
DEALER TALK

Volume 1, Issue 1

February 1998

NEW TEMPORARY TAGS

Just a reminder that as of March 15, 1998, you must only use the new temporary tags. Law enforcement officials have received notice that the last day an "old" style temporary tag can be issued is March 15. Therefore any "old" style temporary tag on the road after April 15 is not legal. In order to prevent your customers from being stopped by law enforcement, it is imperative that you do not issue any old style temporary tags after March 15, 1998.

You may exchange your stock of old temporary tags in multiples of 10 for the new style tags. There is no charge for this exchange. You are encouraged to complete this exchange at any DMV Customer Service Center ("branch office") by March 15. Additional supplies of the new tags can be purchased for \$20.00 per package of ten, which is the current price for temporary tags.

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CHILD SAFETY SEAT PROGRAMS

At the January Board Meeting, two presentations were made concerning child safety seat programs available to dealerships. These two programs, which are outlined below, provide opportunities for you to sponsor programs to teach your customers and potential customers, the proper installation of car safety seats. These programs are a valuable asset to your community as they have provided an opportunity for individuals to have an expert examine how they have installed their child safety seat.

SAFE KIDS BUCKLE UP

The SAFE KIDS BUCKLE UP program is a partnership between GM and National SAFE KIDS designed to promote the correct installation and use of child safety seats. This program is open to **all** dealers (independent and franchise) who have at least one GM vehicle for sale on their lot. Through this program, an event would be set-up at your dealership where experts would be available to check for the correct installation of safety seats, provide information and make available free child safety seats to qualified individuals. The event would be preceded by a media campaign designed to entice individuals to attend the event. Grant money is available for dealerships who sponsor these events.

For more information contact:
Tanu Trehan, Coordinator
Child Transportation Safety Program
Virginia Department of Health
1500 East Main Street, Room 105
Richmond, Virginia 23218
Telephone: (804) 371-2434
FAX: (804) 786-6776

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- 1 CHILD SAFETY SEAT PROGRAM: Safe Kids Buckle Up and Adopt-A-Dealer
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- 4 ACTIONS
- 5 BUYERS GUIDE, REPOSSESSED VEHICLES AND OUR NEW LOOK

NEW TEMPORARY TAGS (Con't)

For more information, please call Scott Boyer at the Department of Motor Vehicles [(804) 367-8405].

Please note that the Temporary Tag expiration date must be written in large numbers and letters as shown in the example below:

CHILD SAFETY SEAT PROGRAMS (Con't)

ADOPT-A-DEALER

The Adopt-A-Dealer Program is a partnership between the national Automobile Dealers Association (NADA), the National Highway Traffic Safety Administration (NHTSA) and the Emergency Nurses Association (EMA). This program gives dealers an opportunity to market safety features of their products and to educate members of the community about automotive safety. Possible issues for an Adopt-A-Dealer Program include:

- Proper use of antilock brake systems.
- Appropriate use of seat belts.
- Compatibility and adequate fastening of child safety seats.
- Information on airbag issues.
- Information on "friendly interiors" of automobiles (those features designed to prevent passenger injury).

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DEALER TALK

A Bi-monthly newsletter of The Virginia Motor Vehicle Dealer Board

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NOTE: We make every effort to ensure information in the *Dealer Talk* is accurate, but it is not a substitute for legal advice.

Calendar of Events

Monday, March 16, 1998

Place: DMV Headquarters

Time: 9:00 a.m.

Transaction Recovery Fund Committee Meeting

Monday, March 16, 1998:

Place: DMV Headquarters

Time: 10:30 a.m.

Licensing Committee Meeting

Monday, March 16, 1998

Place: DMV Headquarters

Time: 1:30 p.m.

Dealer Practices Committee Meeting

Monday, March 16, 1998:

Place: DMV Headquarters

Time: 3:00 p.m.

Advertising Committee Meeting

Tuesday, March 17, 1998:

Place: DMV Headquarters

Time: 8:45 a.m.

Finance Committee Meeting

Tuesday, March 17, 1998:

Place: DMV Headquarters

Time: 8:45 a.m.

Finance Committee Meeting

Tuesday, March 17, 1998:

Place: DMV Headquarters

Time: 9:00 a.m.

Franchise Law Committee Meeting

Tuesday, March 17, 1998:

Place: DMV Headquarters

Time: 9:30 a.m.

