

MADA News

Thank You Vendors

Thanking vendors for their valuable commitment to the industry and its associations was the order of business as MADA held its second annual Vendor Appreciation Night at Canterbury Park.

A warm summer evening in mid-August with the thrill of horse racing as a backdrop brought over 100 vendors, association board members, and staff together. It was the association's way of saying "thank you" to the many organizations we work with to sponsor programs, buy advertising, or offer endorsed products and services. Their contribution is critical to the ongoing work of MADA, GMADA and the Council. Without these valued vendors, your associations would not be able to offer the robust legal, legislative and information services that dealers expect and deserve.

MADA encourages dealers to take a look at the endorsed vendors list on the back of each newsletter and give them due consideration when examining products or services in their field. It helps the greater cause to support our friends.

Without these valued vendors, your associations would not be able to offer the robust services that dealers expect and deserve.



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Prospects for Special Session

New GAP Law in Effect

upcoming events

sep 15 Certified Title
Minneapolis

sep 17 Title Basics
Minneapolis

oct 14 Council Pheasant Hunt
Hugo

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

Legal News

FCC Rules on Texting Consumers

The Federal Communications Commission issued a 138-page Declaratory Ruling last month designed to clarify various requirements of the Federal Telephone Consumer Protection Act. The Ruling is particularly important to dealers who send text messages to their sales and service customers within the “established business relationship” time windows of 18 months for existing customers and three months for new customers who have made an inquiry of the dealership.

In general, dealers who send such texts using “automatic telephone dialing systems,” also known as “autodialers,” must obtain prior express consent - or even prior express written consent. Dealers who send such texts using equipment that doesn’t meet the definition of “autodialers” are not required to obtain prior consent.

...dealers who send such texts using “automatic telephone dialing systems,” also known as “autodialers,” must obtain prior express consent...

The law defines “automatic telephone dialing systems” or “autodialers” as equipment that has the “capacity” to “store or produce telephone numbers to be called, using a random or sequential number generator,” and to “dial such numbers.”

Last month’s FCC Ruling suggests an expansive interpretation of the word “capacity” to include “potential ability” - not just “present ability” for the dialing system to generate

and dial random or sequential numbers. While the Ruling attempts to distinguish “potential ability” from merely “theoretical” ability, the line between the two categories is far from clear.

Dealers who send texts from their DMS systems may wish to take steps to insure that their equipment does not fit the definition of an autodialer or if it does to make sure that they obtain the appropriate consent before texting.

To read the Ruling in its entirety, go to:
http://bit.ly/FCC_TCPA

MADA

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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Greg House, House Chevrolet, Stewartville

President-Elect

Mike Saxon, Inver Grove Ford Lincoln, Inver Grove Heights

Treasurer

Rick Jensen, Jensen Motors, Inc., New Ulm

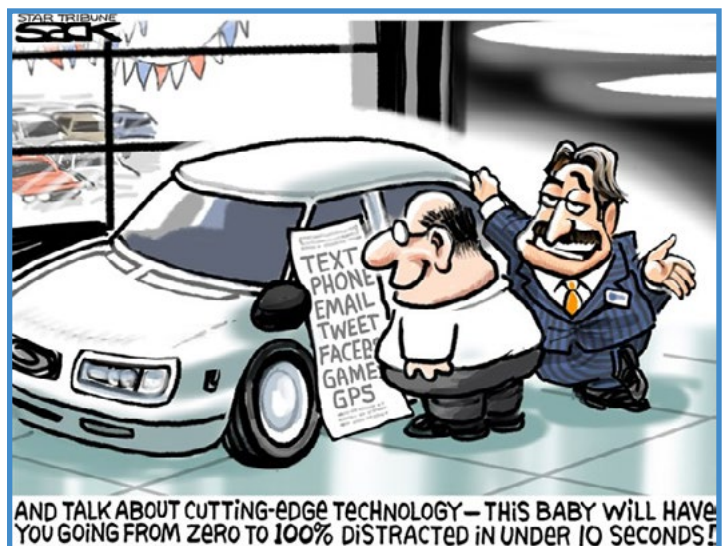
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Legislative News

Will Something Special be Happening in St. Paul?

