

MADA News

Title Delays Here For the Foreseeable Future

MN Dealers, bankers and consumers find themselves frustrated again at long delays in title processing from the state of Minnesota. Most dealers report at least a three month wait to get clear titles through the State of Minnesota's antiquated titling system. Minnesota's Driver and Vehicle Services Division (DVS) has gone

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Get Ready for:



Gone is the MADA Annual Meeting. Arriving instead is "The Main Event" - MADA's reimagined, recast, renewed and reinvigorated annual luncheon. Join us on Friday, December 2, at the JW Marriott Mall of America to celebrate Minnesota's retail automotive industry. Register online at www.mada.org/news/MainEvent

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upcoming events

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West St. Paul

nov 9 Title Basics
West St. Paul

nov 15 Wages Seminar
Bloomington

nov 16 Wages Seminar
St. Cloud

visit
www.mada.org
for details, registration
and a complete list of
Upcoming Events and
Training

Legal News

FTC Charges Los Angeles Auto Group With Using Deceptive and Unfair Sales and Financing Tactics

The Federal Trade Commission (FTC) has charged nine Los Angeles-area auto dealerships and their owners with using a wide range of deceptive and unfair sales and financing practices.

According to the FTC's complaint, the defendants entice consumers into their dealerships with print, internet, radio and television ads that make an array of misleading claims, including that vehicles are generally available for the advertised terms and that consumers can buy vehicles for low prices, finance with low monthly payments, or make low down payments.

In addition to the deceptive advertising and marketing allegations, the FTC has charged that several financing tactics of the defendants are deceptive and unfair. As part of the sales and financing process, the defendants offer add-ons such as extended warranties, guaranteed auto protection (GAP), and maintenance or service plans. The FTC alleges the defendants

have violated the FTC Act by charging some consumers for add-ons without their consent or falsely claiming the products were required or were free.

In some instances, after the consumers have signed contracts, the defendants falsely represent that consumers are required to sign a new contract with different terms. In other instances, the defendants tell consumers who have completed finance contracts that the contracts are cancelled and falsely represent that the defendants are permitted to keep consumers' down payments or trade-ins.

"The car-buying process is a two-way street," said Jessica Rich, Director of the FTC's Bureau of Consumer Protection. "The FTC expects dealers to honor their contractual obligations, and [we] will pursue those who use yo-yo financing tactics and pack unwanted costly add-ons onto consumers' contracts."

Legal News

Labor Law Updates

Did you know that the recent change to the Fair Labor Standards Act (FLSA) does NOT affect your obligation to pay minimum wages or keep time records? In fact, the change is quite narrow in scope and only impacts certain "white collar" employees who may now be entitled to overtime pay.

Come join us at the MADA Wages Seminar-FLSA and Overtime Rules to learn about this new change as well as receive a refresher course on what you need to know about the Fair Labor Standards Act.

If you would like to attend this seminar, please register online at www.mada.org/training or contact Alice Morse at alice@mada.org or 651-789-2956.



Minnesota Automobile Dealers Association

The Minnesota Automobile Dealers Association is a non-profit trade association dedicated to the progress of the retail auto industry in Minnesota.

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200 Lothenbach Avenue • West St. Paul, MN 55118
Metro: 651-291-2400 • Toll Free: 800-652-9029
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Title Delays... *continued from cover*

on record to blame a shortage of trained staff. Dealers on CVR report only a three week wait for titles.

The long delays in title processing has ramifications on every player in the titling process. Dealers have trouble wholesaling vehicles and often can't catch the title up to the vehicle. In addition, their CSI scores suffer as unhappy consumers wait months for vehicles to be placed in their names and drive on expired 21 day permits. Banks cannot get their liens perfected and call the dealers relentlessly as if the dealers can magically speed the process along.

Despite the fact that no one is happy with the old system, relief is nowhere in sight. Training people to follow the state's often laborious title system has been a challenge for DVS in the best of times. But now DVS is planning a long awaited transition to their 21st century motor vehicle system known as MNLARS. The system is already late and over budget, and after meetings with DVS staff, MADA is very wary of a rough roll out. DVS hopes to get the new system deployed sometime in 2017, but has warned of a minimally viable product with many features, such as electronic titling and registration, interrupted.

Normally a good partner with the dealers, DVS has proven increasingly difficult to deal with as they attempt to get their new system off the ground. MADA legal and government affairs staff is working hard to ensure that dealers continue to have an electronic option to avoid title delays.

