



Montana Automobile Dealers Association

MAY 2017 NEWS BULLETIN

May MTADA News and Updates

I just got back from the Spring MTADA Board of Directors meeting held in Helena. It was good seeing the staff and fellow dealers from across the state to discuss various topics of interest. Items included:

- Legislative update dealing with the process and bills that have been passed that directly affect all of us as dealers. Along with that was a discussion as we move forward and the need for someone being available when issues arise that concern the auto industry. It was decided to retain a professional lobbyist to have that watchful eye for us.
- Discussion on healthcare and the status of hospital contracting.
- Information concerning the Auto Industry Career Pathway Program and a report on the outcome of the meetings held in several cities throughout the state.
- The next NCM used car class will be taking place September 19-20 with the place yet to be determined.

■ Kelsey reported on the 2017 MTADA Convention, August 25th -26th, in Fairmont Hot Springs.

■ Look for more information in this newsletter.

■ A conversation with Sarah Garcia, the MVD Director, concerning issues with the titling and efficient turn of paperwork by the state. Kelsey will continue to assist the dealers in this regard as she works as the liaison in its regard.

Well, that takes care of it for another month. I hope you have a great end to May. Talk to you again next month.



Chuck Notbohm
MTADA President

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and more!

DIRECTOR'S MESSAGE:

Discounted Cars Benefit Buyers, but May Spell Trouble for Industry Wheels

Big cash discounts are making a comeback in the car business.

Now that sales of new cars and trucks are slowing down, automakers and their dealers are starting to lop thousands of dollars off sticker prices — sometimes slashing the final cost by a third — a sales tactic that helps consumers but has led to industry troubles in the past.

Take the Nissan Altima, one of the country's top-selling cars. Some dealers around the country are now offering the midsize sedan for \$6,000 to \$8,000 below list prices. In Stafford, Va., Leckner Nissan has marked down 59 Altimas in stock, including a black 2017 Altima SV it is selling to sell for as little as \$21,593 — \$7,195 below its sticker price.

Sizable price cuts are being offered on the Hyundai Sonata, the Chevrolet Malibu, the Ford Fusion and many other models.

"The market is slowing down and now inventories are building up, so the manufacturers are putting money out to move these cars," said Wes Lutz, owner of Extreme Dodge in Jackson, Mich.

The hefty price cuts are the latest signs of difficulty in the auto industry. In April, sales declined 4.7 percent, to 1.4 million cars and light trucks. Forecasters expect sales of about 17.2 million vehicles in 2017, down from last year's record of 17.5 million.

While that is still a healthy level, cash discounts are one of the first tactics automakers typically turn to when they feel the need to lure more shoppers into new-car lots.

The trouble is, big price cuts, if maintained for extended periods, can hurt automakers by eating into their profit margins and lowering the value of used cars. A decade ago, offers of "cash on the hood" reached a frenzy when General Motors offered employee pricing to all customers, and other automakers rushed to match the deal. Such discounting helped push the industry into crisis, and G.M. into bankruptcy.

Mr. Lutz's franchise is offering a gray 2017 Dodge



Don Kaltschmidt
NADA Director

Continued on **PAGE 8**

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LEGAL UPDATE

WHEN “AS IS” ISN’T

The general rule of thumb is that the “as is” statement on the Buyers Guide and your Buyers Order disclaims all implied warranties under the Uniform Commercial Code and protects the dealership from later claims that the dealership is responsible for problems with the vehicle after it is driven off the lot. Such is not always the case.

Esmeralda Sorchaga bought a truck from Ride Auto, LLC. At the time of sale the truck had a salvage title and the check-engine light was on. During the test drive, the truck smoked. Ride Auto’s salesperson explained that the truck smoked because it was a diesel and that the check-engine light was due to a faulty oxygen sensor that would be easy to fix. Ride Auto sold the truck “as is” and provided Sorchaga with a third-party vehicle protection plan at no cost.

Within days of purchase, the truck lacked power and continued to smoke. Ride Auto refused to diagnose or repair the truck. Sorchaga sued Ride Auto, alleging claims of fraud and breach of the implied warranty of merchantability and seeking attorneys’ fees under the Magnuson-Moss Warranty Act. The trial court granted judgment for Sorchaga, Ride Auto appealed.

On appeal, Ride Auto argued that the evidence was insufficient to establish the elements of fraud. The Court of Appeals of Minnesota disagreed, finding that Ride Auto’s failure to disclose known engine problems, as well as its representations that the truck was in working condition and the check-engine light was merely an oxygen sensor problem, misled Sorchaga. The appellate court agreed with the trial court’s finding that Ride Auto’s fraudulent misrepresentations rendered the warranty disclaimer ineffective because Sorchaga would not have bought the truck or agreed to the warranty disclaimer if she knew the truck had severe engine problems.