Minnesota lawmakers already made a return trip to St. Paul in June to conduct a one-day Special Session to pass a budget necessitated by Governor Dayton's veto of three key finance bills in the closing days of the 2015 Regular Session. Now Dayton is contemplating calling legislators back to the Capitol for a second time.

The Department of Natural Resources' (DNR's) recent decision to suspend the remainder of the season for walleye fishing on Lake Mille Lacs has prompted the governor to declare that a Special Session should be called to pass a financial aid package for resort owners who will lose business because of the shortened season. Dayton's administration has proposed offering no-interest loans and property tax cuts for up to 160 businesses around the lake, along with additional advertising dollars to promote smallmouth bass and northern fishing at the lake. However, legislators are skeptical of the plan and think how the DNR has managed the lake's fish population should also be part of the discussion. In addition, both Democrats and Republicans are hesitant about the precedent of providing relief to this one industry when others across the state are also struggling.

While the Governor is the only one with the authority to call a Special Session, he cannot

control what lawmakers take up. Unless the House, Senate and Dayton reach agreement on a proposal, it's unlikely a Special Session will be called.

Special Elections Will Be Forthcoming

Odd-numbered years are typically reserved for municipal elections, but voters in two Minnesota House districts will also be choosing their next state representative.

On November 3, residents of 46A, which includes portions of St. Louis Park, Golden Valley and Plymouth, will be voting for the successor to Representative Ryan Winkler (DFL-St. Louis Park), who resigned July 1 because his family will be moving out of the country. Peggy Flanagan, a DFL activist and Executive Director of the Children's Defense Fund, is running unopposed.

While no candidates or dates have been identified yet, citizens in the Arrowhead region of Minnesota will be voting to replace Representative David Dill (DFL-Crane Lake.) The seven-term legislator from District 6A passed away unexpectedly in August after a recent diagnosis of cancer. Dill was a fair lawmaker and well-respected by his colleagues. He leaves big shoes to fill.

MADA's 2015 New Laws & Session Wrap-up is Now Available

Go to <http://bit.ly/2015legwrap> to learn about new regulations impacting dealers and policy issues that could be back on the table in 2016.



Scott Lambert, Executive Vice President
Amber Backhaus, Director of Government Affairs

MADA
Minnesota Automobile Dealers Association

LEGISLATIVE BULLETIN

Legal News

GAP Regulation Comes to Minnesota

Industry sponsored regulation of Guaranteed Asset Protection (GAP) products was enacted in the 2015 Minnesota Special Legislative Session and became effective August 1, 2015. In exchange for various consumer protections contained in the new law, GAP providers received legislative confirmation that GAP is a “waiver” and not regulated as insurance.

Most provisions of the new law will be implemented by the GAP providers. However, some obligations fall on dealer sellers.

**...GAP is a “waiver”
and not regulated as insurance.**

Here are some highlights of the new law:

- Free look period. GAP waivers must be cancellable by the customer for at least 30 days without any financial obligation.
- GAP coverage must be voluntary.
- Finance and lease customers who purchase GAP must be given the following notice:

THE GAP WAIVER IS OPTIONAL. YOU DO NOT HAVE TO PURCHASE THIS PRODUCT IN ORDER TO BUY [OR LEASE] THIS MOTOR VEHICLE. YOU ALSO HAVE A LIMITED RIGHT TO CANCEL.

The notice must be in 14-point, bold face type and may be given to the customer on a separate document or may be included within the installment sales contract or lease. Until installment contract and lease forms are changed, dealers should make use of a separate form like the one HERE: <http://bit.ly/GAPnotice>.

- The disclosure is not required for commercial customers.
- It is illegal to sell GAP on a vehicle valued at less than \$5,000. MADA recommends basing the vehicle value on the retail cash price of the vehicle shown in the installment sales contract or lease.
- The new GAP regulations only apply to GAP products sold for a separate price. Therefore, if GAP is built into a lease and not sold separately, it is not subject to the new law.
- Dealers are required to have insurance backing their GAP waiver obligation. The law allows this insurance to be arranged by the GAP administrator.

Legal News

Proof of Insurance Returns Next Year

The 2015 Minnesota Legislature reinstated the requirement that insurance information be submitted to the Registrar with each motor vehicle transfer and registration. The law is effective January 1, 2016.