MADA News

Dues Survey

The Annual Survey of Vehicle Sales is currently being conducted by Clifton Larsen Allen. This year, the MADA Board of Directors is asking dealers to take a moment and double check their submitted number for accuracy. Vehicle sales numbers affect MADA dues and PAC billing, and dealers may be challenged over unusually low numbers.

visit us online at
www.mada.org

MADA News

Call for Half Century and Full Century Club Members

If you and your family have been operating a dealership for 50 or 100 continuous years, MADA would like to honor you at the upcoming Annual Luncheon being recast as The Main Event. The luncheon is scheduled for Friday, December 2, at the JW Marriott Mall of America. Each year MADA brings new dealers into this exclusive club and is anxious to find more. If you qualify for this recognition, please contact MADA Director of Events DeAnna Eckerdt at deanna@mada.org or 651-291-2400.

Insurance News

Find the Solutions You Need with MADA Insurance

MADA Insurance continues to offer health, dental and life plans for our members - but it is not an all or nothing proposition. Plans are available on an a la carte basis, so if you are only in need of competitive life insurance, but not health or dental for your employees, we can provide rates just for that component.

To find out more, contact MADA Group Insurance Manager Sue Fluegel at sue@mada.org and learn how MADA insurance can help your dealership augment your employee benefits packages.

Legal News

Court Finds Good Cause for Eden Prairie Nissan Location

On September 28, 2016, Hennepin County District Court Judge, Susan Robiner, issued a Findings of Fact and Order in favor of Nissan North America in its dispute with Wayzata Nissan over Nissan's approval of a dealership location in Eden Prairie. A hearing was held in mid-July when a variety of experts and other witnesses testified about the impact on the new location on both consumers and dealers. Judge Robiner evaluated the evidence presented in light of nine factors set out in the Minnesota Franchise Protection Law, Section 80E.14 and concluded that Nissan had in fact shown "good cause" to establish the Eden Prairie point.

MADA has been watching this litigation closely. You may recall that the Minnesota Supreme Court made the good cause hearing possible when it

ruled early this year that Nissan's approval of the move from Bloomington to Eden Prairie under a buy/sell agreement was not a "relocation" within the law. Instead the Supreme Court determined the point in Eden Prairie to be an "additional location" requiring a good cause showing by the factory since it's within the ten-mile protected radius of Wayzata Nissan.

The litigation between Wayzata Nissan and Nissan North America will go on. A trial is scheduled for late October to decide if Nissan unlawfully manipulated sales effectiveness requirements, geographic areas of primary market area and stair-step incentive programs to try and force Wayzata Nissan to terminate its franchise and sell the dealership.

Legal News

B10 Lawsuit Dismissed

MADA is very disappointed in Federal District Court Judge John Tunheim's decision filed on September 29, 2016 to dismiss a joint association challenge of Minnesota's B10 mandate. We are reviewing the opinion and will consider our options with the other plaintiffs in this litigation.

The B10 mandate – which went into effect on July 1, 2014 – requires all diesel fuel sold in Minnesota from April through September to contain at least 10 percent biodiesel (B10).

MADA joined with the Minnesota Trucking Association, Alliance of Automobile Manufacturers, American Petroleum Institute and American Fuel & Petrochemical Manufacturers to sue Minnesota's Pollution Control Agency and Departments of Agriculture and Commerce.

The primary thrust of the lawsuit is that Minnesota shouldn't be allowed to get ahead of the Federal

government in regulating biodiesel content in diesel fuel. The suit claimed that the Federal government "preempted" state law in this area in favor of national standards regulating complicated pollution and environmental issues.

The Court found that the plaintiff associations have standing to challenge the Minnesota mandate and that the Clean Air Act does not prohibit equitable relief. However, on the merits of the case, the Court decided that the Minnesota mandate does not interfere with implementation of the Federal Renewable Fuel Standard to the extent that the Minnesota mandate is preempted by the Renewable Fuel Standard. The Court also concluded that the Associations' state law claims are not permitted by the 11th Amendment to the US Constitution. As a result, the case was dismissed.

