



MADA News

David Luther Named TMQDA Finalist

A Minnesota dealer was again chosen as Time Quality Dealer of the Year Finalist. This time, David Luther was honored at the NADA Convention in New Orleans Jan. 25, during the opening ceremonies. David was one of four regional finalists of 56 nominated for the award by members of the ATAЕ (Automotive Trade Association Executives.)

The award is co-sponsored by Ally bank. The TMQDA contest is one of the annual highlights of the NADA Convention.

David's story of impressive company growth, strong commitment to employees and charitable activity propelled him to the front of the highly competitive contest.

Minnesota has had three finalists in the past four years. Besides David Luther, Rick Jensen of Jensen Motors in New Ulm and Morrie Wagener of Morries Automotive in the Twin Cities were also named finalists in the past few years. This highlights the strong commitment Minnesota dealers have to their communities.



MADA News

New Board Member

The MADA Board of Directors welcomes its newest Board member, Cindy Wagener Robin. Cindy has been named to the Board of Directors of the American International Auto Dealers Association (AIADA). MADA bylaws state that AIADA and NADA directors have a seat on the MADA Board.

Cindy is the Vice President of Operations at Morries Automotive, and has been working with the auto group for over 23 years.

inside

MV Bulk Data Halt Proposed

NADA Offers EEOC Alternative

No Banning of Message Clothing, Says NLRB Judge

Council Sponsors Auto Show Reception

upcoming events

mar
8-16 Twin Cities Auto Show
Minneapolis

mar
13 Insurer Scorecard
Improvement Tactics
Minneapolis

mar
14 Job Fair at the Auto Show
Minneapolis

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

Legislative News

Blocking MV Bulk Data

Dayton Administration Announces Halt to Access

In December, the Minnesota Department of Public Safety sent letters to purchasers of bulk motor vehicle and drivers' license data proclaiming that the practice of buying data in bulk would come to a halt in February 2014. This announcement came as a surprise to purchasers of the data and their customers, who have many compelling and important reasons for accessing records in bulk.

This information is critical to Minnesota dealers, who use the information to quickly contact customers about motor vehicle safety recalls. In addition, the aggregated information informs dealer decisions about their business and marketing plans. This data is used to compile the monthly Minnesota Auto Outlook in MADA News, as well as the comprehensive forecast and market share report in the quarterly magazine, Minnesota Dealer Outlook.

Since the release of this letter, MADA staff members have been working in conjunction with other impacted parties, including representatives

from Polk and Experian Automotive, to convince the Department and Dayton Administration to reverse their decision. While the agency claims they still need to prohibit this practice to strengthen data protection, they have postponed the cutoff date to May 12. The agency claims that other avenues for accessing the data will be available, but so far the solutions offered will not provide the timeliness and accuracy of accessing the data in bulk.

With the extended deadline, MADA and the other parties plan to bring this issue to the attention of lawmakers, who are likely unaware of the Department's decision and the consequences to public safety of losing access to bulk data.

(NOTE: MADA has been told that this policy change will not affect a dealer's ability to access the system and individual records to look for liens or to use CVR.)



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.

President

Morrie Wagener, *Morrie's Automotive Group, Minnetonka*

President-Elect

Greg House, *House Chevrolet, Stewartville*

Treasurer

Mike Saxon, *Inver Grove Ford Lincoln, Inver Grove Heights*

Secretary

Rick Jensen, *Jensen Motors, Inc., New Ulm*

Executive Vice President

Scott Lambert, *MADA*

200 Lothenbach Avenue • West St. Paul, MN 55118
Metro: 651-291-2400 • Toll Free: 800-652-9029
FAX: 651-291-2894 • Web site: <http://www.mada.org>

Industry News

Selling Electric Vehicles?

MADA has recently partnered with Drive Electric Minnesota, a coalition of government, business, and nonprofit entities, to promote electric vehicles (EVs) and plug-in infrastructure in Minnesota. The coalition furthers its agenda through incentives and public education efforts. To support its outreach activities, Drive Electric Minnesota has developed materials, including business cards, to help EV owners find places to charge when they are away from home.