Dealers will be required to collect insurance company name, policy number and policy expiration date from their customers to submit with each vehicle transfer.

MADA will keep an eye on title application forms and keep dealers apprised as Driver & Vehicle Services creates procedures to implement the new insurance information requirements.

Minnesota Auto Outlook

Released by:
Minnesota Automobile
Dealers Association

Covering the Minnesota automotive market

Data thru June 2015

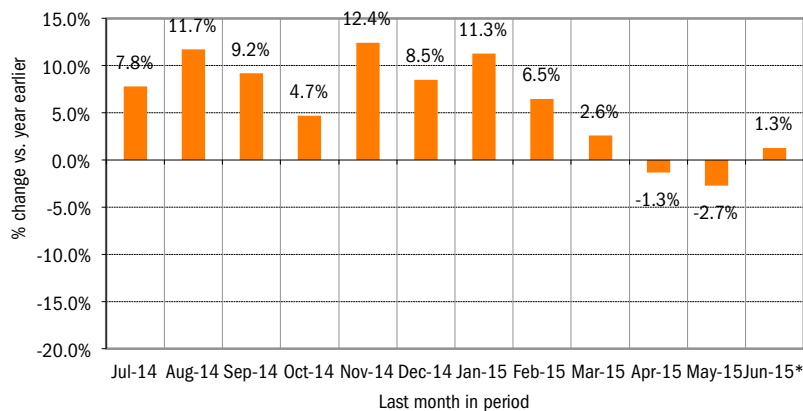
Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru June*			YTD Market share (thru June*)		
	5/14 & 6/14	5/15 & 6/15*	% change	2014	2015	% change	2014	2015	change
	Industry Total	36,121	36,968	2.3%	99,380	101,265	1.9%	38.4	35.4
Cars	14,573	13,438	-7.8%	38,131	35,889	-5.9%	61.6	64.6	3.0
Light Trucks	21,548	23,530	9.2%	61,249	65,376	6.7%	34.6	34.3	-0.3
Japanese Brands	12,758	12,833	0.6%	34,364	34,730	1.1%	12.4	12.0	-0.4
Toyota	4,780	4,599	-3.8%	12,326	12,164	-1.3%	9.2	8.7	-0.5
Honda	3,476	3,359	-3.4%	9,129	8,810	-3.5%	5.3	5.6	0.3
Nissan	1,892	2,071	9.5%	5,304	5,666	6.8%	7.7	8.0	0.3
Other	2,610	2,804	7.4%	7,605	8,090	6.4%	52.9	53.6	0.7
Domestic Brands	18,734	19,423	3.7%	52,568	54,290	3.3%	21.3	22.1	0.8
General Motors	7,330	7,777	6.1%	21,129	22,334	5.7%	18.6	18.5	-0.1
Ford	6,564	6,522	-0.6%	18,499	18,727	1.2%	12.9	12.9	0.0
Chrysler	4,807	5,076	5.6%	12,848	13,104	2.0%	0.1	0.1	0.0
Other	33	48	45.5%	92	125	35.9%	6.1	6.0	-0.1
European Brands	2,322	2,467	6.2%	6,068	6,035	-0.5%	2.9	2.7	-0.2
Volkswagen	1,050	1,077	2.6%	2,901	2,767	-4.6%	1.5	1.5	0.0
BMW	600	712	18.7%	1,495	1,565	4.7%	1.0	1.0	0.0
Mercedes	430	414	-3.7%	1,021	999	-2.2%	0.7	0.7	0.0
Other	242	264	9.1%	651	704	8.1%	6.4	6.1	-0.3
Korean Brands	2,307	2,245	-2.7%	6,380	6,210	-2.7%			

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 June 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

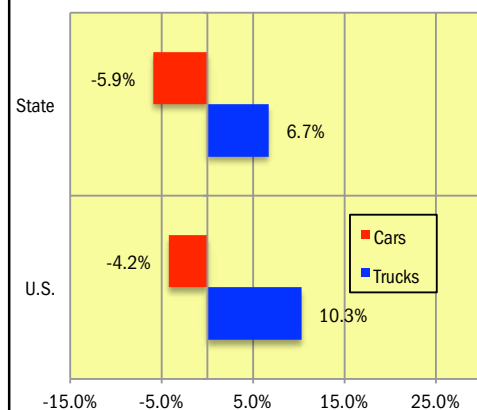
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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 June 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '15 thru June* vs. YTD 14



The graph above compares the change in new retail car and light truck registrations in both the area and U.S. markets.

