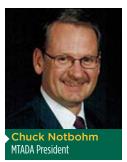


OCTOBER 2017 NEWS BULLETIN

October Wrap-Up

Hello everybody. It's hard to believe that we're nearing Thanksgiving already! It's been a very busy month for the MTADA with open enrollment meetings, career technician meetings, and keeping up with questions and changes regarding staggered dealer license renewals and the new authorized agent for the state MVD, MVD Express.



Bruce, Kelsey and Debbie along with American Fidelity have been and will continue to travel around the state to speak with dealers who are participating in the MTADA insurance trust. The initial meetings are to inform you of any changes to your plan, let you know what options are available to you and your family, inform you of new benefits within the trust, and to help facilitate a seamless open enrollment for your dealership. If you have any questions regarding the MTADA open enrollment or health trust, please call Bruce or Debbie at 406-442-1233.

Another exciting thing that the MTADA is working on is the career technician pilot program. The MTADA has been working with Montana High Schools and Colleges throughout the state along with the Department of Labor to create a comprehensive apprentice program. Students who are enrolled in this apprenticeship program will receive formal training at their school while gaining on the job training (OJT) while working at a dealership as an apprentice. By the time the apprentice graduates from this program; they will have a degree, a certificate from the Department of Labor, over 1,500 hours of OJT, along with industry specific certificates. This will put the apprentice leaps and bounds ahead of someone coming off the street to work or a freshly graduated technician without any work experience. Not to mention, the overwhelming majority of apprentices in this program want to live, work and STAY in Montana- unlike some out of state technicians recruited out of WYO-Tech or UTI who gain a few years of work experience and knowledge, then leave Montana. This is your chance to create "home grown" technicians ready to work in your dealership for years to come.

Kelsey met with many educators from around the state at the Montana Association for Career and Technical Education State Conference at Fairmont, October 19th. There she presented the pilot program during round table discussions to educators, gaining support and traction from the educators. The MTADA has also met with Helena and Butte area dealers, many of which are on board and bringing in apprentices spring semester of

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DIRECTOR'S MESSAGE:

NAFTA Talks Left Reeling After Aggressive U.S. Proposals Land

After laying out the Trump administration's most aggressive NAFTA demands to date, chief U.S. negotiator John Melle was asked on Sunday how things are progressing. "Fabulous," he said, smiling and shrugging before entering a negotiating room once more.

The fourth round of negotiations is nearing an end amid rising tensions after the U.S. presented proposals that could be politically unfeasible for Canada and Mexico. U.S. industry and Congress, meanwhile, are mounting a more vocal defense for preserving regional trade ties as they sense the discussions could be in trouble.

U.S. negotiators in recent days put forth a string of bold proposals -- on auto rules of origin, a sunset clause, government procurement, and gutting dispute panels seen by the other nations as core to the pact. The moves were long-signaled, as was Canadian and Mexican opposition to them.

The proposals have spurred public warnings from prominent U.S. lawmakers and the private sector about the perils of scuttling a deal that over more than two decades has broken down trade barriers, including tariffs, for industries like manufacturing and agriculture.

NAFTA's fate may now hang on how flexible the U.S. is about

its demands heading into the fifth round of talks, scheduled for Mexico City around the first week of November.

While the parties had wanted to reach a deal by December, officials familiar with the negotiations say the talks are likely to drag on for months.

NADA Director

Hanging over negotiations are Donald Trump's regular threats to walk away. One official familiar with the proceedings, who wasn't authorized to speak publicly, said on Sunday that it seems more likely Trump will give the mandatory six months' notice required to leave NAFTA, though not necessarily end up backing out. Others were less sure.

"He's unpredictable, so I don't know," said Stephen Moore, a senior economic adviser during Trump's campaign and chief economist at the Heritage Foundation. "I do feel, though, that his bark has been worse than his bite on trade. That doesn't mean that he's retreating. But I think we're going to see a NAFTA 2.0 that will find areas that will give the U.S. even greater benefits, while protecting American workers."

