

Official Publication of the California New Car Dealers Association

CALIFORNIA

NEW CAR DEALER QUARTERLY



- 16** Acts of Kindness by California Dealers
- 23** High-Tech California Must Update Its Low-Tech Vehicle Sales Laws
- 28** How COVID-19 Should Change Your Benefits Communication Strategy

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- Buy-Sell Agreements
- DMV, BAR and other governmental approvals
- Lender flooring and capital loan agreements
- Entity formation and structure
- Shareholder Agreements
- Manufacturer approvals and relations
- NMV non-profit association representation

Estate Planning

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- Family estate planning (wills and trusts)

Tax

- Property tax planning, audits and appeals
- Federal estate and gift tax controversies with IRS
- EDD audits

Business Litigation

- Consumer Legal Remedies Act lawsuits
- Sales and Service Agreements
- Disputes before the CA New Motor Vehicle Board
- Consumer claims regarding the sale/lease of autos
- Manufacturer audit disputes
- Hearings before the AQMD, RWQC and OSHA

Real Estate

- Dealership site acquisitions and lease agreements
- Lender opinion letters
- Relocations

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- Arbitration agreements
- Wage and hour class action lawsuits
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Among the firm's clients are a number of dealer associations, including the California New Car Dealers Association and the Greater Los Angeles New Car Dealers Association.

For more information on the firm, see the Manning, Leaver, Bruder & Berberich, LLP website at:

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or visit us at
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PRACTICE AREAS

LITIGATION

- General trial
- Consumer class action defense
- New Motor Vehicle Board representation
- DMV accusations
- Bureau of Automotive Repair representation

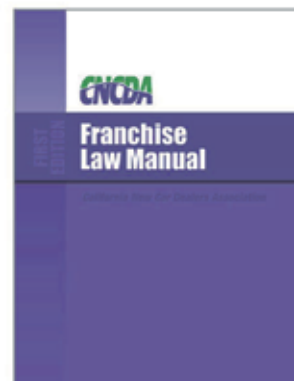
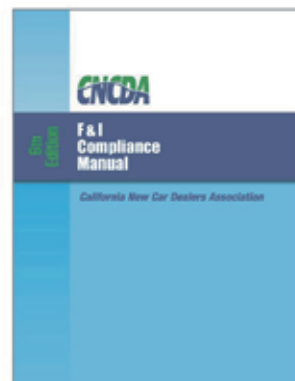
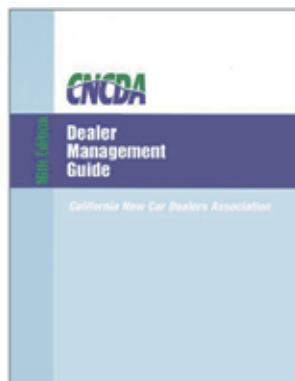
TRANSACTIONAL

- Buy/sell agreements
- Real estate sales and leases
- Formation of entities
- Loans and construction process
- Franchise and business opportunities

COMPLIANCE

- General regulatory compliance
- F&I training
- Advertising review
- DMV/BAR licensing
- Production of manuals¹

¹The firm has authored a number of compliance manuals, including: CNCDA Management Guide, CNCDA Franchise Law Manual 6th edition of CNCDA F&I Compliance Manual, NADA Dealer Guide on federal advertising requirements, and MLBB California Auto Dealer Advertising Law Manual.





President's Message

BRIAN MAAS
President
California New Car Dealers Association

As we close out what has been a challenging year full of uncertainty, I can reflect with optimism that the spirit and resilience of the California retail automotive industry is alive and well. While we've all had to endure significant change this year, it's more clear than ever that the industry can withstand just about anything and come back ready and willing to support the transportation needs of millions of Californians.

There is much left to be revealed about how quickly the industry can fully recover and if the momentum is sustainable throughout the uncertain winter months ahead. However, what we do know is there are many factors involved in this recovery including consumer confidence, available inventory, slow improvement in unemployment, and the continued uncertainty around COVID-19. But with recent data on California sales for Q3, I have no doubt that we are on the right path to a full recovery and California dealers are certainly prepared to persevere and embrace what lies ahead.