*Figures for June 2015 were estimated by Auto Outlook.

Data Source: IHS Automotive.

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 Automotive.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '14 thru June	YTD '15 thru June*	% change	YTD '14 thru June	YTD '15 thru June*
TOTAL	99,380	101,265	2%		
Acura	823	761	-8%	0.8%	0.8%
Audi	841	815	-3%	0.8%	0.8%
BMW	1,225	1,239	1%	1.2%	1.2%
Buick	1,856	1,780	-4%	1.9%	1.8%
Cadillac	675	634	-6%	0.7%	0.6%
Chevrolet	14,943	15,837	6%	15.0%	15.6%
Chrysler	1,574	2,101	33%	1.6%	2.1%
Dodge	3,563	2,863	-20%	3.6%	2.8%
FIAT	145	106	-27%	0.1%	0.1%
Ford	17,986	18,145	1%	18.1%	17.9%
GMC	3,655	4,055	11%	3.7%	4.0%
Honda	8,306	8,042	-3%	8.4%	7.9%
Hyundai	2,984	2,832	-5%	3.0%	2.8%
Infiniti	439	424	-3%	0.4%	0.4%
Jaguar	29	27	-7%	0.0%	0.0%
Jeep	4,279	4,567	7%	4.3%	4.5%
Kia	3,396	3,392	0%	3.4%	3.3%
Land Rover	154	243	58%	0.2%	0.2%
Lexus	1,078	1,180	9%	1.1%	1.2%
Lincoln	513	574	12%	0.5%	0.6%
Mazda	2,078	2,124	2%	2.1%	2.1%
Mercedes	1,005	982	-2%	1.0%	1.0%
MINI	270	327	21%	0.3%	0.3%
Mitsubishi	1,005	1,060	5%	1.0%	1.0%
Nissan	4,865	5,204	7%	4.9%	5.1%
Other	106	101	-5%	0.1%	0.1%
Porsche	125	155	24%	0.1%	0.2%
Ram	3,432	3,591	5%	3.5%	3.5%
Subaru	4,515	4,954	10%	4.5%	4.9%
Tesla	42	90	114%	0.0%	0.1%
Toyota	11,248	10,981	-2%	11.3%	10.8%
Volkswagen	1,935	1,791	-7%	1.9%	1.8%
Volvo	290	288	-1%	0.3%	0.3%

Data source: IHS Automotive.

