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Manheim Unveils Two Auction Enhancements

MORE BUYING OPPORTUNITIES, IMPROVED DELIVERY TIMES

Life may not always provide second chances – but Manheim now does. The company recently announced the nationwide rollout of 2nd Chance Sale, a new app that allows customers to easily access and make offers on unsold vehicles after they cross the auction block. This new functionality is part of Manheim’s multi-year initiative to improve business processes and provide customers with a more consistent auction experience.

“Our goal is to invest in areas within our auctions that make it easier for our customers to conduct business,” said Janet Barnard, president of Manheim North America. “With the 2nd Chance Sale app, we are delivering on our commitment to use technology to redesign and improve processes that offer customers faster, smarter ways to grow their business.”

At the conclusion of an auction, unsold vehicles are immediately listed on the 2nd Chance Sale app found within Manheim’s mobile application and on the web at http://2ndchance.manheim.com. Customers can then view and sort vehicles by numerous criteria – including year, make, model, condition reports and auction lane – and make offers to purchase those vehicles directly through the app. This not only offers customers a second chance to quickly fulfill their inventory needs, but also enables sellers to immediately market their unsold vehicles to buyers on auction day instead of waiting for them to run again another week or be listed on OVE.com.

Helping Customers “Take the Easy Way Out”

In addition to more buying opportunities, Manheim also is improving vehicle delivery time for buyers at the auction. With its recent introduction of a new gate pass process, Manheim is able to deliver gate passes to customers using Manheim.com, making the pickup of vehicles faster and more efficient.

Through the “My Purchases” tab on Manheim.com, customers can now download, view, print and even email a gate pass directly to transport carriers, saving them time previously spent waiting in line at the auction to collect their passes. With this new feature, Manheim continues to offer customers more opportunities for self-service and anytime access to their accounts.

“New services such as our 2nd Chance Sale app and gate pass process not only provide an easier, more consistent customer experience, but also enables our employees to deliver the type of service our customers have come to expect,” said Barnard.

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SALES MATTERS

KEEPING IT REAL

DON’T LET FAKE PAY STUBS SIDETrack YOUR DEALS – FAST-TRACK THE SALES PROCESS WITH INSTANT VERIFICATION

By Angelica Jeffreys

Ever have that strange feeling that something seems wrong when you’re looking at a prospective buyer’s pay stub? Perhaps the numbers are slightly off with the tax calculation or the pay dates. Every dealer, especially Buy Here-Pay Here dealers, can relate to that. Despite those nagging suspicions, it’s nearly impossible to confirm at a glance whether a pay stub is legitimate. Fake pay stubs look quite convincing – and they’re getting harder and harder to detect, which is a big problem for dealers.

Fake pay stubs are so sophisticated these days, there’s an entire submarket dedicated to it. Google the phrase “fake pay stub” and more than 20,000 results appear, with companies boldly advertising their ability to deliver professional-grade pay stubs.

Applicants who provide falsified employment and income information can set off a domino effect of increased risk, delays and costs at practically every step of the sales process.

So instead of simply eyeballing a pay stub or taking the time to manually verify the applicant’s employment status, consider a little-known secret weapon within the auto market: instant verifications.

Having access to verified employment and income data can streamline your sales process to help you work smarter and faster as well as build a more profitable, loyal customer base.

Here’s a quick overview of how instant verifications work and how they can shift your sales and financing into a higher gear.

**The Data is Waiting for You**

Databases have long existed to help aggregate, track and monitor data on practically every activity in the business world. Over the past decade, employer-provided payroll data has also become available through a searchable database. Participating employers electronically report their payroll information each pay period to a designated data provider, which then collects and standardizes the data.

With consumer consent and approved access through a designated data provider, you can instantly search that employment and income data while your customer sits across the desk from you. In most cases, the data is current up to the most recent pay period.

To get the data, a dealer must apply/submit a contract to access the database in order to purchase verification of employment and income through a designated data provider. Look for a provider with a large database of employers so the employment records you’re looking for can be verified on the spot.

If that sounds simple, that’s because it is.

Now, does every single employer in the country report its payroll data? No. But thousands and thousands of them do, ranging in size from small, private businesses to Fortune 500 firms.

What about the quality of the data? Is it reliable?