If you sell EVs at your dealership and would like to help your customers easily locate charging stations, Drive Electric Minnesota is happy to send you materials to share. Contact MADA Director of Government Affairs Amber Backhaus at 651-789-2949 for more information.

Legal News

Advancing Equal Credit Opportunity *NADA Suggests Alternate Solution for Dealers*

The National Automobile Dealers Association recently sent a Fair Credit Compliance Guide to each of its 16,000 national members. The Guide is comprehensive and intended to protect dealers from consumer lawsuits and enforcement actions by the U.S. Department of Justice. Lenders are also pushing dealers hard to develop programs that avoid discrimination in their book of business.

The Consumer Finance Protection Bureau (CFPB) spent much of last year alleging that structural discrimination against minorities and women pervades the market for consumer auto loans. The Bureau believes that dealer discretion to set retail rates is the root cause of this illegal discrimination and has used every tool available to try and force the industry toward the Bureau's preferred solution: a system of flat fees to compensate dealers.

Lenders have borne the brunt of the Bureau's wrath.

Their poster child is Ally Financial, which agreed late last year to a fine of \$98 million to resolve allegations of discrimination.

Rather than giving into the CFPB demand for a system of flat fees that will harm dealers and the competitive marketplace, NADA is responding with its own competing method of removing

illegal discrimination from the finance marketplace.

NADA urges dealers to create a method of fixed finance reserve targets so that finance income doesn't vary on a customer-by-customer basis. These targets would not be fixed in stone. However, no customer would pay more. Also, no customer would pay less without the dealership generating written internal documentation showing what non-discriminatory criteria were used to reduce the dealer reserve and the



NADA is responding with its own competing method of removing illegal discrimination from the finance marketplace.

corresponding consumer finance rate.

Although the CFPB has not acquiesced, the NADA approach rests on sound authority. NADA guidance relies heavily on go-forward practices contained in a 2007 settlement agreement between the U.S. Department of Justice and a Philadelphia-area car dealership, Pacifico Ford. Similar to the CFPB allegations, the Pacifico Ford settlement agreement resolved claims that the dealership engaged in a pattern of finance discrimination against African-American customers.

The situation remains fluid and there may well be more to come from the CFPB. In the meantime, dealers should consider NADA's advice and decide if they wish to build a formal program of non-discrimination.

NADA will hold a national webinar webinar in early April to help dealers structure a Fair Credit Compliance Program consistent with the recently issued guide.

MADA plans to follow up with a webinar of its own hosted by MADA Counsel Jim Schutjer. MADA's goal is always to simplify and streamline compliance. Watch for seminar details.

Legal News

NLRB Judge Invalidates Dealership Handbook Provisions

An administrative law judge in Massachusetts ruled against a suburban Boston dealer, Boch Honda, in a case alleging unfair labor practices. In a memorandum and order dated Jan. 13, 2014, Judge Joel Biblowitz determined that several dealership employee handbook provisions violated the National Labor Relations Act. These provisions included those governing the dealership's social media policy and dress code. The dealership had agreed to voluntarily amend its social media policy to comply with the labor law but would not change its policy on the dress code.

Visible Customer Update

Subject lines can make or break your email campaign's success. However, most people spend very little time considering individual words or phrases used in their email campaigns.

Research has shown that changing a simple word like "Only" to "Exclusive" can improve your email open-rate by over 15%. A few other keyword tips:



| Words to Use: | Words to Avoid: |
|---------------|-----------------|
| - Exclusive | - Only |
| - Special | - Free |
| - Half Price | - Discount |
| - Review | - Last Chance |
| - Limited | - % Off |

Finally, be sure to avoid common mistakes like going crazy with "!!!!!!" or using ALL CAPS, to emphasize your point, as it will likely get caught in the dreaded SPAM filters so that your target customer will not even have the opportunity to see your campaign.

NOTE: This information changes all the time... so please review these tips, but remember to do your own testing and your own homework!

At issue was a ban on wearing insignias and other "message clothing" by employees who interact with the public. The judge agreed that the dealership could prohibit employees from wearing pins that could potentially damage machinery or cause injury, but concluded that a more general prohibition on wearing insignias and other communications was overbroad under the National Labor relations Act. The decision is being appealed.