Minnesota Auto Outlook

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Dealers Association**

Covering the Minnesota automotive market

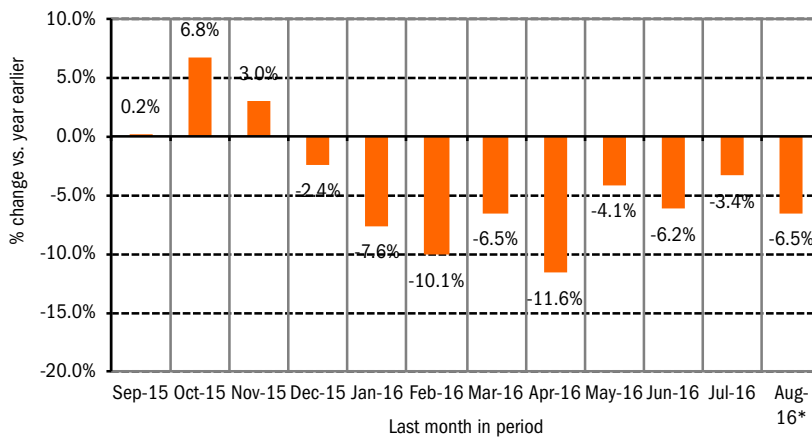
Data thru August 2016

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru August			YTD Market Share		
	7/15 & 8/15	7/16 & 8/16*	% change	2015	2016	% change	2015	2016	change
Industry Total	40,385	38,536	-4.6%	137,854	129,797	-5.8%			
Cars	13,719	11,537	-15.9%	48,110	40,228	-16.4%	34.9	31.0	-3.9
Light Trucks	26,666	26,999	1.2%	89,744	89,569	-0.2%	65.1	69.0	3.9
Japanese Brands	14,116	13,517	-4.2%	47,497	45,315	-4.6%	34.5	34.9	0.4
Honda	3,755	3,678	-2.1%	12,315	12,001	-2.5%	8.9	9.2	0.3
Nissan	2,182	1,976	-9.4%	7,472	6,221	-16.7%	5.4	4.8	-0.6
Toyota	5,072	4,807	-5.2%	16,881	16,412	-2.8%	12.2	12.6	0.4
Other	3,107	3,056	-1.6%	10,829	10,681	-1.4%	7.9	8.2	0.3
Domestic Brands	21,500	20,510	-4.6%	73,781	69,393	-5.9%	53.5	53.5	0.0
FCA (excl. FIAT)	5,249	5,310	1.2%	17,599	17,059	-3.1%	12.8	13.1	0.3
Ford	7,161	6,535	-8.7%	24,900	22,457	-9.8%	18.1	17.3	-0.8
General Motors	9,046	8,615	-4.8%	31,113	29,693	-4.6%	22.6	22.9	0.3
Other	44	50	13.6%	169	184	8.9%	0.1	0.1	0.0
European Brands	2,215	2,150	-2.9%	8,006	7,772	-2.9%	5.8	6.0	0.2
BMW	458	395	-13.8%	1,902	1,833	-3.6%	1.4	1.4	0.0
Mercedes	341	376	10.3%	1,278	1,279	0.1%	0.9	1.0	0.1
Volkswagen	1,141	1,032	-9.6%	3,823	3,442	-10.0%	2.8	2.7	-0.1
Other	275	347	26.2%	1,003	1,218	21.4%	0.7	0.9	0.2
Korean Brands	2,554	2,359	-7.6%	8,570	7,317	-14.6%	6.2	5.6	-0.6

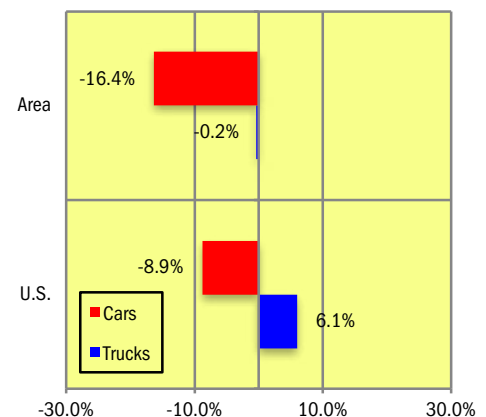
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, Jeep, and Ram). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (Audi, Bentley, Porsche, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (Alfa Romeo, Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia. *Figures for August 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



The graph above provides a clear picture of the trending direction of the state market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies. *Figures for August 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '16 thru August* vs. YTD 15



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. *Figures for August 2016 were estimated by Auto Outlook. Data Source: IHS Markit.