I couldn't be prouder of CNCDA's dealer body as this year demonstrated the strength, commitment and passion of all California dealers. As dealers across the state were consumed by following and implementing new health and safety protocols to comply with the ever-changing COVID-19 landscape, dealers also stepped up significantly to protect the dealer franchise system by coming out in force against AB 326. The defeat of this bill is singlehandedly our biggest legislative accomplishment this year, and it couldn't have been achieved without the support of all of you, the guidance of our dealer leadership, CNCDA staff, and the support of our metro associations. While we are proud of this victory, we also know that this fight is far from over and we can expect to see similar proposals in the legislature next year, which we are preparing for.

Engagement from dealers in 2020 did not start or stop with our advocacy efforts, we saw it throughout the year. CNCDA had hundreds of attendees and participants join us for our most compelling and valuable in-person and virtual events, to name a few:

- 6 CCPA Compliance Seminars
- 5 Coronavirus Laws and Your Dealership Webinars

CONTINUED ON PAGE 8



Arent Fox

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Your World**

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CONTINUED FROM PAGE 6

- Franchise Law Webinar
- Member Appreciation Week
- New Laws Virtual Seminar Series

It speaks volumes that amidst one of the toughest years dealers have experienced since the Great Recession, the dedication to the industry, the association and your businesses continues to be of utmost importance. For this, I want to thank each one of you, the industry is better because of your interest and commitment.

CNCDA's focus and top priority has always been and will continue to be to provide consistent support and thoughtful guidance to our dealers, in good times and in bad, and this could not have been more important this year. I'm proud of CNCDA's 2020 leadership and our dedicated staff who all continue to work hard every day to better the franchised new car industry in California. Without their dedication and the support of each member statewide, the road ahead would only be more treacherous. It may be tough to imagine, but 2021 will certainly bring its own host of challenges, but as always, we will meet those challenges with resolve and continue to protect and promote the interests of franchised new car dealers in California.

I look forward to seeing you all again next year in what will hopefully be a return to some form of normalcy. Until



CNCDA's focus and **top priority** has **always** been and will **continue** to be to **provide consistent support** and thoughtful **guidance** to our **dealers**, in good times and in bad, and this **could not** have been more **important this year.**



then, thank you for your unwavering support and happy holidays to you, your employees, and your families. ◀

Best,
Brian Maas
President, CNCDA

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2 RESULTS

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3 KNOWLEDGE

We carefully analyze your data, retail repair orders and trends to ensure your warranty reimbursement on both parts and labor is maximized. We know everything there is to know about your state law, as well as your manufacturer's policy and procedure.

4 LEGAL STRATEGIES

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5 EARNINGS

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Simpson Chevrolet of Irvine



John Patterson
Tustin Mazda

November 2020: California Election Recap



Alisa Reinhardt
Director of Government Affairs

The 2020 election saw record voter turnout both in California and across the nation. Although 98% of the votes statewide have been counted as of this writing, due to a small handful of extremely tight races, it is too soon to know with certainty the final roster of who will be heading to Sacramento to serve in the state Senate and state Assembly. In addition, the unprecedented levels of spending on ballot initiative campaigns have almost certainly changed the game for future election cycles.

There were several races that CNCDA supported in recent months, helping to elect Republicans and moderate Democrats. Victories in our efforts include Brian and Megan Dahle in Shasta, James Gallagher in Yuba City, Kevin Kiley in Rocklin, Heath Flora in Ripon, Devon Mathis in the Central Valley, Vince Fong in Bakersfield, Jordan Cunningham in San Luis Obispo, Tom Lackey and Suzette Valladares in Santa Clarita, Rosilicie Ochoa Bogh in Riverside, Phillip Chen in Diamond Bar, Kelly Seyarto in Murrieta, Steven Choi and Janet Nguyen in Orange County, Laurie Davies in Mission Viejo, and Marie Waldron in San Diego.

Despite the uncertainty about the final results of a few races, we do

know the outcome of many important races and ballot measures, and we will detail those here.