Full Board Meeting

POWER OF ATTORNEY

In most instances, the "short" Power of Attorney Form available from DMV (VAD 70) will not serve your purposes since it does not include the proper odometer disclosure statement. When you do need "Power of Attorney" you should probably be using the VAD 70, which is available from the Dealer Associations. The VAD 70 is to be used when the title is lost or it is being held by a lienholder. Part "B" of the VAD 70 is to be completed only when Part "A" has been completed and you have sold the vehicle prior to receiving the title. Part "C" of the VAD 70 should always be completed.

ADVERTISING REGULATIONS

As you may know, Virginia regulations require that motor vehicle dealers must comply with the Federal Truth in Leasing and Truth in Lending Regulations. These regulations were modified as of January 1, 1998. Please use the following guidelines when composing your advertising:

TRUTH IN LEASING

The following information is offered to assist the dealer in complying with the Motor Vehicle Dealer Advertising Practices and Enforcement Regulations.

It is the dealer's responsibility to become familiar with all provisions of the Consumer Leasing Act (Regulation M) and to ensure dealership advertisements are in compliance with these Federal directives.

If one of the following "Trigger Terms" is stated in the ad:

1. amount of any payment
2. a statement of any capitalized cost reduction or other payment required including "0" down or any negative amount before or at consummation or by delivery if delivery takes place after consummation

Then the following required disclosures are needed:

1. the transaction advertised is a lease
2. the total amount due at the beginning of the lease
3. whether or not a security deposit is required
4. the number, amounts and due dates or periods of schedule payments under the lease of the lease.

ADVERTISING REGULATIONS

(Continued)

Truth in Leasing (Continued)

Lease. Total amount of (\$) any payment due at the beginning of the lease. (Number) of payments at (\$) per (Month, week, etc.) Whether or not a Security Deposit is required.

* All Disclosures must be **clear** and **conspicuous**

** The total amount due at the beginning of a lease must either (1) include taxes and state what the taxes are based on and that the taxes may vary by jurisdiction or (2) must exclude taxes and state that fact.

TRUTH IN LENDING

The following information is offered to assist the dealer in complying with the Motor Vehicle Dealer Advertising Practices and Enforcement Regulations.

It is the dealer's responsibility to become familiar with all provisions of the Federal Truth in Lending Act (Regulation Z) and to ensure dealership advertisements are in compliance with these Federal directives.

If one of the following "Trigger Terms" is stated in the ad:

1. amount or percentage of down payment ("0 Down" or "No Money Down" is **not** considered a trigger term)
2. amount of payment
3. number of payments
4. period of repayment
5. amount of finance charge (in dollars)

Then the following required disclosures are needed:

1. amount or percentage of down payment
2. terms of repayment (e.g. number amount and timing of payments)
3. APR

(amount or % down), (# of months) payments at (\$) per (month, week, etc.) at (%) APR.

*APR by itself is **not** considered a trigger term but is a requirement in the disclosure

All Disclosures must be **clear and **conspicuous**

For further information and/or questions: Contact the Federal Trade Commission, 6th & Pennsylvania Avenue, N.W., Washington, DC 20580, (202) 326-3212

ACTIONS:

- Informal conferences related to application for a salesperson's licenses were conducted at the request of three individuals after their license applications had been denied. One individual had made a material misstatement on his application and the other two had felony convictions within in the last five years. In all three cases, the denial was maintained.
- Formal hearings were conducted at the request of four unlicensed individuals ("curbstoners") who had previously been assessed civil penalties. It was determined that one of these curbstoners be assessed a civil penalty of \$700, another was assessed \$900 and two were assessed civil penalties in the amount of \$250.
- After conducting an informal conference on a dealer who was not maintaining an established place of business, the Board affirmed the determination of the hearing officer to revoke the dealer's license.
- The Board assessed a civil penalty on a dealership in the amount of \$4,000 for allowing an individual to sell vehicles without a license. The dealer operator was assessed a civil penalty in the amount of \$1,000 as was the unlicensed individual.
- The Board assessed a civil penalty on a dealership in the amount of \$2,000 for allowing an individual to sell vehicles without a license. The dealer operator was assessed a civil penalty in the amount of \$1,000. As the unlicensed individual in this situation sold the vehicles after July 1, 1997, his case was turned over to DMV for criminal investigation. (As of July 1, 1997, selling motor vehicles without a license became a criminal offense rather than a civil matter.)
- The Board assessed a civil penalty on another dealership in the amount of \$2,000 for allowing an individual to sell vehicles without a license. The dealer operator was assessed a civil penalty in the amount of \$1,000. The unlicensed individual was assessed a civil penalty of \$250.

