the Internal Revenue Service

www.irs.gov

Standard mileage rates.

The IRS has issued the 2011 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for any vehicle used for hire or for more than four vehicles used simultaneously. Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Revenue Procedure 2010-51 (www.irs.gov/pub/irs-drop/rp-10-51.pdf) contains additional details regarding the standard mileage rates.

purposes. Beginning January 1, 2011, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 51 cents per mile for business mile driven
- 19 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

Health care tax credit. The IRS has released final guidance for small employers eligible to claim the new small business health care tax credit for the 2010 tax year.

In general, the credit is available to small employers that pay at least half of the premiums for single health insurance coverage for their employees. The maximum credit goes to employers with 10 or fewer full-time equivalent (FTE) employees who pay annual average wages of \$25,000 or less. The credit is completely phased out for employers that have 25 or more FTEs or that pay average wages of \$50,000 or more per year. Eligibility rules are based in part on the number of FTEs, not the number of employees, so employers that use part-time workers may qualify even if they employ more than 25 individuals.

More details and links to required forms are available at www.irs.gov/newsroom/article/0,,id=231928,00.html.

Model Privacy Notice Guide

NADA now posts many dealer guides, Webinars and other valuable resources online at www.NADAUniversity.com. You must login to access information; however, all NADA members are automatically enrolled. (If you need or forgot your passwords, call NADA at (800) 557-6232.)

A Model Privacy Notice Guide can be accessed within the Resource Toolbox - Driven learning module (login for links to appear). Once there select the "Legal/Regulatory" option then "FTC Privacy Rule and Model Privacy Notice." Choose "start training" then "step 1" to view the guide.

Good News from the IRS for Auto Dealers

The IRS recently issued favorable guidance for auto dealers related to Uniform Capitalization (UNICAP) for inventory costs (Revenue Procedure 2010-44 issued 11-9-10). This guidance helps to end a long dispute over proper capitalization methods and will result in clarification on just how to move forward. Most importantly, this guidance will allow dealers to deduct most costs when incurred and also will eliminate the potential audit risks from the IRS related to these capitalization policies.

Background – Historically, the IRS required retailers and producers to capitalize (not expense) certain direct and indirect costs related to inventory. These costs included direct acquisition costs, indirect purchasing costs, storage, and handling costs. These costs were required to be capitalized, however, the IRS did not provide clear guidance for automobile dealers on just exactly how and what to include in this computation. This lack of clarity resulted in some very unfavorable results for some dealerships that were audited by the IRS.

Clarification – the new IRS guidance allows two safe harbor methods for applying these rules. The first is the *“retail sales facility safe harbor method”* and the second is the *“reseller without production activities safe harbor method”*. Both of these methods provide specific guidance to automobile dealers allowing them to deduct specific costs when incurred.

Action Item – It is imperative that all auto dealers discuss their current tax position related to capitalizing costs with their tax preparer. Although the IRS has issued these favorable safe harbor methods, they will only apply if you request to adopt these methods with the IRS. This needs to be done by filing a Form 3115 with the IRS and properly informing them that your dealership elects to apply these new methods. Failing to apply for this “change in accounting method” with the IRS could subject a dealer under an IRS examination to harsh UNICAP issues originally addressed in a 2007 Technical Advice Memorandum (TAM).

Caution – with the proper adoption of these new safe harbor methods it may eliminate the need to capitalize storage and handling costs for your dealership. Be advised that your dealership may still be required to capitalize purchasing costs and any storage costs for off-site facilities. You will still need to review your purchasing costs to determine what costs, if any, the dealership is required to capitalize.

The recently issued guidance from the IRS is very favorable for automobile dealers. It will allow expensing of certain items when incurred and will also reduce the risk of unfavorable tax adjustments upon an IRS examination. It is important that you understand these rules, discuss them with your tax professional, and make the proper elections with the IRS so that you are in compliance.



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Helpful Tips

The Federal Reserve Board offers a Web page (www.federalreserve.gov/creditreports) that may be helpful when a customer has questions about their credit report or credit score. The page answers many common consumer questions about credit issues.

sign in at www.NADAuniversity.com and select Resource Toolbox. Click the "Driven" button, select "Legal/Regulatory" then select your guide.

Secretary of State and MADA holiday hours

Dealers are reminded that all Secretary of State branch offices will be closed in observance of the upcoming holidays. The closures are:

- Christmas: Thursday, Dec. 23 and Friday, Dec. 24; SUPER!Centers will be closed Saturday, Dec. 25.

- New Year's: Thursday, Dec. 30 and Friday, Dec. 31; SUPER!Centers will be closed Saturday, Jan. 1.

MADA will be closed for the holidays on Friday, Dec. 24 and Friday, Dec. 31.

Additional Risk-Based Pricing resources

With the Risk-Based Pricing Rule effective in less than a month, various organizations have developed resources to help dealers prepare for compliance with the rule. Following are just a few of the materials available.