Mexico has signaled that it won't negotiate during the six-Continued on **PAGE 5**



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CHAIRMAN'S MESSAGE:

Sales Programs That Erode Consumer Trust Threaten Brand Loyalty, Demand

DETROIT (Oct. 10, 2017)-NADA Chairman Mark Scarpelli on Tuesday urged automakers to consider how stair-step incentive programs are damaging their brands, and alerted manufacturers about the unintended consequences of such programs that erode consumer trust and lead to a lack of loyalty to - and desire for - their brands over time.

"Any dealer who's had to deal with these programs can tell you that they are not only trust killers, but they're brand killers, too," Scarpelli said in remarks to the Automotive Press Association in Detroit. "Not being able to offer two customers the same price on the exact same equipped vehicle, just because they came into the dealership on different days of the month, destroys consumer confidence."

The ongoing proliferation of market strategies such as indiscriminate price coupons and unfair stair-step incentive programs are leading to severe, unintended, negative consequences for consumers, dealers and manufacturers alike, Scarpelli said.

"In a world where customers rightfully expect fairness and transparency in price, why do so many manufactures still deploy unfair marketing strategies that produce huge discrepancies in price between various customers discrepancies that aren't transparent, that can't be explained rationally, and that run afoul of everything our customers really care about?"

"Shoppers of brands that use stair-step incentive programs see large discrepancies in price for the same or similar vehicles across different dealers. Or, worse, at the same dealer, but at different points in time. Or, even worse still, a discount applied to a vehicle they don't want, but that can't be applied to a vehicle they do want," Scarpelli said "So these consumers see wild discrepancies and fluctuations in prices; and discrepancies that aren't transparent, and that can't be explained by pointing out meaningful differences in the product itself."

"That lack of consistency, lack of transparency, and lack of explanation is leading directly to a lack of trust - lack of trust in both the individual dealer, and, in fact, lack of trust in every dealer who also carries that make. And when you have a lack of trust in every brand dealer - Guess what? - you have a lack of trust in that brand itself. And that lack of trust in the brand leads directly to a lack of loyalty to the brand," Scarpelli said.

"Over time, the consumer's lack of loyalty to the brand will lead to less consumer demand for that brand. Yes, that's right:

To less demand for that automakers' vehicles in general."

The 2017 NADA Chairman added that 2017 NADA Chairman he hopes to continue having constructive conversations with manufacturers about this issue.

"America's dealers and manufacturers have the same exact goal - selling our inventory in large volume and at competitive prices. But we believe that goal should be achieved in the right way: Meaning in a way that enhances customer experience, and that maintains the integrity of the brand," Scarpelli said.

"Ours is a symbiotic relationship that has stood the test of time, and that is ready to take on the next 100 years of making and selling cars and trucks - if we let it. And so to our manufacturer partners, I say: Let us be entrepreneurs. We're pretty good at it."

Scarpelli is 2017 NADA chairman and president of Raymond Chevrolet and Raymond Kia in Antioch, Ill., and co-owner of Ray Chevrolet and Ray Chrysler-Jeep-Dodge-Ram in Fox Lake, Ill.



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LEGAL UPDATE

Warranty Reimbursement

Many dealers seem surprised when we tell them that Montana law requires a manufacturer to reimburse warranty work and parts at retail rate. It pays to know the law so you can be reimbursed every dollar you are entitled to.

Mont. Code Ann. § 61-4-204 provides:

[T]he manufacturer shall compensate an authorized dealer for labor, parts, and other expenses incurred by a dealer who performs work to rectify the manufacturer's product or warranty defect or for delivery and preparation obligations at the same rate and time the dealer charges to its retail customers for non-warranty work of a like kind, based upon a published, nationally recognized, retail flatrate labor time guide manual if the dealer uses the manual as the basis for computing charges for both warranty and retail work.

All claims made by the dealer pursuant to this section for compensation for delivery, preparation, warranty, and recall service, including labor, parts, and other expenses, must be paid by the manufacturer within 30 days of receipt of the claim from the dealer.

