

NEWS BULLETIN

Maine Automobile Dealers Association

180 Civic Center Drive
DIAL 623-3882

P. O. Box 2667

e-mail:info@maineautodealers.com

Augusta, Maine 04338-2667

FAX 623-2318

DISTRIBUTION

- General Manager
- Office Manager
- Parts Manager
- Sales Manager
- Service Manager

2011-3

GOVERNOR LEPAGE TO ADDRESS MADA CONVENTION

MADA is pleased to announce that Governor Paul R. LePage has committed to attend your Association's 67th annual meeting and convention. Governor LePage will attend on Friday, June 24. MADA and the Governor's office continue to work on the details of his visit with us. In addition to presenting his perspective on Maine, Governor LePage will assist MADA in honoring those dealership families who have reached 100 years of continuous franchised operation and service to their customers, their communities and the State of Maine.

2011 MADA ANNUAL MEETING AND CONVENTION

Your association's 2011 annual meeting and convention will be held the weekend of June 24 to June 26 at the Harborside Hotel and Marina in Bar Harbor, Maine. Your Board of Directors has been working on this 2011 annual meeting for some time, and elements of the program and related events will be mailed shortly along with registration material. If anyone has suggestions or requests concerning the annual meeting, whether it be a specific business topic or a recreational event, please feel free to contact your Association office. Previous MADA annual meetings and conventions at the Harborside have proven extremely well attended, and we fully anticipate another large crowd, so make your plans today to be in Bar Harbor the weekend of June 24-26. Future bulletins and mailings will provide details as to confirmations of invited speakers, scheduling of business and social events, and opportunities for recreation in the Bar Harbor region.

TIME and GOODYEAR HONOR AUBURN DEALER

John Isaacson, CEO of Lee Auto Malls, was selected as one of 52 dealers to receive a TIME Magazine Quality Dealer Award. The awards were presented during the opening session of the 2011 NADA Convention. The TMQDA recognizes successful dealership operations as well as long-standing commitment to effective community service. In addition to his duties with the Lee dealerships, John has served as a board member and chairperson of the St. Mary's Health System in Lewiston; Covenant Health Systems - a New England health care organization consisting of hospitals, nursing homes, assisted living centers and elder care services; the USM-based Institute for Family-Owned Business; and the Alonzo Garcelon Society - an organization which furthers closer relationships between Bates College and the City of Lewiston. John also serves as a Board member of your MADA Insurance Trust.

CONSUMER CREDIT AUDITS

The Maine Bureau of Consumer Credit Protection is charged with enforcing not only Maine's Consumer Credit Code but also various Federal Trade Commission laws and rules with respect to Truth-In-Lending and Truth-In-Leasing. As dealers are well aware, the Bureau of Consumer Credit Protection periodically audits dealers for compliance with State and Federal laws and rules. In general, dealers are advised, in advance, of the fact that the Bureau will conduct an audit, and this notice is generally inclusive of a document request. Due to recent changes in federal rules, additional dealership obligations are now included in Consumer Credit audits. Enclosed with this bulletin is a copy of a recent letter which outlines the current review items. A dealership might utilize the enclosed notice to become better acquainted with the Bureau's work during audit. Should any dealer have questions or concerns about these audits, please feel free to contact your Association office.

RETENTION OF INSURANCE POLICIES

The recent experience of a Maine dealership would indicate that dealerships would be well advised to retain, forever, any insurance policies which they have purchased. In the instance at hand, a Maine dealer is confronted with a workers compensation claim which may involve a former employee whose medical issue may have been affected by dealership employment in the 1970's. Under Maine law, the business has the unfortunate requirement to prove the negative. In other words, the dealership must determine whether or not this individual actually worked at the dealership during the timeframe of the complaint, what type of work that individual performed, whether that work created exposure to the type of illness affecting this individual, and lastly, what insurance carrier was being utilized for this potential liability at the time. This has proven to be a significant chore, exasperated by the inability to find the dealership's insurance policy at that time, or even to determine which insurer was on the risk and whether that insurer could produce a copy of the insurance contract for that period. The obvious answer, with 20/20 hindsight, is that insurance policies should forever be retained by a business.