For more information from the Secretary of State's Office on State Assembly and Senate district races, scan here:



<https://electionresults.sos.ca.gov/>

Ballot Propositions

Voters were asked to decide the fate of 12 ballot measures, three of which are important for dealers to be aware of — Proposition 15 (to require commercial and industrial properties, except those zoned as commercial agriculture, to be taxed based on their market value, rather than their purchase price); Proposition 22 (to define app-based transportation and delivery drivers as independent contractors and adopt labor and wage policies specific to app-based drivers and companies); and Proposition 24 (to expand the state's consumer data privacy laws, including provisions to remove the time period in which businesses can fix violations before being penalized and create a new Privacy Protection Agency to enforce the state's consumer data privacy laws).

Proposition 15 failed, with 52% of voters opposed and 48% in support. At the direction of dealer leadership, CNCDA supported the "No" on Proposition 15 campaign with a \$250,000 campaign contribution. This was a race that many watched very closely, and the "No" campaign's victory has been largely seen as a strong rebuke to any effort to upend Proposition 13.

Proposition 22 does not directly affect dealers like Propositions 15 and 24, but a "Yes" vote on 22 is notable because Uber and Lyft claimed the measure is necessary for them to continue their California operations. Since many dealers utilize Uber and Lyft for service drive customers, this battle is worth mentioning. The "Yes" campaign received more than \$200 million in contributions, which is a record in California for the amount of money raised by an initiative campaign. The Yes campaign won with 59% of voters in support. Leadership at Lyft has said the company is still open to negotiating with state labor leaders on a compromise, likely to stave off any future legislation, but any such compromise effort remains to be seen.

Proposition 24 is one that dealership compliance departments need to take special note of due to the additional scrutiny that will now be placed on business practices

regarding consumer data. This initiative passed, with 56% of California voters in support and 44% in opposition. Perhaps most notably, the initiative creates the California Privacy Protection Agency, which will exist to enforce the CCPA — making California the first state with its own standalone privacy regulator. CNCDA will send out more information regarding the compliance ramifications of this measure's passage in the coming weeks.

Senate Races

Half of the 40 California State Senate races were up this year. Democrats came into Election Day with 29 members, while Republicans held just 11 seats. The results show that the senate Democrats have expanded upon their supermajority status by winning at least two and possibly three more seats. 98% of the votes have been counted, but we are still awaiting results from one senate race — SD 21 remains too close to call as of this writing, with incumbent Senator Scott Wilk leading Democrat challenger

Kipp Mueller 51%-49%. Confirmed Republican victories include incumbent Senator Brian Dahle in SD 1 and realtor Rosilicie Ochoa Bogh in SD 23. Unfortunately, incumbent Republican Senator Ling Ling Chang lost a close race to her Democrat challenger in SD 29, and incumbent GOP Senator John Moorlach has conceded to his Democrat challenger Dave Min in SD 37.

The state senate will now be even more lopsided with 31 or 32 Democrats and 8 or 9 Republicans. CNCDA supported all the Republican incumbents being challenged both with direct contributions and with independent expenditures.

Assembly Races

With all 80 seats in the assembly up for election this year, there were contests to watch in every part of the state. The assembly Democrats started with a supermajority of 61 Democrats, while Republicans had 18 members (and 1 Independent). Just two races remain too close to

call — AD 13 with a Democrat-on-Democrat challenge and AD 74, where incumbent Assemblymember Cottie Petrie Norris is barely holding on to her seat as of this writing, with 51% of the vote to Republican challenger Diane Dixon's 49%.

California Republicans did better on the assembly side than on the senate side. At this point, with 98% of votes in, the Democrats have 59 confirmed wins, the Republicans have 19 confirmed wins, and Independent Chad Mayes has also won reelection. Based on where AD 74 falls, Democrats could pick up one more, or the Republicans could pick up one more. Regardless, despite a few Republican gains, Democrats have held on to their supermajority in the state Assembly.