If a claim is disapproved, the dealer must be notified in writing of the grounds for disapproval. A claim that has not been disapproved in writing within 30 days of having been received must be considered approved, and payment is due to the claimant immediately. However, the manufacturer retains the right to audit a claim for a period of 12 months following the payment of the claim.

A claim that has been approved and paid may not be charged back to the dealer under Mont. Code Ann. § 61-4-204 (5)(d) unless the manufacturer proves that:

- (i) the claim was false or fraudulent;
- (ii) the repairs were not properly made; or
- (iii) the repairs were not necessary to correct the defective condition.

A manufacturer may not deny a claim or reduce the amount to be reimbursed to the dealer if the dealer has provided reasonably sufficient documentation demonstrating that the dealer performed the services in compliance with the written policies and procedures of the manufacturer.



A manufacturer may reasonably and periodically audit a motor vehicle dealer to determine the validity of paid warranty claims or incentive payments for a period of 12 months from the payment date. Mont. Code Ann. § 61-4-204(11).

Requesting and receiving retail for warranty work has not been without its risks and hazards. Dealers in Maine and New Jersey have had the manufacturer surcharge the wholesale price of new vehicles to compensate for the manufacturer having to pay retail. Dealers in both states went to court. The Maine dealers lost, but then amended

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Director's Message

CONTINUED FROM PAGE 2

month window if Trump announces he'll walk away, and it's unclear what the next steps would be were that to happen. Congress and others are vowing legal and political fights if the president tries to pull out. If Trump manages to, though, Canada could still fall back on an existing bilateral deal with the U.S.; Mexico has no such previous deal.

Warnings are growing from Congress. Richard Neal of Massachusetts, the top Democrat on the House Ways and Means committee, said he prefers a NAFTA renewal to a pull-out, which he said Congress would probably block.

If Trump "even suggests that the United States should leave NAFTA, to undo that relationship, you would have to go back to Congress. And that would be a much more difficult task for him," Neal said in a Canadian TV interview with The West Block that aired on Sunday.

The U.S. Chamber of Commerce has issued its own warning. Last week, Chief Executive Officer Tom Donohue visited Mexico City and pledged to fight "like hell" to preserve NAFTA. The largest American business lobbying group plans to send an "army" of representatives to Capitol Hill to demonstrate support for the deal, Donohue said.

The Canadians were sounding the alarm to the chamber. Canada's chief negotiator, Steve Verheul, told stakeholders during an earlier negotiating session that he'd warned the U.S. business group to brace for the possibility of life after NAFTA, according to two officials familiar with the meeting. A Canadian government spokesman declined to comment.

Who's In Charge?

The fourth round of NAFTA talks will continue Monday at a Washington-area hotel, before a ministerial-level meeting on Tuesday. People familiar with the proceedings describe essentially a two-track process: legitimate progress being made to modernize the pact in less contentious areas, including topics like regulations and services, with essentially no progress on the most divisive U.S. proposals.

The proceedings also raise questions of which Trump administration official is in charge. U.S. officials, preparing for an Oval Office meeting with Canadian Prime Minister Justin Trudeau last week, added Commerce Secretary Wilbur Ross to their delegation while removing Trade Representative Robert Lighthizer, who officially is the top negotiator, one government official said.



As talks proceeded, U.S. negotiators told their counterparts that Ross played a key role in developing the autos proposal, two officials said. A spokeswoman for Lighthizer declined to comment. A Ross spokesman didn't immediately respond to a request for comment outside regular business hours.

Mexico's negotiators said they're still optimistic a deal can be reached because they expect pushback from the U.S. private sector, according to two people familiar with the talks, who asked not to be identified.

Canadian Foreign Minister Chrystia Freeland has been increasingly downbeat in her public comments on NAFTA. Still, she knows first-hand that a walk-out doesn't necessarily kill a deal -- last year, she walked out of Canada-EU trade talks saying an agreement looked impossible. A deal was made in the end, though, and the pact entered provisional force last month.