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

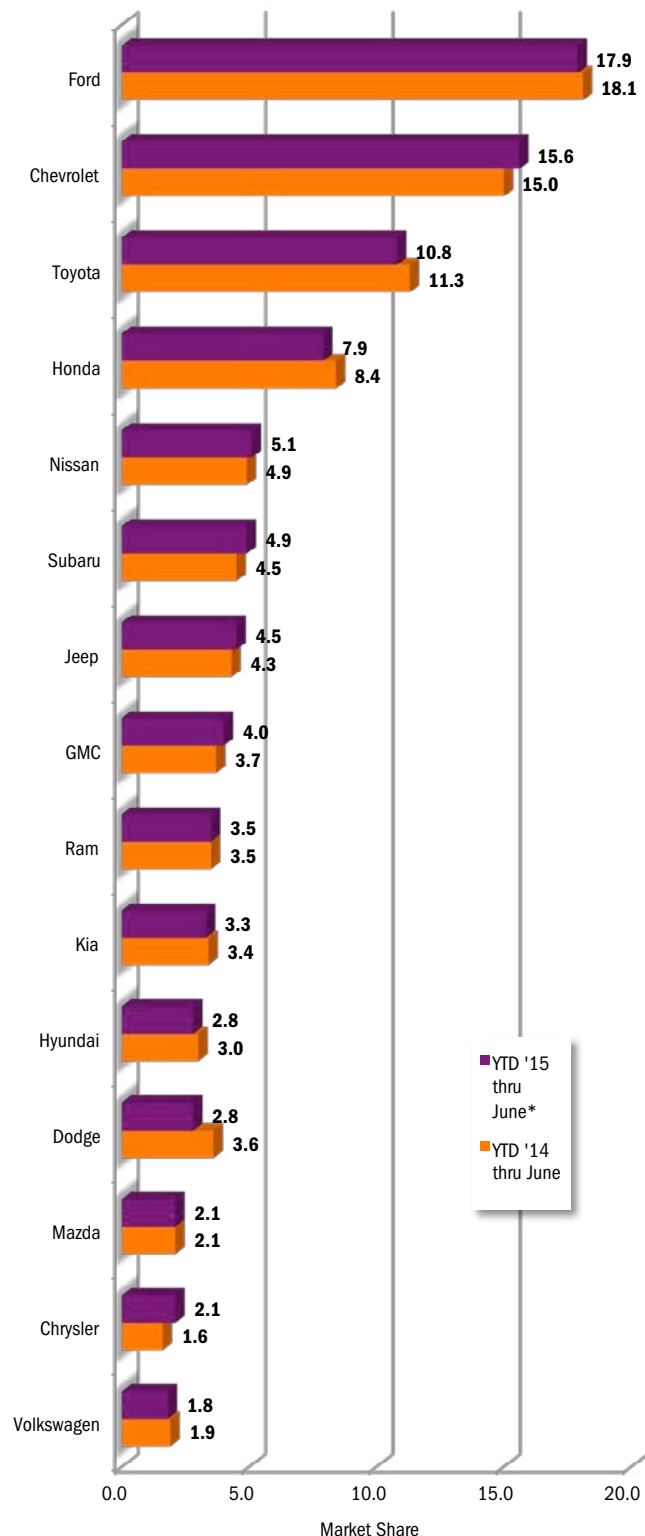
*Figures for June 2015 were estimated by Auto Outlook.

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State Market Share for Top 15 Selling Brands
YTD '15 thru June* vs. YTD '14



Data source: IHS Automotive.

*Figures for June 2015 were estimated by Auto Outlook.

Member News

White Bear Lake Superstore celebrated a Grand Opening Event at their new facility, 3880 Highway 61 North.



Congratulations to **Jason House** for his inclusion in the Automotive News “40 Under 40” Class of 2015. Jason is General Manager, **Rick Hendrick Chevrolet-Buick-GMAC**, Richmond, VA. Jason is the son of MADA Board President **Greg House, House Chevrolet** in Stewartville.

This summer, **Lager’s of St. Peter** celebrated its 50th year in business as a Chrysler dealer.

NADA News

CFPB Reform Advanced by NADA Representative Emmer Helps Move Legislation Along

The legislative team at NADA, led by Ivette Rivera, was successful in passing its first major hurdle in its effort to rein in the out-of-control Consumer Financial Protection Board’s (CFPB’s) attempt to disrupt a dealer’s ability to assist consumers with financing.

...freshman Congressman Tom Emmer (GOP-MN6) spoke aggressively in favor of the legislation.

Late in July, the House Financial Services Committee marked up and passed NADA’s bill, HR 1737, to rescind the 2013 Auto Finance Guidance issued by the rogue federal agency. The legislation was passed by the House committee on a bipartisan vote of 47-10 as 13 Democrats joined in supporting the bill.

Debate on the bill was often contentious, but freshman Congressman Tom Emmer (GOP-MN6) spoke aggressively in favor of the legislation. Congressman Emmer discussed the merits of the current system for consumers before the committee and helped rally support.

MADA lobbyists have been working closely with NADA to help pass this bill. The full U.S. House of Representatives is expected to take the bill up for consideration later this fall.



Endorsed Service & Vendors

Check Guarantee/Credit Card Processing
FIS / Certegy

Collections
Springer Collections

Computerized Vehicle Registration
CVR

Dealer Bond Program
Ensure Agency

Dealership Marketing
Visible Customer

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 ▪ August 2015

FAQ

Q: Is MADA sending out a revised employment poster to comply with the new \$9 per hour minimum wage law?

A: No. We send out revised employment posters periodically when new posting requirements are implemented by the various government agencies regulating the employer-employee relationship. The most recent poster, which we distributed earlier this year, contains the correct minimum wage posting.