The data is direct from the employer and is verified. Along with confirming where potential customers work, with the consent of your prospective buyers the tools can provide details that show exactly how much each individual makes each pay period, how long he or she has been on the job, and more.

That additional insight can prove invaluable in assessing the needs of prospective buyers. A complete understanding of their financial standing can help you guide them toward a vehicle they can afford and a payment plan they’re more likely to stay current on.

There’s no way to completely eliminate lending risks during the underwriting process, of course. But more employers are reporting their information every year, so the odds are increasingly in your favor that a customer’s employment and incoming information is just a few clicks away.

In terms of helping you better manage your process across the broader volume of loans you facilitate every day, few tools can deliver a return on investment as impressive as instant income and employment verification.

**Educate Your Buyers**

Pulling traditional credit reports gives you the basic information you need to understand your customers’ financial situation. The addition of instant income and employment verifications provides an extra level of insight that allows you to start meaningful conversations about how much they can realistically afford to pay every month.

Running the verifications doesn’t take much additional time – it’s as simple as checking an extra box when filling out a credit report request form.

The results give you immediate, verified insight into customers’ employment and income status that is completely independent of any customer-provided documentation.

From the start, you get a better understanding of your customers’ needs and financial situation so you can work with them and help identify an appropriately priced vehicle that fits into their budget.

That higher level of understanding can help you put together strong deals in a short amount of time, while also creating a more customer-centric sales process.

Using those verifications is also a win for your customers, especially those with subprime credit scores who wouldn’t get a second look from other dealerships.

Putting customers with low credit ratings into the right cars – with payments they can afford – gives them a better chance to get back on their feet and improve their financial standing.

**Remove Obstacles Caused By Fake Paystubs**

When a customer walks onto your lot, ideally you’ll be able to quickly understand the customer’s financial situation and start distinguishing the vehicle the customer wants and can afford based on your lending criteria.

Unfortunately, that process traditionally takes a large amount of time. Detective work, such as calling companies to verify where your customer currently works and earns a certain amount of income, can take anywhere from 30 minutes to a few hours depending on how responsive the employer is to your request.

Those investigations typically start when you pull a credit report and the customer provides proof of identification, which would traditionally include a pay stub reflecting current income and employment status.

At that point, there are two risks you face with that pay stub.

The first is that the customer might not have a pay stub at all, forcing you to ask him or her to go home and return with one. There is no guarantee the customer will return after you make that request, which means you not only would have lost a

CONTINUED ON PAGE 8
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A Cox Automotive Company
sale, but also wasted valuable time that could have been spent with another prospective buyer.

Instant income and employment verifications are an easy solution to that problem because the data you pull can serve as a replacement for a missing pay stub.

The second risk you face is that the customer could provide a falsified pay stub. That situation is far worse, especially if you move ahead with the sale thinking the information is legitimate.

If you identify the scam later in the process — after you’ve already matched the buyer with what you thought was the right car and loan — you have to start the whole sales and financing process from scratch, potentially with an entirely different vehicle.

If you miss the fake stub entirely, you’ve just sent an individual home in a car that individual very well might not be able to afford, and you’ve also done business with an individual who has knowingly fabricated documents. That will likely end up costing big bucks down the road, especially if you have to locate and repossess the vehicle after the customer stops making payments — and that’s if you can recover the vehicle at all.

Now, let’s reset back to the beginning of the sale. This time you opt to verify the customer’s income and employment when you pull the customer’s credit report. Without having to rely on any customer-provided documentation or hoping the customer returns with a pay stub, you can speed past the “is it real or not?” drama and get the verified employment and income data you need in seconds.

You now have the information and confidence to make a loan offer in minutes instead of hours, days or not at all.

A Buying Experience That Builds Loyalty

With instant verification at your fingertips, you can accomplish several things.

First, you can create a customer-first sales process that starts with a better understanding of your buyers’ needs. Second, you can proactively steer customers toward vehicles that fit their financial situation. Third, instant verifications can help speed up the sales and financing process by avoiding fake pay stub pitfalls.

And finally, you’ve set your customer up for success in the long run by providing an avenue for the customer to build up his or her credit standing.

From a consumer’s perspective, you’re now a rock star.