By Josh Wingrove and Eric Martin with assistance by David Biller, and Andrew Mayeda

MTADA

Montana Automobile Dealers Association

President's Message

CONTINUED FROM PAGE 4

2018. The MTADA will be traveling to Havre Oct 30th, Billings November 7th, and Miles City November 8th. These meetings are aimed to solidify industry participants (dealerships), curriculum, certificates, the partnership between the college and dealerships, work based learning competency standards and to propose a model that will be used for the pilot. If you have any questions regarding the technician pilot program, call Kelsey at 406-442-1233

Switching gears to the staggered dealer license renewals, and the new authorized agent to process titles in Montana. Kelsey has sent out a few messages, acting as a liaison between the state MVD and our dealerships. Please keep an eye out for these important messages. Dealers must send in their renewal paperwork no later than December 15, 2017. There will NOT be a grace period for dealers for 2018. Many auto dealers have not received the MVD's email communication regarding dealer license renewals for 2018, which all of you should have received by now. In response, the MVD is calling to confirm receipt, and they will resend if you are unable to find the emails in your SPAM or junk folders. Dealers are encouraged to

call the Vehicle Service Bureau (VSB) if they are unable to find the email or if you have any questions regarding your own specific renewal questions or issues. The phone number for the VSB is 406-444-3661 and their email is dojmvdtrbrmt@mt.gov. Also, another side note regarding dealer license renewals is that your liability insurance certificates won't be honored unless they're made out to Vehicle Services Bureau instead of State of Montana Title and Registration Bureau.

Another exciting bit of news is that the MTDOJ officially announced their new partnership with MVD Express. MVD Express, an authorized agent for the Montana Department of Justice's Motor Vehicle Division (MVD), began processing dealer-only title transactions earlier this month. Their service provides dealers with another option as to where to have titles processed and to receive titles much faster than going through the state MVD. If you are interested in this service, please contact Mike Robb with MVD Express at michael.robb@mvdexpress.com or 406-371-2000.

That wraps up another month! Stay tuned for more important updates and enjoy your November! ■





Legal Update

CONTINUED FROM PAGE 4

their statute to prohibit the surcharge. Dealers in New Jersey won and the court ruled that manufacturers may not surcharge anything to the dealers to recoup the retail price on warranty work. Montana law prohibits such a surcharge. Mont. Code Ann. § 61-4-204(7).

Keep in mind that any provision of your service and sales agreement with the manufacturer that contradicts Montana's statute on retail warranty reimbursement is probably not enforceable by the manufacturer.

The bottom line is that dealers are entitled to be paid retail rates for warranty parts and labor. Dealers just need to force the manufacturer to pay retail.

FOR MORE INFO:

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REAL ID UPDATE

The Montana Department of Justice's Motor Vehicle Division (MVD) received an extension from the U.S. Department of Homeland Security for the implementation of the federal identification law, REAL ID. The extension expires October 10, 2018. During this time, Montana drivers' licenses are accepted by the Transportation Security Administration (TSA) to board domestic, commercial flights and access federal facilities. While MVD is on track to comply with REAL ID requirements, the extension gives the Division time to successfully implement the resources necessary to issue REAL ID compliant credentials and also gives Montana citizens time to prepare.



Our Frequently Asked Questions are located at https://dojmt.gov/driving/mvd-faqs/For additional questions, please call 406-444-3638.



October 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 "Montana's Glacier National Park, is commonly known as what?" was Ken Fichtner with Denny Menholt Chevrolet with the correct answer "Crown Jewel of the Continent"



October Trivia Question Paleontologist Jack Horner brought the Hell Creek Formation to the world's attention and it is now a major source of what?

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!! Must be present at the 104th Annual Convention to Win. Good Luck!

We Have a Winner! **Congratulations** Susan Schloss!!