As the few outstanding outcomes continue to be finalized across the state, CNCDA will be watching closely in anticipation of what is expected to be an even tougher political environment in the coming legislative session. ◀

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- Respiratory Protection Program
- Representation in OSHA/EPA Enforcement
- DOT Hazmat Shipping Certification

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CALIFORNIA NEW CAR DEALERS ASSOCIATION

UPCOMING EVENTS

DECEMBER

CNCDA NEW LAWS VIRTUAL SEMINAR SERIES 2020

Part I: Wednesday, December 9, 2020
10:00 am - 11:30 am PST
Part II: Thursday, December 10, 2020
10:00 am - 11:30 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

MARCH

F&I COMPLIANCE SERIES: FROM DEAL NEGOTIATION TO POST-CONTRACT PART III: WARRANTY, CPO AND VEHICLE HISTORY

Part III: Thursday, March 11, 2021
10:00 am - 11:30 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

JANUARY

F&I COMPLIANCE SERIES: FROM DEAL NEGOTIATION TO POST-CONTRACT PART I: COMPLIANCE WHEN NEGOTIATING

Part I: Thursday, January 14, 2021
10:00 am - 11:30 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

APRIL

F&I COMPLIANCE SERIES: FROM DEAL NEGOTIATION TO POST-CONTRACT PART IV: POST-CONTRACT

Part IV: Thursday, April 8, 2021
10:00 am - 11:30 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

FEBRUARY

F&I COMPLIANCE SERIES: FROM DEAL NEGOTIATION TO POST-CONTRACT PART II: DEAL DOCUMENTATION COMPLIANCE

Part II: Thursday, February 11, 2021
10:00 am - 11:30 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

APRIL

DEALER DAY 2021

Date: Wednesday, April 21, 2021
Location: *Sheraton Grand Sacramento Hotel*

STAY UP TO DATE ON UPCOMING EVENTS AT
WWW.CNCDA.ORG

Acts of Kindness by California Dealers



Jenny Dudikoff McLaughlin
Director of Public Affairs
and Communications

Throughout this challenging year, especially at the peak of the COVID-19 global pandemic, CNCDA worked to collect and share *Acts of Kindness by California Dealers*. Stories of dealers involved in positive local community efforts during trying times came in fast and furious, with several dealers providing support in a number of ways to first responders, children and families in need, and a variety of COVID-19 relief efforts. CNCDA could not be prouder of the dealer body for stepping up to support Californians and our great state during a time of crisis. To close out what has been an otherwise challenging year, we wanted to share some of these uplifting stories with you. Thank you to everyone who shared and all the dealers out there who continue to support their local communities.

Mossy Nissan

in Escondido teamed up with the American Red Cross Bloodmobile and Senator Brian Jones to host a blood drive in response to the urgent need for blood donations as they were running low in this public health emergency. Donating is considered an “essential” act and is exempt from the governor’s “stay at home” Executive Order.



Encinitas Ford

joined forces with a local restaurant to deliver burritos to more than 1,300 San Diego health care workers on the front lines fighting the coronavirus pandemic. The dealership donated \$10,000, and deliveries were made with cars from the dealership.



Lake Elsinore Ford

is provided lunch to the staff of 50 individuals who were providing free COVID-19 testing at Lake Elsinore Diamond Stadium in recognition of their hard work and commitment to the program. The testing program was in operation for several weeks and provided much-needed testing to help keep the community safe.



Mike Thompson's RV

out of Southern California supported its local community and first responders during a time of crisis by providing meals to emergency room night shifts at a local hospital in Newport Beach. In coordination with Chronic Tacos in Costa Mesa, Mike Thompson's RV continued to provide support to men and women on the front lines and seeks to reach 4-6 more local hospitals over a number of weeks, feeding 500 medical personnel in their local community.



Worthington Ford

donated \$5,000 to the Coronavirus Relief Fund through the Long Beach Disaster Relief Fund. The Long Beach Coronavirus Relief Fund supports community-based organizations at the front lines of the coronavirus response in the Long Beach area.