You’ve transformed what is often perceived as a negative, back-and-forth process into a seamless sales experience focused on both the customer’s immediate needs and long-term needs. You’ve also started a positive relationship that can generate increased customer loyalty and repeat business.

Consider how your reputation in your community would benefit from personal referrals and word-of-mouth about your ability to truly improve what is often a stressful experience for credit-challenged customers.

From start to finish, instant income and employment verifications can inject more reliable information and efficiency into the sales process where it matters most. That vital data means you have the facts about your customer’s income status and employment history up front, empowering you to close deals faster and get the customer into the right vehicle, with reduced risk and with less stress.

And, while instant employment verification won’t solve every financing challenge, it’s an easy update to your current process that can complement credit reports and other traditional tools.

You’re only a few clicks away from making confident decisions on a daily basis and building a better customer experience that builds trust, loyalty and repeat business.
4 REASONS WHY VIDEO IS YOUR FIERCEST WEAPON

BY LAURA MADISON

Today, we can find social media participation in nearly every corner of the automotive industry. Dealerships are active on Facebook, automakers are sharing images on Instagram, even salespeople have joined the movement, tweeting and posting trying to win more business.

It seems clear social is not optional. However, even with all this progression in the social realm, the automotive industry is still missing one key component in social presence: video. Video has the most incredible opportunity for visibility, creating connection and building trust, but it remains the least utilized medium by our industry.

Think about yourself for a moment. How many videos have you watched this week alone? Chances are, at least a couple. Have you seen the video of the NASCAR driver dressing in disguise and scaring the used car salesman on a test drive? Video is a powerful medium that people simply enjoy engaging with and sharing.

For these reasons, video has the potential to become your fiercest marketing weapon, creating visibility and leads for your dealership. To be successful on social you must work video into your master (marketing) plan.

So why is video your fiercest weapon?

Our customers prefer it.

It’s exciting! It’s visually stimulating and interesting. Video is engaging and easy to tune in to. Our brain also processes video far better than audio alone or simple text. People remember 50 percent of what they watch, compared to only 10 percent of what they read.

Video gives you the opportunity to communicate your message clearly.

The visual element of video allows you to communicate non-verbally with things like facial expressions and tone. It was Tom Hopkins who said, “selling is the transfer of enthusiasm supported by conviction.”

Video is the perfect medium to transfer enthusiasm with so many verbal and non-verbal elements at work: tone, body language, facial expression and volume. Combine this clear and effective communication with how much people like to consume video, and you have pure marketing gold.

The Internet’s heavy players recognize the importance of video and favor it as a type of content. YouTube has Google behind it, making it an extremely strong tool for organic search engine optimization. This will aid in appearing towards the top of any relevant automotive keyword search in your area. Another heavy player in the social world, Facebook, favors video over other types of posts, meaning a video uploaded straight into Facebook will be more visible to your audience than a simple text or picture post. More visibility allows you to make more impressions and connections on this social giant.

Video is doable.

It’s more do-able than you think. We don’t need fancy or expensive production with commercial quality. We need to create genuine connection and that can absolutely be accomplished quite simply using the camera on your smartphone.

There’s a simple app called YouTube Capture that allows you to film video, move clips around, edit, and upload it straight to YouTube with a title, keywords and a description. If you can use email, you’ll be able to use this free app to create simple videos. Apps like this and simple tools like a smartphone make video absolutely do-able.

You can use simple video to connect, differentiate your dealership, build relationships with clients and win more business. Video is your fiercest weapon. Now get started.

LAURA MADISON A FORMER TOP CAR SALESPERSON, "LAURA TOYOTA," BEST KNOWN FOR HER USE OF SOCIAL MEDIA AND PERSONAL BRANDING. LAURA IS NOW THE NATIONAL DIRECTOR OF SALES FOR ALAN RAM’S PROACTIVE TRAINING SOLUTIONS AND IS DEVELOPING A “SOCIAL SELLING” COURSE WITH ALAN RAM. THIS ARTICLE ORIGINALLY APPEARED ON NCM’S UP TO SPEED BLOG (HTTP://BLOG.NCMINSTITUTE.COM) AND IS REPRINTED WITH PERMISSION.
One of the biggest prospecting issues is that when people have time to prospect, they either don’t do enough or they hit their daily goal and stop. The people who always have plenty of prospects make two to three times the amount of daily prospecting calls when they have the time.