Susan with Denny Menholt Auto Group is the Grand Prize Winner for the 4 tickets to the 2017 Cat-Griz Game







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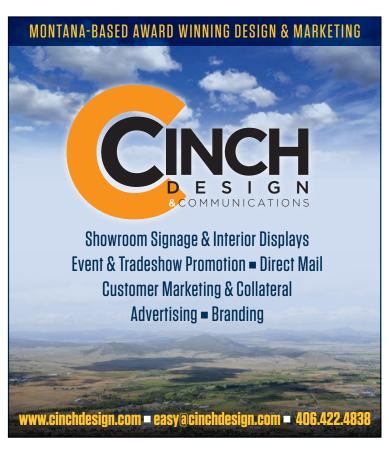
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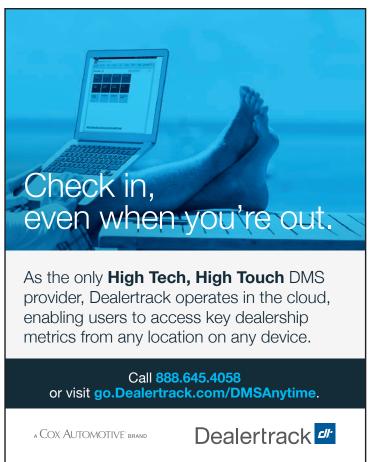
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PLAN to Manage Your Holiday Stress

Managing stress throughout the holidays can take an average, jolly Santa and turn him or her into a scrooge! It's an awful feeling to count down to your holiday of choice for the sole purpose of wanting it to be over, rather than enjoying the special time of the year with family and friends.

Planning is vital in managing holiday stress. Consider a few tricks of the trade as you navigate the upcoming holiday season.

PLAN

...your budget. If your family's wish lists consist of several ultra-expensive gifts, help them narrow the field. Consider creating homemade gifts, like personalized coupons. (Remember to be careful about the number of shoulder rubs you offer in a coupon pack. This could be over-utilized!) You could also think about investing your money in a family trip to create memories, rather than pile up on items that will lose their appeal in the New Year. Strategize your gift giving before you shop so you don't have to stress about your pocket book later.

...your schedule. Set a weekly designated shopping day, wrapping day, holiday goodie baking day, etc. You're only one person, and you can't be expected to do it all at once. Pace yourself.

...to delegate. Decide which family member is helping

with which activity to prepare for hosting your holiday party or family get-together. Maybe you'll assign your daughter the vacuuming and your husband the snow shoveling. Perhaps your son enjoys dusting. Grandma may want to set the table and dry the dishes after the big meal. Every task doesn't have to land on you. Assign accordingly.



...your meals. Grabbing a quick burger and fries while you're out shopping for gifts or finding the perfect tree may be convenient, but this could add to the holiday pounds and make you feel sluggish. Pack quick and healthy snacks to keep with you as you hustle through the holiday preparations. This will help you feel more in control of yourself and keep your health goals in line.

...a mental health check. Take time to pray or meditate daily. Try a new fitness class at the gym. Journal regularly. Visit with a professional about how you're feeling. Take time for your mind.

Planning can help you take control of this busy season without letting it affect your physical and mental health. You can choose whether you want to be a Santa or a scrooge. It's up to you. Now get out that calendar and start the countdown. You won't need to stress because you'll have a plan.



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.



NADA Charitable Foundation Grant to Butte Automotive Program

On October 13, 2017, MTADA had the wonderful opportunity to present a \$500 grant on behalf of the NADA Charitable Foundation to the Highlands College of Montana Technology Automotive Program in Butte, MT. The MTADA matched the \$500 donation. Following the grant presentation, The MTADA, Highlands College, Butte Toyota, Subaru of Butte, and the Department of Labor had a meeting to discuss an upcoming Technician Apprentice Pilot Program. The MTADA already had meetings in Helena and will kick off the Apprentice program in Helena the Spring of 2018. Additional meetings will be held in Havre Oct 30th, Billings Nov 7th and Miles City Nov 8th. For more information and how to get involved in the upcoming Technician Apprentice Pilot Program, call Kelsey at 406-442-1233.



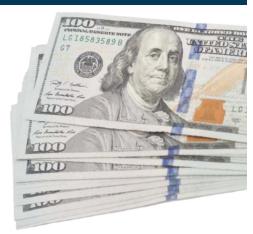
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