NADA News

NADA Convention Report

Minnesotans left their mark on New Orleans during the recent NADA Convention. In addition to enjoying the best collection of restaurants in the world, there was also some work accomplished throughout the four-day event.

MADA's Executive Vice President Scott Lambert and the other Automotive Trade Association Executives were allowed to sit in on the NADA Board meeting. The major announcement to come from NADA was the creation of the guidelines for vehicle financing. This was in reaction to the maneuvers by the CFPB to restrict discretionary financing options for consumers.

MADA was awarded the Silver Membership Award from NADA for achieving car and truck membership penetration between 85% and 90%. Also, both MADA and GMADA were honored for their continued commitment to the NADA Charitable Foundation's Leadership Council.

MADA itself entertained over 100 Minnesotans and friends at The National WWII Museum in New Orleans for the annual Sunday brunch. Attendees were treated to good food, conversation and tickets to the Museum.



Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

Data thru December 2013

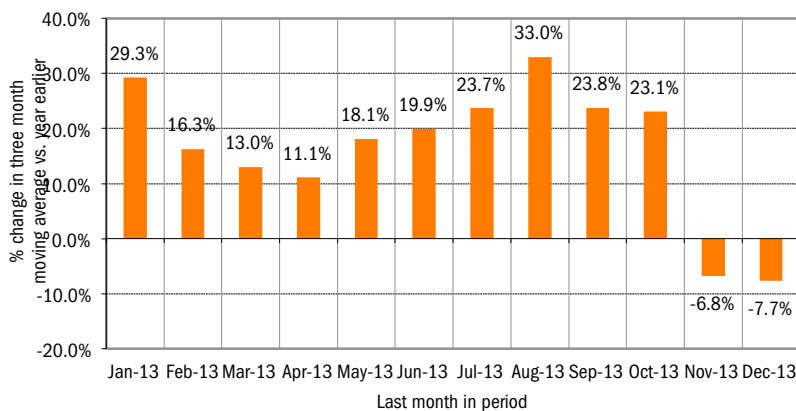
Minnesota New Retail Car and Light Truck Registrations

| | Most Recent Two Months | | | Annual | | | Annual Market Share | | |
|-----------------|------------------------|-------------------|-------------|---------|---------|-------------|---------------------|------|--------|
| | 11/12 & 12/12 | 11/13 & 12/13* | % change | 2012 | 2013 | % change | 2012 | 2013 | change |
| | Industry Total | 41,551 | 35,601 | -14.3% | 183,863 | 204,130 | 11.0% | 42.3 | 40.7 |
| Cars | 15,839 | 12,901 | -18.5% | 77,695 | 83,137 | 7.0% | 57.7 | 59.3 | 1.6 |
| Light Trucks | 25,712 | 22,700 | -11.7% | 106,168 | 120,993 | 14.0% | 32.5 | 33.7 | 1.2 |
| Japanese Brands | 12,584 | 11,663 | -7.3% | 59,802 | 68,870 | 15.2% | 12.7 | 12.8 | 0.1 |
| Toyota | 4,741 | 4,283 | -9.7% | 23,386 | 26,107 | 11.6% | 9.2 | 9.2 | 0.0 |
| Honda | 3,360 | 3,249 | -3.3% | 16,860 | 18,830 | 11.7% | 4.9 | 5.2 | 0.3 |
| Nissan | 1,959 | 1,747 | -10.8% | 9,044 | 10,602 | 17.2% | 5.7 | 6.5 | 0.8 |
| Other | 2,524 | 2,384 | -5.5% | 10,512 | 13,331 | 26.8% | 52.2 | 52.3 | 0.1 |
| Domestic Brands | 23,079 | 19,014 | -17.6% | 95,940 | 106,735 | 11.3% | 22.1 | 22.0 | -0.1 |
| General Motors | 9,617 | 7,853 | -18.3% | 40,642 | 44,887 | 10.4% | 19.1 | 19.4 | 0.3 |
| Ford | 8,798 | 7,320 | -16.8% | 35,031 | 39,501 | 12.8% | 11.0 | 10.9 | -0.1 |
| Chrysler | 4,630 | 3,807 | -17.8% | 20,167 | 22,150 | 9.8% | 0.1 | 0.1 | 0.0 |
| Other | 34 | 34 | 0.0% | 100 | 197 | 97.0% | 7.1 | 6.8 | -0.3 |
| European Brands | 2,885 | 2,545 | -11.8% | 13,138 | 13,887 | 5.7% | 3.7 | 3.3 | -0.4 |
| Volkswagen | 1,462 | 1,123 | -23.2% | 6,860 | 6,705 | -2.3% | 1.5 | 1.7 | 0.2 |
| BMW | 537 | 556 | 3.5% | 2,831 | 3,391 | 19.8% | 1.0 | 1.0 | 0.0 |
| Mercedes | 511 | 535 | 4.7% | 1,832 | 2,119 | 15.7% | 0.9 | 0.8 | -0.1 |
| Other | 375 | 331 | -11.7% | 1,615 | 1,672 | 3.5% | 8.1 | 7.2 | -0.9 |
| Korean Brands | 3,003 | 2,379 | -20.8% | 14,983 | 14,638 | -2.3% | | | |

Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, and Jeep). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, Subaru, and Suzuki). European: VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz), Other (Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia.

*Figures for December 2013 were estimated by Auto Outlook. Data Source: Polk.

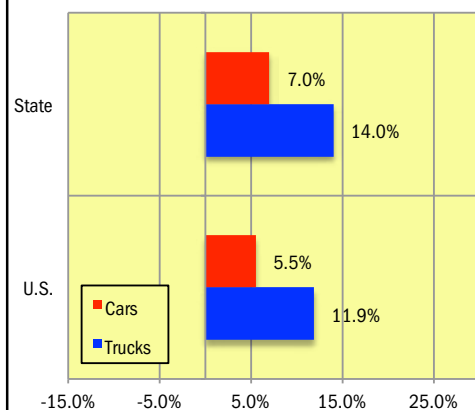
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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 December 2013 were estimated by Auto Outlook. Data Source: Polk.

Percent Change in State and U.S. New Retail Light Vehicle Markets 2013* vs. 2012



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

*Figures for December 2013 were estimated by Auto Outlook. Data Source: Polk.

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: Polk.

| Minnesota New Retail Light Vehicle Registrations | | | | | |
|---|---------------|---------|----------|--------------|--------|
| | Registrations | | | Market share | |
| | 2012 | 2013 | % change | 2012 | 2013 |
| | Annual | Annual | | Annual | Annual |
| TOTAL | 183,863 | 204,130 | 11% | | |
| Acura | 1,350 | 1,591 | 18% | 0.7% | 0.8% |
| Audi | 1,366 | 1,524 | 12% | 0.7% | 0.7% |
| BMW | 2,231 | 2,690 | 21% | 1.2% | 1.3% |
| Buick | 3,390 | 4,000 | 18% | 1.8% | 2.0% |
| Cadillac | 1,344 | 1,644 | 22% | 0.7% | 0.8% |
| Chevrolet | 29,123 | 31,776 | 9% | 15.8% | 15.6% |
| Chrysler | 4,390 | 3,834 | -13% | 2.4% | 1.9% |
| Dodge | 5,408 | 6,604 | 22% | 2.9% | 3.2% |
| FIAT | 317 | 301 | -5% | 0.2% | 0.1% |
| Ford | 33,904 | 38,331 | 13% | 18.4% | 18.8% |
| GMC | 6,785 | 7,465 | 10% | 3.7% | 3.7% |
| Honda | 15,510 | 17,238 | 11% | 8.4% | 8.4% |
| Hyundai | 6,982 | 6,994 | 0% | 3.8% | 3.4% |
| Infiniti | 845 | 907 | 7% | 0.5% | 0.4% |
| Jaguar | 34 | 61 | 79% | 0.0% | 0.0% |
| Jeep | 5,343 | 5,693 | 7% | 2.9% | 2.8% |
| Kia | 8,001 | 7,644 | -4% | 4.4% | 3.7% |
| Land Rover | 339 | 405 | 19% | 0.2% | 0.2% |
| Lexus | 1,985 | 2,245 | 13% | 1.1% | 1.1% |
| Lincoln | 1,127 | 1,170 | 4% | 0.6% | 0.6% |
| Mazda | 3,484 | 4,155 | 19% | 1.9% | 2.0% |
| Mercedes | 1,810 | 2,097 | 16% | 1.0% | 1.0% |
| MINI | 600 | 700 | 17% | 0.3% | 0.3% |
| Mitsubishi | 638 | 1,096 | 72% | 0.3% | 0.5% |
| Nissan | 8,199 | 9,694 | 18% | 4.5% | 4.7% |
| Other | 522 | 313 | -40% | 0.3% | 0.2% |
| Porsche | 181 | 224 | 24% | 0.1% | 0.1% |
| Ram | 5,026 | 6,016 | 20% | 2.7% | 2.9% |
| Subaru | 6,085 | 7,975 | 31% | 3.3% | 3.9% |
| Tesla | 9 | 92 | | 0.0% | 0.0% |
| Toyota | 21,401 | 23,861 | 11% | 11.6% | 11.7% |
| Volkswagen | 5,313 | 4,956 | -7% | 2.9% | 2.4% |
| Volvo | 821 | 834 | 2% | 0.4% | 0.4% |