Not only did the appellate court agree with the trial court’s finding on Sorchaga’s breach of implied warranty claim, but it also upheld the trial court’s award of attorneys’ fees.

The lesson here is that a disclaimer of implied warranties can be a strong defense, but only when it is not rendered ineffective by the dealer’s conduct. Unfortunately, Ride Auto had to learn this lesson the hard way. ■



R. J. “Jim” Sewell, Jr.
MTADA General Counsel



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June Safety Workshops

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Join us for Montana State Fund's June Safety Workshops as we present How's Your Safety Climate? At this workshop, we will provide you with tools and ideas to improve the safety and health of your employees.

Topics Include:

Young Workers Safety: It is that time of year when we see a lot of young people enter the workforce for the first time. The safety experience they gain now will have a lasting effect on them for the rest of their lives. During this session, we will talk about the ways in which you can protect your young workers and by extension your entire workforce.

What is a Safety Climate: Hopefully, you have a good understanding of what a safety culture is, but throw in the term "Safety Climate" and you might feel confused. Isn't climate the same as culture? In this session, we will cover how these two terms reflect different aspects of your organization and its processes and how understanding and applying these terms can improve your production, quality and overall safety efforts.

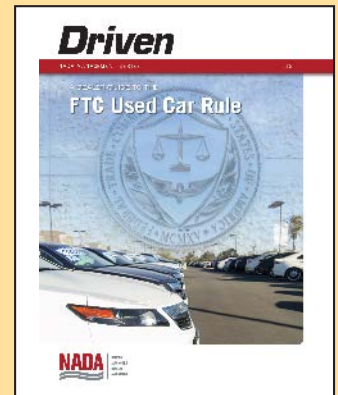
Dates and Locations

June 2 - Great Falls - Holiday Inn
 June 7 - Bozeman - Holiday Inn
 June 8 - Miles City - Sleep Inn & Suites
 June 9 - Billings - Big Horn Resort
 June 13 - Butte - La Quinta Inn
 June 15 - Kalispell - Hampton Inn
 June 16 - Missoula - Best Western Grant Creek Inn

Interested? Register Now. The free trainings take place from 8:30 am - Noon. If you have questions, call 800-332-6102 extension 5361 (Kirk Smith). ■

NADA Guide to Revised Used Car Rule Now Available

The new [A Dealer Guide to the Used Car Rule](#) (L12) is now available at NADA University Online. It provides an overview of the revised federal Used Car Rule, effective January 27, 2017. The guide includes details about the revised Buyers Guide and instructions on properly completing the Buyers Guide form, along with a number of templates and other examples. The guide is available to NADA and ATD members at no charge. (Note: Login is required to access NADA University Online.) If you need assistance accessing the guide, contact NADA Customer Service at 800.557.6232.







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May: What a Great Month

What another great month for the Montana Auto Dealers association! This month we had our board meetings and this time we decided to do something fun with our dealers and friends of the association after the meetings; trap shoot! We couldn't have asked for better weather, food and friends. We made a little competition out of the event, and Erick Anderson of Placer motors in Helena won with a 21/25 clay pigeons shot.



By Kelsey Wandke
Dir. Of Dealer Operations



Erick Anderson, Wade Rehbein, Scott Richner, Corey Stapleton, Don Kaltschmidt



Taylor Oldroyd, Erick Stern, Mike Milburn, Carl Bangerter, Liz Bangerter



Eric Henriksen, Darren Murray, Thomas Gamche, William Selph, Bruce Knudsen



Mike Milburn getting ready to shoot with Taylor Oldroyd, Erick Stern, and Carl Bangerter

The Title & Registration Bureau has Moved!

The Title & Registration Bureau is now centrally located with MVD Headquarters. Our new physical address is: 302 N Roberts in Helena, MT

Address mail for TRB to:
Title & Registration Bureau
PO Box 201431
Helena, MT 59620-1431



Need to Contact us?
Email: mvdtitleinfo@mt.gov

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If trap shooting wasn't fun enough, we had the opportunity to help some of our local high schools with their annual car show to raise funds for the SkillsUSA club. Not only were we blessed with another beautiful day, we were able to help raise money to get kids in the SkillsUSA program to statewide and national competitions. The people in the SkillsUSA program may very well be the same people servicing your car in a couple of years, and we're happy we could help support their passions. We'd also like to give a big thank you to Robert Allen Nissan in Helena for their generous support! As always, please feel free to give us a call or send us an email if we can ever be of any assistance. ■



Capital and Helena High School SkillsUSA Students and Staff, Kelsey Wandke and Bruce Knudsen



Bruce Knudsen, Veronica Robertson (HHS Auto. Instructor), Erick Croft (CHS Auto. Instructor), Kelsey Wandke

HELENA HIGH SCHOOL SKILLSUSA





3rd Annual Car Show!