NADA has developed *A Dealer Guide to the Risk-Based Pricing Rule*. To access this guide (as well as a guide about the FTC Privacy Rule)

Association of Finance & Insurance Professionals (AFIP) offers various resources for dealers (visit www.afip.com):

- Article: Safe-Harbor Privacy Notice & Risk-Based Pricing Rule
- Free Risk-Based Pricing Whitepaper from AFIP
- Free Webinar from AFIP and RouteOne on December 21
- \$10 Off Risk-Based Pricing Guide from CounselorLibrary

700Credit now provides customers an online solution as a free add-on benefit. A *Risk-Based Pricing Notification* can be automatically generated with every credit report request through the company. Please call MADA's Larry Parker at (800) 292-1923 for more information.

DealerTrack has developed an informational blog at www.thecomplianceguide.com with compliance updates moderated by DealerTrack's general counsel. The company also offers compliance software for the automotive industry.

Cost saving solutions for your business

We would like to remind dealers of some of the many valuable programs and services available through MADA. In addition to the volume discounts dealers receive, our association also generates a small percentage. This allows us to give back to our members in the form of free educational programs and other valuable resources.

Taking care of your employees and families. We work with Blue Cross Blue Shield and Blue Care Network of Michigan to offer many affordable health care options to fit the needs of your dealership. Our in-house insurance department works directly with you to manage your dealership's benefit plan. We also offer COBRA administration.

Other programs such as life and accident insurance, workers compensation insurance, group disability, 401(k) retirement plans and Section 125 cafeteria plans are also available through

MADA-endorsed providers. Identity-theft services and legal assistance are available through an employee-pay program.

Trimming dealership costs. Through the SuperFleet program, MADA members are eligible for a five-cent discount on fuel at participating Speedway, Marathon and Rich Oil locations.

700Credit provides various compliance solutions for credit reporting, checking OFAC lists, and most recently a Risk Based Pricing Notice solution.

MADA's BankCard Advantage program offers discounts on credit/debit card processing. Our endorsed providers also provide dealer discounts on the three legs of the F&I package, plus office supplies, business forms, check guarantee services and secure document disposal.

Please call MADA at (800) 292-1923 to begin setting up a program and start decreasing your business costs.



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Holiday Hours

Dealers are reminded of the following SOS branch office closures:

- Christmas: Thursday, Dec. 23 & Friday, Dec. 24; SUPER!Centers will be closed Saturday, Dec. 25.
- New Year's: Thursday, Dec. 30 & Friday, Dec. 31; SUPER!Centers will be closed Saturday, Jan. 1.

MADA will be closed Friday, Dec. 24 and Friday, Dec. 31. There will be no *Friday Fast Facts* next week.

Holiday wishes from MADA

The MADA staff would like to wish you and your family a wonderful holiday season. We value your membership, support and participation and look forward to a happy and prosperous 2011.

Please check the status of your license renewal

Dealers are encouraged to check their dealer and plate renewal status online. **For quick access to the state's licensed dealerships database and instructions for using the search form, please go to MADA's Web site at www.michiganada.org.**

Dealers can generally expect to receive the renewal in the mail within two weeks of the "license printed" date. If you have questions or believe you should have received your license, please contact Jean Quinn at jquinn@michiganada.org or (800) 292-1923.

NADA dealership ops article: introduction to cash reporting

Every dealership that receives more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, with the IRS within 15 days of the date on which the cash was received. Dealers also must notify customers in writing that a cash report was filed with the IRS. **This notice must be given by January 31st of the year following the**

cash for the other two vehicles, and the total cash received is over \$10,000 for the three vehicles, a Form 8300 is required. However, if that wholesaler buys one car with cash on each of three non-consecutive days, and no single transaction exceeds \$10,000, the transactions are not considered to be connected and are not required to be reported even though the dealer received more than \$10,000 for the three cars combined.

A dealer may be subject to civil penalties for failure to file a complete and accurate Form 8300 on time if it cannot be shown that the failure was due to reasonable cause. As a general rule, dealers that are audited by the IRS for the first time for Form 8300 compliance have been subject to the lesser failure to file penalty of \$50 per violation when the IRS has found substantial compliance with the Form 8300 filing requirements but occasional violations. On subsequent audits, the IRS will frequently assess the \$25,000 per violation penalty for intentionally disregarding the cash reporting requirement. For a period of time, the IRS assessed the \$25,000 penalty on the first audit. The penalty should be based on the nature of the violation and the facts and circumstances of each situation. Intentional disregard violations may also be subject to criminal prosecution, resulting in imprisonment and fines of up to \$250,000 for individuals and \$500,000 for corporations or both.

This article is adapted from *A Dealer Guide to Federal Tax Issues*, available through NADA University's Resource Toolbox at www.NADAuniversity.com. For further information on cash reporting and money laundering compliance information, be sure to take NADA's online course *The Buck Stops Here*, available through NADA University's Learning Hub.

calendar year in which the cash was received. A sample form is available for this purpose at www.nada.org/regulations.

Any transactions conducted between a customer (or agent) and the dealer in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the dealer knows, or has reason to know, that each transaction is one of a series of connected transactions. Dealers should closely consider cash sales of vehicles to the same wholesaler. Depending on the facts, the sales may be related and subject to the Form 8300 filing requirement. For example, if on one day a dealer sells three vehicles to the same wholesaler, who pays cash for one of the vehicles on the day of the sale and two days later pays