You have to be prospecting every day. Even on your busiest day, you’ve got to make some prospecting calls. No matter what you have going on personally or professionally, there are always 10 to 20 minutes in the day, probably more, to make some calls. Over a year, even a few calls a day really adds up. Prospecting every day also ensures you stay sharp and get in the habit of doing it.

Note: Assuming it only takes about two minutes to make a call, or five minutes if you actually contact someone, you can make anywhere from two to 10 calls in 10 to 20 minutes. Shoot for a minimum of at least five calls even on the busiest days. If you fall short, and do three or four, that’s still 720 to 960 calls a year over a 48 week working year.

If you don’t think you have any time, track your time and where each minute goes during the day. If you do this, you will literally find hours in your day. In any case, you can always find 15 to 30 minutes somewhere.

Take advantage of the slow times. When times are slow in terms of sales and other activities, you have to take advantage of these times by making a significant number of prospecting calls. For example, if your goal is 20 calls a day, shoot for 40 or more calls a day when times are slow. This is when you will get the majority of your prospects and also when you will make up for the crazy-busy days in which you had little time to prospect.

One of the biggest prospecting issues is when people have time to prospect, they either don’t do enough or they hit their daily goal and stop. The people who always have plenty of prospects make two to three times the amount of daily prospecting calls when they have the time.

Make prospecting a priority. When your primary job is to produce revenue (sell), you have three priorities; prospecting, presenting and closing. Those three activities simply have to come before the other things you’re doing during the day.

Many times, when there is plenty of time to prospect, salespeople find ways to “kill” time. Most salespeople get really creative when it comes to avoiding the hard work of prospecting. Cleaning the desk, looking up information on a prospect or customer (for more than a few minutes), reading articles during prime calling hours, going to doctor or dentist appointments during prime calling hours, answering an email that isn’t important but is quick, making a phone call that isn’t important but is quick, are all examples of items less important than prospecting.

Make sure that during prime calling time you are focused on closing sales, appointments and prospecting.

Get better at sales and prospecting. When is the last time you read a book on sales or prospecting? When is the last time you changed or refined any part of your sales or prospecting process?

It’s critical you continue to get better in these areas. The better you are at prospecting and selling, the fewer calls you have to make and the fewer people you need to talk to.

Practice, drill and rehearse your prospecting calls. You have to be practicing your lines with other salespeople and/or friends and family. This goes for prospecting as well as other sales situations, such as presentations, objections and questions you ask prospects.

Work more hours when there is less time to prospect.

There will be times when you simply have to work more hours. Even if you only work an average of an extra 30 minutes a day, or two or a half hours a week, that’s enough time for 10 phone calls per day or 50 per week.

Here are some other ideas that can help hit your prospecting goals:

- Time block your prospecting. Treat prospecting as an appointment on your schedule.
- Have someone hold you accountable.
- Team up with someone and make calls at the same time.
- Have a contest with someone. Who can make the most calls and get the most appointments?

Remember: Someone out there is keeping their pipeline full at all times. Actually, lots of people are.

Whatever your excuse is, how bad you have it or how busy your day is, there is someone out there who has it worse than you and has overcome that to achieve a full sales pipeline at all times. Is it the majority of people? No. But there are many who are getting it done.

Executing on most of the above items will simply come down to sheer determination and effort to do what must be done. Is it going to be easy? No. Can you do it and will it be worth it? Yes.

Note: The examples I used for this article involve making phone calls versus in-person calls. Whatever types of calls you’re making, keep in mind that even on the busiest days you can always make one or two in-person visits or five to 10 phone calls. Either way, you’ve got to do some prospecting every day.

John Chapin is a sales and motivational speaker and trainer. He has over 27 years of sales experience as a number one sales rep and is the author of the 2010 sales book of the year: Sales Encyclopedia. For more information, visit www.completeselling.com or email johnchapin@completeselling.com.
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NIADA Government Report

HERE’S A RUNDOWN OF SOME OF THE LATEST GOVERNMENTAL ISSUES AND ACTIVITY AFFECTING THE USED CAR INDUSTRY FROM NIADA REGULATORY COUNSEL SHAUN PETERSEN AND NIADA LOBBYIST SANTE ESPOSITO.