Data Information

All data represents new vehicle retail registrations in Minnesota and excludes fleet and wholesale transactions. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results. Data Source: IHS Markit.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '15	YTD '16	% change	YTD '15	YTD '16
	thru Aug.	thru Aug.*		thru Aug.	thru Aug.*
TOTAL	137,854	129,797	-6%		
Acura	982	804	-18%	0.7%	0.6%
Audi	1,079	1,143	6%	0.8%	0.9%
BMW	1,565	1,556	-1%	1.1%	1.2%
Buick	2,597	2,480	-5%	1.9%	1.9%
Cadillac	845	725	-14%	0.6%	0.6%
Chevrolet	22,086	21,108	-4%	16.0%	16.3%
Chrysler	2,706	2,182	-19%	2.0%	1.7%
Dodge	3,715	3,340	-10%	2.7%	2.6%
FIAT	141	134	-5%	0.1%	0.1%
Ford	24,170	21,760	-10%	17.5%	16.8%
GMC	5,585	5,380	-4%	4.1%	4.1%
Honda	11,333	11,197	-1%	8.2%	8.6%
Hyundai	4,027	3,052	-24%	2.9%	2.4%
Infiniti	516	411	-20%	0.4%	0.3%
Jaguar	44	48	9%	0.0%	0.0%
Jeep	6,158	6,532	6%	4.5%	5.0%
Kia	4,543	4,265	-6%	3.3%	3.3%
Land Rover	337	311	-8%	0.2%	0.2%
Lexus	1,580	1,576	0%	1.1%	1.2%
Lincoln	730	697	-5%	0.5%	0.5%
Mazda	2,958	2,730	-8%	2.1%	2.1%
Mercedes	1,265	1,264	0%	0.9%	1.0%
MINI	337	276	-18%	0.2%	0.2%
Mitsubishi	1,252	1,239	-1%	0.9%	1.0%
Nissan	6,956	5,810	-16%	5.0%	4.5%
Other	126	138	10%	0.1%	0.1%
Porsche	201	220	9%	0.1%	0.2%
Ram	5,020	5,005	0%	3.6%	3.9%
Subaru	6,614	6,709	1%	4.8%	5.2%
Tesla	126	165	31%	0.1%	0.1%
Toyota	15,301	14,836	-3%	11.1%	11.4%
Volkswagen	2,543	2,079	-18%	1.8%	1.6%
Volvo	416	625	50%	0.3%	0.5%

Top ten ranked brands in each percent change category are shaded green.

*Figures for August 2016 were estimated by Auto Outlook.

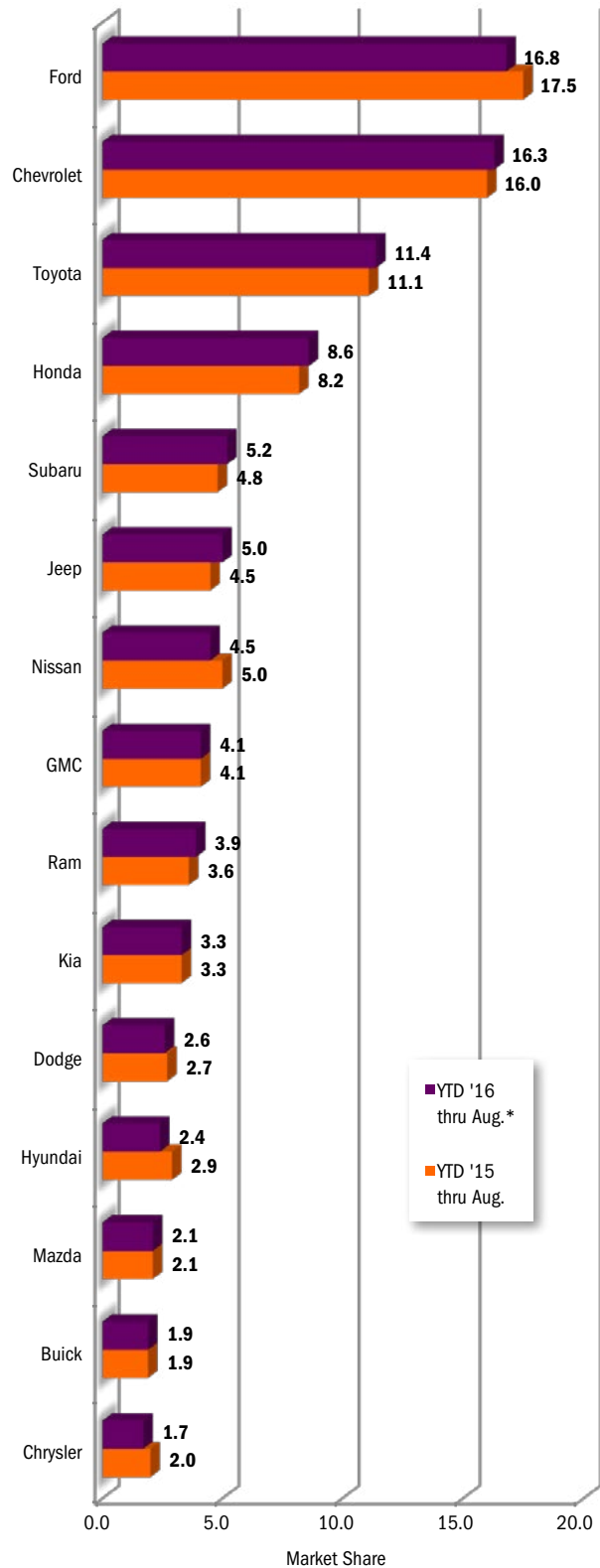
Data Source: IHS Markit.