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

*Figures for December 2013 were estimated.

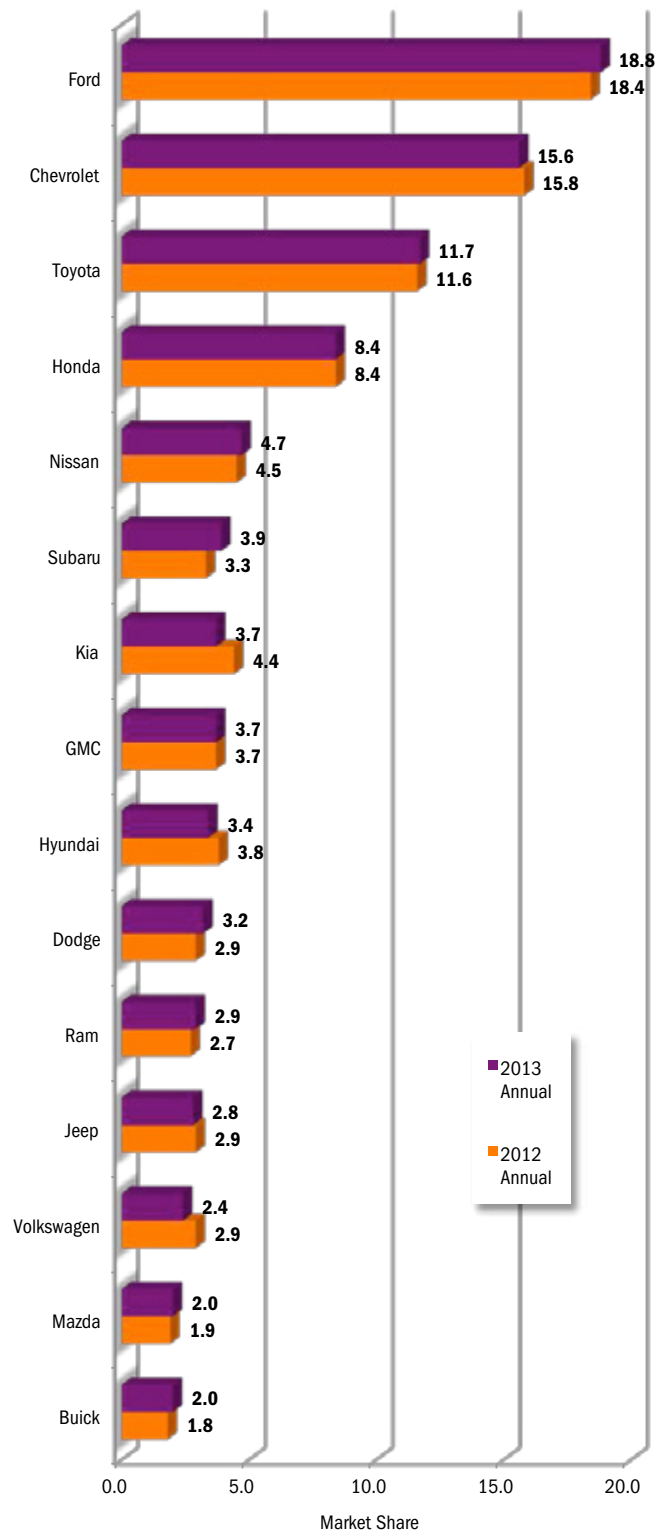
Source: Polk

This report is sponsored by the Minnesota Automobile Dealers Association and produced by Auto Outlook (800-206-0102).

Auto Outlook, Inc. is not responsible for management decisions based on the content of Minnesota Auto Outlook. Copyright Auto Outlook, January 2014.

Reproduction, including photocopying of this publication in whole or in part, is prohibited without the express permission of Auto Outlook, Inc. Any material quoted must be attributed to Minnesota Auto Outlook, published by Auto Outlook, Inc. on behalf of the Minnesota Automobile Dealers Association and must also include the statement: "Data Source: Polk."

State Market Share for Top 15 Selling Brands
2013* vs. 2012



*Figures for December 2013 were estimated.

Source: Polk.

Member News

Luther Fiat of Brookdale has moved to a new location at 1820 Quentin Avenue So, St. Louis Park and will be doing business as **Luther Fiat of Minneapolis**.

visit us online at
www.mada.org

Collision and Service Update

Your Auto Show Preview and Reception

Council members! Connect with your peers as you come to preview the biggest and best Auto Show in its 41-year history! Take the private tour or wander on your own, but don't miss out on the Council's annual auto show event.



Second Annual Private Auto Show Preview and Reception
Thursday, March 13th
3 pm – 5 pm
.....but stay 'til the close of the day's Show.

Want to find out how you can Improve Your Scorecard?

Come early to the Minneapolis Convention Center March 13 to learn from one of the best in the collision industry. Steve Trapp, national trainer and speaker, will provide you a better understanding of:

- The way scorecards are laid out, how they are scored and how to prepare to improve results;
- How to reduce repair cycle time through blueprinting, parts coordination, and flow management techniques;