WASHINGTON UPDATE

Consumer Financial Protection Bureau

Diversity standards: The CFPB was among six federal agencies that issued final new diversity and inclusion standards that took effect June 10. They apply to all entities regulated by the CFPB. The agencies were required by statute to create an Office of Minority and Women Inclusion and develop standards for assessing the diversity policy and practices of entities regulated by them.

The standards take into account an entity’s size, assets, number of employees, structure, revenues, number of members and/or customers and other factors. The CFPB is soliciting comments, due Aug. 10, about how the requirement might affect regulated entities. NIADA is evaluating whether to submit comments.

Larger Participant Rule: The CFPB released its final rule defining non-bank larger participants in automotive financing, giving the bureau authority to supervise any non-bank entity that makes, acquires or refinances 10,000 loans or leases in a year. The rule takes effect 60 days from the date it is published in the Federal Register – likely late August.

NIADA submitted comments about the proposed rule in December, suggesting, among other things, that additional larger participant rules specific to Buy Here-Pay Here dealers might be needed. The CFPB said it is within its jurisdiction to consider a BHPH-specific rule, as it considers BHPH a different business model than other forms of auto finance. NIADA will continue to work with the CFPB regarding the BPHM market.

The CFPB also updated its guidance on monitoring auto finance companies, saying it will closely watch direct marketing to consumers for deceptive tactics, assess whether information companies provide to credit bureaus is accurate, review debt collection practices and closely watch compliance with the Equal Credit Opportunity Act.

The rule and guidance are available at www.consumerfinance.gov.

Arbitration: More than 80 House and Senate Republicans sent a letter to CFPB director Richard Cordray asking the CFPB to revisit its study on arbitration, saying the process that led to the study was not fair, transparent or comprehensive.

The lawmakers asked the bureau to reopen the study, seek public comment and provide a cost-benefit analysis to understand how a similarly situated consumer would fare in arbitration as compared to a lawsuit.

Disparate impact: American Banker reported the CFPB is nearing settlement agreements with American Honda Finance Corp., Toyota Motor Credit Corp. and Nissan Motor Acceptance Corp. related to claims the three entities had unintentionally discriminated against minority borrowers.

The report said the CFPB claims the companies did business with dealers who marked up loans at higher rates to minorities. They will reportedly limit the discretionary pricing allowed to dealers and pay customer restitution.

And in a case followed closely by the financial services industry, the Supreme Court ruled 5-4 that disparate impact is a valid legal theory under the Fair Housing Act. While the case did not specifically deal with the Equal Credit Opportunity Act and automotive lending, the CFPB and others will likely use the case to continue their pursuit of disparate impact claims in automotive lending.

Federal Trade Commission

Abernathy Motor Company and its two owners settled a lawsuit filed by the FTC alleging they placed a “do not buy” notice on 135 abandoned vehicles for 1) resale of acquiring or owning [junk or salvage] automobiles for 2) resale in their entirety or as spare parts or 2) rebuilding, restoration, or crushing.” Based on the letter, DOJ believes used car dealers might meet one of those definitions.

LARGEST REPORT

Military Pay Allotment

The Senate passed its version of the Fiscal Year 2016 National Defense Authorization Bill on June 18 – without the NIADA-proposed language calling for the Secretary of Defense to brief the Armed Services Committee on the “process and justification” for the recent decision to prohibit dealing with the issue. The goal is to get as many bipartisan cosponsors as possible to pressure the CFPB to initiate its own self-reform and/or convince House leadership to move the bill.

Legislative Report

H.R. 1737, Reforming CFPB Indirect Auto Financing Guidance Act

NIADA joined with other stakeholders in signing a June 10 letter of support of the bill, introduced April 13 by Rep. Frank Guinta (R-N.H.), which now has 108 bipartisan cosponsors.