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State Market Share for Top 15 Selling Brands
YTD '16 thru August* vs. YTD 15



*Figures for August 2016 were estimated by Auto Outlook.

Data Source: IHS Markit.

Member News

St. Cloud Toyota was recently named Central Minnesota's Best New Car Dealership by readers of the St. Cloud Times. For the second year in a row, they also were awarded the top spot for best auto service, along with **Miller Auto & Marine** in St. Cloud.

Services News

New 21-Day Permits Coming

Minnesota 21-Day Permits are being redesigned to eliminate the "Purchaser(s) Driver License Number(s), including State of Issuance; or Name of Company, Corporation, ETC" section. DVS is no longer requiring the customer's driver's license number or business name on the 21-Day Permit. Dealers are asked not to complete this information and to leave the entire line blank. Subsequent printings of the permit will remove this line from the form.

The new version of the 21-Day Permit will require re-programming for those that run these through a printer. If you need the new layout for programming, please contact MADA Services 651-291-2400.

MADA Vendor Viewpoint

Not Just What, but Where

The old adage, "It's not just what you say, it's how you say it," applied in today's marketplace needs to be amended to include, "How often you say it and where you say it". Today's marketers use relevancy as a standard, which proves crucial in the automotive space. Finding efficient means to deliver a message is even more important as NADA reports advertising costs are outpacing profitability and volume increases.

Keeping your inventory, offers and brand value in front of consumers in the most relevant places and with frequency even after they leave the site makes a difference. Automotive sites like CarSoup.com provide features and technology for today's dealers to do that efficiently. With 13% of overall searches conducted on CarSoup.com not associated with a make or model, there is plenty of opportunity for savvy retailers to influence and increase sales despite the seasonal slow-down. For more details please contact Su-lin@carsoup.com.

Article contributed by Su-Lin K. Velin



Endorsed Service & Vendors

Check Guarantee/Credit Card Processing
FIS / Certegy

Collections
Springer Collections

Computerized Vehicle Registration
CVR

Dealer Bond Program
Ensure Agency

Disability Income Insurance & Section 125 Cafeteria Plans
American Fidelity Assurance

F&I Products
Protective

Fleet Fueling Program
SuperAmerica

Group Health Insurance
Blue Cross Blue Shield of MN
Delta Dental
ReliaStar Life

Hole-In-One Insurance
Hole-In-One-USA

Lighting
LED Supply Company

Office Supplies
Innovative Office Solutions

OSHA, EPA & DOT Compliance/Training
ComplyNet Corporation

Pre-Paid Legal, Jim Gavin
Identity Theft Shield &
Pre-Paid Legal Services

Uniforms and Linen Services
AmeriPride Linen & Apparel
Services

Workers Compensation
Ensure Agency



MADA Services sells a wide variety of products directly to the dealers including business forms, clothing and promotional items. For a full review of options, contact your sales representative at 651-291-2400 or go to www.mada.org

ADVOCACY ▪ EXPERTISE ▪ EDUCATION ▪ COMMUNICATION

MADA NEWS ▪ October 2016

FAQ

Q: I heard a recent change to the Military Lending Act (MLA) regulation affects installment contracts. Is this true?

A: No. Financed vehicle purchases are still exempt from the MLA and dealers likely are still able to include add-ons such as extended service agreements and roll-in negative equity.

In recent guidance interpreting the non-vehicle finance exemption, the Department of Defense (DoD) stated that to qualify for the non-automobile exemption, a loan must finance only the acquisition of personal property. If applied to the vehicle finance exemption, this new interpretation could arguably narrow the exemption such that if a borrower finances more than just the cost of the vehicle, for example if the buyer also finances a service plan or rolls in negative equity, such a loan might fall outside the vehicle finance exemption and therefore be subject to the MLA.

Importantly, the DoD was not interpreting the vehicle finance exemption in this situation and therefore the recent interpretation should not change the way dealers currently handle installment contracts involving active duty military and their spouses/dependents. However, dealers should be aware that banks and other financing sources have been following this interpretation closely. Because lenders are free to interpret this new regulation in their own way, some lenders may determine that in certain cases the MLA applies.