WHEN
May 20th, 2017. Lineup is from 8-10, show is from 10-3.

WHERE
Helena High School parking lot

WHY
Raise money for the SkillsUSA club to cover costs associated with state and national competitions.

ENTRY FEE
\$10 to enter a vehicle, \$5 for additional cars.

FREE TO THE PUBLIC
BUT DONATIONS ARE APPRECIATED!



Bruce Knudsen, Kelsey Wandke, 2016 Nissan GTR Provided By Robert Allen Nissan

Director's Message

CONTINUED FROM PAGE 2

Challenger coupe for \$27,900 — \$6,680 under its list price — thanks to an incentive program that Fiat Chrysler Automobiles ran last month allowing dealers to discount the price on certain models by up to 20 percent.

“This is a great deal. Consumers win. Dealers win. I can sell a lot of cars if I have \$7,000 discounts,” he said. “It’s not so great for the manufacturers, though.”

There appear to be few types of vehicles without discounts. The trucks, S.U.V.s and other roomy vehicles that Americans favor these days are also being offered at bargain prices. Bomnin Chevrolet in Miami is selling a white 2017 Colorado pickup truck for \$19,281 — \$4,854 below its sticker price, a saleswoman at the dealership confirmed. It will lower the price by \$1,000 more for customers who finance the truck through the dealership. Yet another discount of \$1,250 is available if a customer can show he has a family member who leases a vehicle from a competing manufacturer.

In Snohomish, Wash., near Seattle, Bickford Ford has slashed the prices of Escape S.U.V.s. This week one front-wheel-drive model, in a brownish color known as “Canyon Ridge Metallic,” was on sale at \$24,645 — \$9,000 below the list price.

Many heavily discounted vehicles are not stripped-down, basic models, but fully loaded versions with all the bells and whistles. Leckner Nissan has discounts of up to \$10,000



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off the price of several Murano S.U.V.s equipped with navigation systems, heated seats, all-wheel drive and other features.

Luxury brands are also cutting prices but tend to offer smaller cash discounts and limit them to certain slow-selling models. Consumers who hunt around can find deals on sedans like the BMW 320, the Cadillac ATS and the Infiniti Q50, though.

“It’s a good time to buy a car. The consumer is in the driver’s seat,” said Mark Scarpelli, owner of Chevrolet, Kia and Chrysler Jeep franchises in the Chicago area.

Tom Maltic is the kind of potential buyer they’re looking for. A retiree living near Jackson, Mich., about 60 miles west of Detroit, he has just started shopping for a used pickup truck to tow a recreational vehicle and haul his hockey gear.

“But now I’m thinking maybe I should buy new,” he said. “If there are some really nice discounts, maybe I pay a little bit more but I don’t have to worry if something is going to break down.”

To manage the flow of unsold cars, automakers



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can also change production levels. General Motors and Ford Motor have recently cut shifts at a handful of plants in the United States, for example. Fiat Chrysler has stopped making compact and midsize cars altogether.

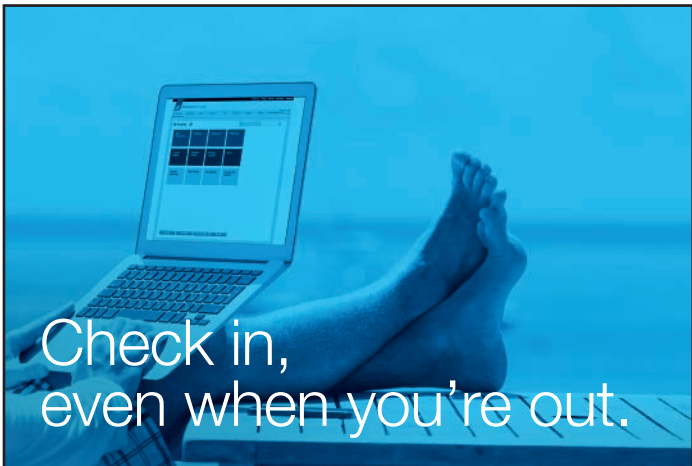
But these days, new cars rolling out of the factory also face increasing competition from used cars, an inventory that is largely out of automakers' control. Some 3.5 million vehicles that were leased for the last two or three years will be returned and sold as gently used cars this year, and even more are coming in 2018, according to Edmunds.com. Sometimes consumers can choose between a new car and a two-year-old model that has been driven just 20,000 miles and is selling for half the price.

