

NEWS BULLETIN

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CASH FOR CLUNKERS UPDATE

A few weeks ago MADA mailed the membership initial information concerning the Consumer Assistance to Recycle and Save Act (CARS), also known as the "Cash for Clunkers" program. While the regulations are not yet finalized, and will not be until the end of this week, some details have begun to emerge.

MADA participated in the NHTSA webinar earlier this month, a part of which was a presentation by officials from the National Highway Traffic Safety Administration (NHTSA). NHTSA is the agency which will produce the rules and administer and enforce the program. It should be noted that the NHTSA officials in charge of this program are with the Enforcement Division of that federal agency. The webinar presentation emphasized the penalties associated with violations of program rules: \$15,000 per transaction will apply to non-compliance by customers, dealerships and recyclers. NHTSA also said that it will be aggressive in preventing fraud, and will audit transactions.

MADA, as stated in our first bulletin, encourages dealerships to refrain from implementing the program before the final rules are issued.

Last Friday, July 17, NHTSA mailed registration materials to all dealerships, with separate letters for each franchise. This mailing incorporates some information which the manufacturers provided on each franchisee. Dealerships will be assigned an individual identifier for each franchise, which identifier will be shown in the letter that you will get from NHTSA, but the dealership will have to electronically complete the registration by providing additional data. It is MADA's understanding that NHTSA will take a few days to finalize and confirm the information provided by dealerships, and at that point dealerships can begin to submit transactional information. If a dealership has not received its letter by Wednesday or at the latest Thursday, the dealership might want to call NHTSA at 1-888-327-4236.

The only official website for rules and program information is www.cars.gov. The website from which miles per gallons ratings can be obtained is www.fueleconomy.gov.

Some of the information which dealerships will have to accumulate, and which will have to be submitted electronically to NHTSA in order to obtain reimbursement for the \$3500 or \$4500 federal assistance, is summarized below. The customer will have to provide the most recent 12 months of vehicle registration forms, and the corresponding insurance coverage information.

In addition, we understand from the webinar that the title to the vehicle being traded in will also have to be submitted. NHTSA is developing a "Bill of Sale" which the customer and the dealership will have to sign as acknowledgement of their understanding of the rules governing the program and the fact that the vehicle traded in will be sent to an approved recycling facility. The NHTSA-provided deal sheet will also have to include any manufacturer or dealer rebate amounts as well as the projected salvage value of the traded in vehicle. This may not be the final paperwork submission required, as the rules have not yet been available.

Customers who need copies of a previous registration, or dealers on their behalf, can call the Bureau of Motor Vehicles at 624-9000 ext. 52149. There is a \$5 fee, plus \$2 if the response is requested via fax. A response should take 2-3 days, depending on volume of requests.

A vehicle traded in will have to be disabled by the dealership in a manner to be prescribed by NHTSA. While the trade in vehicle must be in drivable condition when it is brought to the dealership, the dealership will be required to render that vehicle inoperable before shipping it off to the recycler. There will be a NHTSA form required to be completed by the dealership and the recycling facility when the traded in vehicles are transferred to that recycling facility. This form must also be submitted by the dealership in order to obtain the federal assistance money. MADA has met with some of the licensed recyclers in Maine who are members of the Maine Auto Recyclers Association. These individuals were interested in hearing about the dealers' obligations in this program, and openly discussed whether they would have interest in being the recipient of these traded in vehicles. NHTSA will be providing a list of authorized recycling facilities from which dealerships **must** choose in order to properly dispose of the traded in vehicle. Maine's Bureau of Motor Vehicles has provided a list of the licensed facilities to NHTSA, but it is unknown if all those licensed facilities will be NHTSA authorized. Information about how to access that list will be included with the final rules.

As of this writing, there may be more questions than answers as to how this program will ultimately operate. It is vital that dealerships pay attention to the cars.gov website as well as the letter coming from NHTSA containing the dealership registration information. It is important for dealers to understand that NHTSA says that it is likely to be 10 days or so before funds are electronically sent to the dealership's financial institution in reimbursement for the traded in vehicles which meet the criteria of this program.

MADA will be participating in another educational webinar on this program on Monday, July 27. MADA will hold regional meetings for MADA members in Presque Isle and Bangor on Wednesday, July 29 and in Augusta and Portland on July 30. Registration for these workshops is enclosed. These meetings will address "Cash for Clunkers" as well as other Legislative and Regulatory issues.