HAZMAT REQUIREMENTS FOR AIRBAGS

Due to recent airbag recalls, dealers are reminded of Hazmat requirements as airbags contain hazardous materials. Federal law requires dealership parts department employees, service employees, and body shop employees who manage hazardous waste to receive training at least every three years. Hazmat employees are individuals who load, unload, handle, prepare for, or transport hazardous materials.

Dealerships are required to provide Department of Transportation (DOT) hazardous materials training for any employee involved with the activity of shipping airbags (or other DOT Hazardous materials such as batteries, lubricants, cleaners, additives, paint, etc). Shipping hazardous materials by air is inherently much more dangerous than ground transportation and involves more training, preparation and precautions. Domestic shipments of hazardous materials require training that has an air shipment section that is DOT compliant as well as satisfying carrier specific requirements. For international shipments air carriers are only able to accept hazardous materials packaged in conformance with the International Air Transport Association's Dangerous Goods Regulations (IATA DGR). MADA will address this issue at Safety Director meetings being held April 26 and 27.

March 3, 2011

Re: Notice of Routine Compliance Examination on Friday April 8, 2011

Dear Mr.

The Maine Bureau of Consumer Credit Protection is the regulatory agency that enforces the Maine Consumer Credit Code. Maine law requires periodic examination of the documents and procedures relating to any loans, credit sales or leases made to Maine consumers for compliance with the Consumer Credit Code, the Fair Debt Collection Practices Act and the Consumer Loan and Lease Agreements ("Plain Language") Act.

The Bureau's authority to conduct examinations of credit practices is found in Title 9-A Maine Revised Statutes Annotated, § 6-106 that allows this agency "free and reasonable access to the offices, places of business, and records" of creditors and in Title 10 M. R. S. A., Section 1328(2)(A) and (B).

This letter is to notify you of our intentions to conduct a routine compliance examination of your company. Please expect Principal Examiner _____ on Friday April 8, 2011 to conduct the examination.

The Bureau will review your credit procedures for compliance with The Maine Consumer Credit Code, as well as the Maine Fair Credit Reporting Act. By law, your business will be billed for the time and expenses incurred in conducting the examination. You can minimize this cost by having the following materials, as applicable, available for the examiner:

Please have ready for the examiner records of all transactions for consumer credit sales or leases for the twenty-four months prior to the date of this letter. These would be for transactions that list your dealership as the first lien holder. These records would include any buy here/pay here contracts that your company provides the financing for. The examiner will choose twenty-five recent (within the past twenty-four months) buy here pay here transactions. Please provide the following information as it applies to buy-here-pay here financing:

- 1) Payment histories for five buy here pay here accounts (if any) that have activity within the past twelve months.
- 2) Records of all collection/repossession files, if any for the past twelve months – the examiner will review a sampling of the accounts. This section applies only to recourse transactions or buy here pay here transactions.
- 3) Any credit denials relating to buy here - pay here internal financing requests in which your dealership has declined to provide credit financing.



Additionally, the examiner will be reviewing consumer credit transactions that are assigned to sales finance companies, banks or other persons. Please provide the following list of documents from

- 1) Two recent transactions from **each** of the companies you assign credit to.
- 2) Two leases from **each** of the companies you assign lease transactions to.
- 3) Records of all prepaid transactions including rebates of credit insurance that your dealership has processed for the past twelve months.
- 4) Copies of five recent purchase/buyers orders of which were cash transactions.
- 5) If your dealership obtains consumer credit reports and you have denied credit, please provide copies of five credit denied transactions.

Please provide the additional requested miscellaneous information:

- 1) A copy of your policy on allowing vehicles to leave your dealership without prior approval from an outside financing source.
- 2) A copy of your Red Flag review policy.
- 3) A complete set of blank documents used by your dealership for credit transactions including a copy of your "privacy notice" required under State and Federal "Gramm-Leach-Bliley" laws.
- 4) A list of assignees to which your company assigns credit.
- 5) List of repossession companies your dealership utilizes.
- 6) Copies of your most recent 5 print advertisements
- 7) Transcripts/copies of your most recent radio/television commercials.

As it is not possible to anticipate all information the examiner may need in advance, additional information may be requested after the exam commences. The examiner may also need someone to help explain records and/or answer questions. Please provide the examiner with a place to work with access to the internet.

Please call (207) 624-8527 or email me with any questions

Sincerely,

Principal Examiner