ADOPT-A-DEALER

Kip Killmon of Kip Killmon's Tysons Ford is one dealer who has participated in this program. At the Board Meeting, Mr. Killmon made a presentation concerning his experience in sponsoring a child safety seat check program at his dealership. Over 200 vehicles went through the check, which was conducted by both Emergency Nurses and local police. On the Thursday that the program was conducted, the nurses and police officers discovered that less than 2% of the child safety seats checked were installed properly. Given the success of this daylong program, Mr. Killmon decided to sponsor another program.

Mr. Killmon views the Adopt-A-Dealer Program as a means for his dealership and the automobile dealer industry to encourage safe communities. Mr. Killmon states that "Through the 'Adopt-A-Dealer' Program, the auto dealership becomes the access point for auto safety information, with life-saving implications." Mr. Killmon notes that "ENA nurses will train dealer professionals about vital safety measures regarding seat belts, airbags, infant safety seats and other issues. Dealer staff members can then provide this information to new car buyers at the point of sale – a time when customers are receptive to learning."

For more information about the Adopt-A-Dealer Program, please contact:

EN Care
205 S. Whiting Street, Suite 403
Alexandria, Virginia 22304
Telephone: (703) 370-4050
FAX: (703) 370-4005
E-mail: encare@aol.com

OR

Kip Killmon
Kip Killmon's Tyson's Ford
8201 Leesburg Pike
Vienna, Virginia 22182
Telephone: (703) 448-0100
FAX: (703) 448-0512

BUYERS GUIDE

We have received word from the Virginia Office of Consumer Affairs that they are seeing an increase in improperly completed Federal Buyers Guides.

- Some dealers are using shorthand phrases on the Buyers Guide such as “drive train” or “power train” to describe systems covered by warranty. Federal guidelines prohibit the use of such shorthand language. The back of the Buyers Guide lists the language you must use when listing what is covered by warranty.
- Frequently, dealers are failing to check the boxes next to the warranty heading when providing an expressed warranty.
- When you indicate that the vehicle has a warranty, you must further indicate if it is a “full” warranty or a “limited” warranty by checking the appropriate box on the Buyers Guide.
- Lastly, sales staff are not consistently requiring that the purchaser sign and date the Buyers Guide. Under Virginia law, if a vehicle is sold “as is”, the required Federal Buyers Guide must be completed and signed by the buyer and incorporated as part of the buyer’s order. Federal law requires that the consumer signs and dates the Buyer’s guide for both “As Is – NO WARRANTY” and “WARRANTY” purchases.

As a reminder, a violation of any Federal Used Car Rule can result in a \$10,000 fine for each separate violation. Please advise your staff of the importance of following these Federal rules.

REPOSSESSED VEHICLES

If you repossess a vehicle, which you have financed, there are a few things you should do before you place that vehicle on your lot. First, you must obtain a “repossessed title”. Once that is done, you should list the vehicle in your inventory, conduct a safety inspection and post the Buyers Guide window sticker. Once these steps are concluded, the vehicle is ready to be displayed “for sale”.

NEW LOOK!!

At its July 1996 Board Meeting, the Board decided that all dealers should receive a communication from the Board on a regular basis.

Since that time, the Board’s staff have prepared a mailing to all dealers sometime after a Board Meeting. The purpose of these mailings is to let the dealer community know what actions the Board has taken and to provide you with news and information concerning your business.

This issue marks a “new look” for communication between the Board and the dealer community. It is the goal of the staff to provide information you can use in an easy to read format. I encourage your feedback as to the content and look of this newsletter. We also encourage you to contact us if you have suggestions for future articles.

ATTENTION ALL DEALERS:

Inside this issue, please read about the following:

1. **NEW TEMPORARY TAGS**
2. **CHILD SAFETY SEAT PROGRAMS**
3. **POWER OF ATTORNEY**
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5. **ACTIONS!**
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7. **BUYERS GUIDE**
8. **REPOSSESSED VEHICLES**
9. **NEW LOOK!**

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