- How to process claims to have optimal documentation, solid negotiated times and no work billed not performed; and
- How to optimize repair center profitability in light of the movement to scorecards.

Cost to attend this seminar is: Council members \$45; non-members \$95

To register for the seminar, go to www.mada.org/training or email denise@mada.org

Annual event is sponsored by



PRO PAINT, Inc.



Endorsed Service & Vendors

*Computerized Vehicle Registration
CVR*

*F&I Products
Protective*

*Dealership Marketing
Visible Customer*

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

*Workers Compensation
Ensure Agency
Midwest Family Mutual*

*Dealer Bond Program
Ensure Agency*

*Collections
Springer Collections*

*Check Guarantee/Credit Card Processing
FIS / Certegy*

*Disability Income Insurance & Section 125
Cafeteria Plans
American Fidelity Assurance*

*OSHA, EPA & DOT Compliance/Training
ComplyNet Corporation*

*Fleet Fueling Program
SuperAmerica*

*Office Supplies
S & T Office Products*

*Uniforms and Linen Services
AmeriPride Linen & Apparel
Services*

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

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



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 ▪ FEBRUARY 2014

FAQ

Q: Once in a blue moon we retail a used car with a salvage, flood or lemon brand on the certificate of title. We always tell the customer about the brand. But as far as documenting the disclosure, we rely on the customer seeing the brand on the certificate of title and signing as buyer. Is this good enough?

A: Minnesota Statutes require dealers to orally disclose a title brand in the course of the sales presentation. The statute is unclear about how the disclosure is to be documented.

MADA has heard of several situations where customers claimed never to have been told about the brand. Relying on the title to speak for itself isn't foolproof. In many situations, the title is not present when the vehicle is delivered.

MADA suggests documenting the fact of a title brand prominently on the face of the vehicle purchase agreement.