As the industry rebounded over the last seven years, automakers had been careful to limit pure cash discounts and try more subtle ways of offering deals. Sometimes they give dealers discounts to allow them more leeway to negotiate prices with customers. Or they give dealers discounts tied to aggressive sales targets, a practice that sometimes results in very little profit for dealers while preserving the manufacturer's margins.

Automakers have also turned more heavily to leasing, and longer loans of 72 or 84 months, which keep the customer's monthly payment affordable.

Michelle Krebs, a senior analyst at Autotrader.com, said the current wave of discounts was not yet a repeat of the mistakes the industry had made in the past. Most of the price cuts offered so far are limited to certain models, or certain regions of the country, as opposed to the big, across-the-board campaigns of the last decade that applied to all vehicles in stock, Ms. Krebs said.


"They're much more targeted. They're not plastering them



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all over like they used to," she said. "So I don't see this as the sins of the past."

G.M. and Ford continue to rack up big profits, underpinning that view. But troublesome signs are cropping up. On Wednesday, Toyota Motor said it lost money in North America in the quarter that ended March 31, its first loss in the region in five years.

One of the reasons it cited: rising sales incentives. ■

May Trivia Contest

Win a \$20 Gift Card and a Chance to Win 4 Tickets to the Cat-Griz Game

The winner of last month's trivia question The winner of last month's trivia question "Which Montana lake is the largest natural freshwater lake in the western United States" with the correct answer "Flathead Lake" was Craig Tilleman of Tilleman Motors."

May Trivia Question

This Month's Trivia "In what year did Montana achieve statehood?"

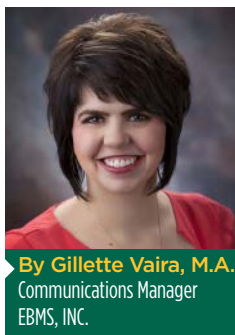
Submit your answers to kwandke@mtada. All correct responses to this month's trivia question will be put in a drawing for a \$20 Amazon Gift Card. The winners of the monthly trivia questions will be put in the drawing for the grand prize, four tickets to the Cat-Griz Game!!

Good Luck!



In Bloom: Asthma and Allergy Season

Ahhh... it's springtime in Montana. We never know if we'll experience a blizzard or a heatwave this time of year, or a combination of the two, but we know nicer weather is drawing near. However, as we spend more and more time outside in the spring temperatures, we are exposed to conditions that may trigger allergies or asthma. If you can relate, you're not alone. In fact, 50 million Americans have allergies, while 24 million Americans have asthma.



Allergies

An allergy is an overreaction of the immune system to a substance. Allergies can cause sneezing, coughing and itching and can range in seriousness from slightly bothersome to life threatening. Seasonal allergies to dust, mold, and pollen can often cause cold-like symptoms. An allergic reaction can affect your nose, throat, eyes, lungs, skin, stomach, and/or intestines. A reaction can also include an allergic disease such as hay fever, asthma, conjunctivitis, hives, eczema, dermatitis, and sinusitis.

Asthma

Asthma is one of the more serious problems that can be caused by allergies. Asthma is a disease that affects the lungs. An asthma attack occurs when the airways become inflamed and swell, making it difficult to breathe. Common symptoms of asthma include wheezing, shortness of breath, chest tightness, and coughing. The exact cause of asthma attacks is unknown. However air pollution, allergens, exercise, stress, and certain environmental factors can cause an asthma attack.

Unfortunately, there is no cure for asthma or allergies. You can control asthma attacks and allergic reactions by learning more about the specific causes and removing the triggers in your environment. Also, consider working with your medical provider to develop a plan to control your symptoms. ■ Sources: www.healthguidance.org/, www.aafa.org/, www.cdc.gov

Educating Your Members Begins with You

The Montana Automobile Dealers Association has partnered with EBMS to provide you and your employees with a variety of resources to keep you physically and financially well on your journeys. So pass it on! Consider sharing this information with your employees so you can empower them to be their healthiest selves. After all, a healthy workforce means a healthy business.

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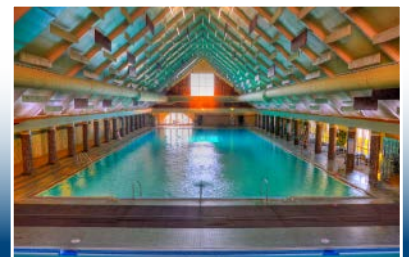


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