

# NEWS BULLETIN

## Maine Automobile Dealers Association

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### CASH FOR CLUNKERS PROGRAM

The much heralded "Cash for Clunkers" program was passed by Congress and signed by the President last week. While much media attention has been given to a proposed effective date of July 1, the law requires the National Highway Traffic Safety Administration of the U.S. Department of Transportation to promulgate rules which govern the proper implementation of the program. These rules will not be ready until approximately July 23, 2009. When the rules are promulgated, the program can go into effect.

We caution dealers **NOT** to conduct any transaction involving "Cash for Clunkers" until the rules are finalized and are available to you.

The reason we make the above statement is because the rules will determine the procedures necessary to make sure that the transaction meets the requirements of the law. Should a dealership conduct a transaction prior to the final rules being published and available, it is possible that the transaction would not meet all of the requirements, and therefore the dealership could find itself not being reimbursed for the \$3500 or \$4500 cash under this program. Dealers should exercise caution in working with this program.

Manufacturer programs designed to push this program may be premature if they encourage transactions prior to the publication of the program rules.

The only official federal government information that is available about this program can be found at [www.cars.gov](http://www.cars.gov). Do not depend on any other source for electronic, verbal or written communications on this subject at this time. NADA and MADA will be disbursing information to the membership as soon as the rules become available and much more is known about how a dealer correctly and completely fulfills its obligations in order to receive the cash reimbursement under this program. Please see accompanying NADA notice.

### MAINE TO TAX CASH FOR CLUNKERS DOLLARS

Maine Revenue Services has notified MADA that the \$3500 or \$4500 payment under the "Cash for Clunkers" program is subject to Maine's 5% sales tax.

### **SBA FLOORPLAN PROGRAM**

The Small Business Administration has been authorized to provide loan guarantees backing up a financial institution's floorplan arrangement with dealers. This program has a maximum of a \$2,000,000 floorplan line, and thus some dealers would not find this program sufficient to address their needs. However, for other dealers this program may be a means to address some of the floorplanning issues that are currently facing dealerships. Dealers who might want to avail themselves of this program should contact a local financial institution to determine their interest in participating in the SBA program.

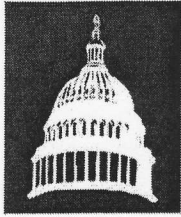
This program is now available to dealers and financial institutions. The SBA is currently working on an educational program for their local offices and local financial institutions. This educational program is meant to address not only the paperwork necessary to obtain the loan guarantees, but also local financial institution questions concerning things like how to effectively manage a floorplan arrangement with a dealership. To obtain additional information, a dealer can visit [www.NADA.org/sbaloan](http://www.NADA.org/sbaloan). Please feel free to contact your MADA office should you have any questions or concerns with this program.

### **SAMOSSET HOSTS MADA'S 65<sup>TH</sup> ANNUAL MEETING**

Over the weekend of June 26-28, The Samoset Resort in Rockland played host to MADA members and guests for the 65<sup>th</sup> annual meeting and convention of your association. Nearly 150 Maine dealers, managers, family members and associated industry representatives utilized the oceanside setting of the Samoset Resort for education, socialization and recreation over the foggy and misty weekend. Issues such as the Chrysler and General Motors bankruptcy proceedings, Congressional activity on a variety of dealer related subjects, the 2009 session of the Maine Legislature, floorplanning issues, and upcoming referendum questions on motor vehicle excise taxes, tax reform, and same sex marriage were reviewed as to their impact on Maine dealers and the operation of your association programs. An outline of the subjects discussed at the annual meeting is available to any member by contacting your association office.

### **SUNDAY SALES ACTIVITY PROHIBITED**

Under Maine law, dealerships cannot be open on Sunday. This means that dealership personnel cannot talk with customers, the showroom cannot be open, and any distribution of brochures or exchange of information about vehicles is prohibited. These prohibitions also apply to employees of New Hampshire dealerships, who cannot have personal contact within the borders of the State of Maine on Sunday.



# National Automobile Dealers Association



June 30, 2009

## DEALERS STRONGLY URGED TO WAIT UNTIL 'CLUNKERS' RULES ARE FINALIZED BEFORE PARTICIPATING

**NADA strongly cautions dealers from attempting any 'cash for clunkers' transactions until the U.S. Department of Transportation (DOT) finalizes the program rules which are expected around July 24.**

Dealers not in compliance with the program may be held liable for any penalties and may have to fund the government's incentive out of their own pocket if the sale does not meet the program's requirements.

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From the U.S. Department of Transportation:

*"If dealer choose to structure a transaction before the final rule is issued, they will bear the risks associated with later demonstrating that the transaction meets all of the specifications of the final rule. (SOURCE: U.S. DOT, <http://www.cars.gov/files/day-one.pdf>)*

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To aid dealers in understanding and complying with the program, NADA is hosting a webinar on July 7 to explain some of the initial registration procedures. More information can be found at [www.nada.org/seminars](http://www.nada.org/seminars).

For additional details on the program, please see [www.nada.org/cashforclunkers](http://www.nada.org/cashforclunkers) or visit the DOT's website at: [www.CARS.gov](http://www.CARS.gov). Additional questions can be directed to the department's cash for clunkers hotline at 1-866-227-7891.