The bill would rescind the CFPB’s controversial 2013 auto financing guidance that claimed dealer discretion on interest rates creates a risk of discrimination and provide a more transparent and accountable process for dealing with the issue. The goal is to get as many bipartisan cosponsors as possible to pressure the CFPB to initiate its own self-reform and/or convince House leadership to move the bill.
Here are the great benefits of OIADA membership:

- Oregon Dealer News is delivered to our dealers monthly, filled with quality up to date business articles.
- Included in each Dealer News Magazine is 30 minutes towards continued education, free to OIADA members, which now means returning eight answer sheets a year. This is a savings of $75 annually.
- OIADA Auction Punch Card: Our valued auction houses in Oregon, Washington and California are offering $50 savings on your buy and sell fees, a value of $1,100.
- OIADA offers members discounts on all meetings, educational programs and conventions, with an annual savings of over $200.
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- Quarterly regional dinner meetings, an outreach to bring programs, education and conversation to all areas within Oregon.
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- Opportunities for OIADA members to be awarded Oregon’s Quality Dealer of the Year and to compete for the National Quality Dealer of the Year at our national convention.
- National education opportunities, becoming a Certified Master Dealer and more.
- National access to Dealers 20 Groups.
- OIADA has on contract a lobbyist to bring forth interests and to protect our dealers at the state level.
- OIADA hosts a required certified 8-hour Pre-License Class. Upon completion dealers will receive the DMV required 8-hour certificate.
- Title and registration classes, savings of $35 for OIADA members.
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- Opportunities for scholarships, both state and national.
- NIADA offers OIADA members a wide variety of discounts to members, from education to everyday business expenses.

Don’t be caught without a Secure Odometer Form or Secure Power of Attorney. These forms are DMV forms and each has a registered number assigned to the dealer who purchased them, so don’t lend yours out and do not borrow from your neighboring dealer.

When you purchase these forms, it’s a good idea to pull them out of the packet and slip a reminder near the bottom to call OIADA and order more. You can even add the phone number (503-362-6839) on the note.

Did you know that our members get a discount on most state forms? OIADA members save an average of $100 or more every year.
CFPB RELEASES RULE DEFINING ‘LARGER PARTICIPANT’ NON-BANKS

NEW REGULATION GIVES BUREAU AUTHORITY OVER 34 OF THE LARGEST AUTO FINANCE COMPANIES

The Consumer Financial Protection Bureau released its final rule defining non-bank larger participants engaged in automotive financing today, NIADA regulatory counsel Shaun Petersen said.

Under the proposed rule, the CFPB will have authority to supervise any nonbank entity that makes, acquires or refinances 10,000 loans or leases in a year. Petersen said the rule is virtually identical to the proposed rule the bureau released in September 2014, with a small modification to the category of transactions that would not be counted towards the threshold as an asset-backed security and a small change to the definition of refinancing for the purpose of the threshold.

The definition of refinancing is the same as in Regulation Z, except for purposes of application of the 10,000 annual aggregate originations threshold, the non-bank entity need not be the original creditor or holder or servicer of the original obligation.

The CFPB estimates 34 of the largest non-bank auto finance companies and their affiliated companies will meet the 10,000 originations threshold, representing around 90 percent of non-bank auto loans and leases.

NIADA submitted comments to the CFPB in December, encouraging the bureau to consider a larger threshold of 50,000 annual originations but in no event considering less than 10,000. NIADA did not take issue with the CFPB’s efforts to exclude auto title loans from the originations threshold.

NIADA’s most significant comment about the proposed rule involved a suggestion that additional larger participant rules specific to Buy Here-Pay Here dealers might be needed.

The CFPB affirmatively restated its position that it is appropriate and within its jurisdiction to consider a larger participant rule specific to BHPH dealers if it deems it appropriate.

The CFPB believes BHPH is a different business model than other forms of automotive finance. NIADA will continue to work with the CFPB as it pertains to the BHPH market.

The new rule will take effect 60 days from the date it is published in the Federal Register, likely in late August.

Concurrent to the release of the new rule, the CFPB updated its Supervisory and Examination Manual to provide guidance on how the bureau will monitor bank and non-bank auto finance companies.

Examiners will be looking closely at marketing directly to consumers to ensure companies are not using deceptive tactics. The bureau will assess whether information auto finance companies provide to credit bureaus is accurate. The bureau will review debt collection practices for compliance with applicable laws.

And of course, the CFPB will closely watch compliance with the Equal Credit Opportunity Act to ensure discrimination is absent from the marketplace.


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