DCH Toyota of Torrance

sponsored a community outreach program, Community's Child, to provide food services during this crisis. With many local food pantries shut down at the peak of COVID-19 and local meals on wheels lacking volunteer drivers, Hope Community Center Pantry provided weekly groceries to over 300 families, 52 seniors and 11 individuals with disabilities.



For the entire month of April, **Unicars** in Indio offered all first responders,

medical personnel, paramedics, nurses, doctors, police officers and firefighters that drove a Honda free oil and filter changes as a thank you to the hard work and dedication to keep the community safe. Unicars also donated a ventilator to Eisenhower Health Medical Center.



South Bay Ford Lincoln in

Hawthorne supported the local Boys & Girls Club with a \$5,000 contribution to provide support for food services for underserved youth. The Boys & Girls Club of Los Angeles Harbor launched “Grab & Go” Food Distribution, which provided children a source of food; the children otherwise rely on food from after school programs through the Boys & Girls Club. Since the club was shut down due to COVID-19, this program provided youth ages 5-18 access to five Grab & Go distribution centers to pick up a snack and lunch daily.



Frank Motors out

of National City continues to participate in local diaper drive activities to support San Diego families struggling to provide for their families during this difficult time. Miracle Babies, a nonprofit organization supporting families with critically ill babies in local neonatal intensive care units (NICUs), is extending its diaper drive-thru events throughout the summer. Frank Motors has provided Miracle Babies with a \$3,000 sponsorship to offset costs associated with the South Bay diaper distributions. June’s National City diaper distribution was sponsored by Frank Toyota. July’s event was sponsored by Frank Subaru, and August’s event was sponsored by Frank Hyundai.



Team Kia of El

Cajon developed a free oil change program offered to first responders and medical personnel, including doctors, nurses, police officers, paramedics, firefighters and all health care providers. This program services all makes and models.



VW of Murrieta

partnered with their local Salvation Army (Murrieta Corps) to pick up donated food boxes and deliver them to local seniors who are not able to go out. Using their VW of Murrieta branded VW Atlas for transport, they dropped off between 30 and 35 boxes of non-perishable food items at their doorsteps.



Bakersfield

Mazda gave back to those on the coronavirus pandemic front lines. The dealership offered free oil changes and car washes to health care workers through May 4. The program was not solely for Mazda owners but for additional makes and models as well.



Frank Motors

in National City did its part to say “Thank You.” To show appreciation to all health care workers and first responders, the group offered a complimentary oil change, multipoint inspection and vehicle health check at Frank Toyota, Frank Hyundai and Frank Subaru dealerships through the end of the year. This offer is available on all Toyota, Lexus, Hyundai, Kia and Subaru models. More than 200 first responders have taken their vehicles into various locations to redeem this act of kindness.



Fresno Acura

hosted a pop-up blood drive in collaboration with the Central California Blood Center and the Fresno Realtors Association. As concerns around COVID-19 continued to evolve, the shortage in critical blood supply continued to grow. The blood drive resulted in 75 donors, far surpassing the goal of 50 donors, and yielded 48 units of blood drawn.



Ford Lincoln in

Bakersfield teamed up with local elected officials on two efforts to support COVID-19 efforts in their community. The dealership provided transportation to deliver 150 bags of groceries to families in need from Casa Loma Elementary School. Additionally, employees of the dealership joined the local “Food for the Front Line” fundraiser to help provide meals for Kern County emergency room staff and first responders who are working on the front lines of the pandemic, prepared by local restaurants.



To help give back to the community, Lake Elsinore’s **Anderson Chevrolet** joined forces with the Lake Elsinore Storm and Shamrock Foods to provide a Meal Relief Program to its citizens. The Meal Relief Program offered individually packaged, ready to heat meals to the community at a low cost. For every five meals sold, one is donated to someone in need. Anderson Chevrolet has donated the use of a 4500 Chevrolet refrigerated truck to make deliveries possible.



Governor Newsom's Executive Order to Ban the Sale of New ICE Vehicles by 2035



Alisa Reinhardt
Director of Government Affairs

On Sept. 23, 2020, Governor Gavin Newsom signed an Executive Order directing the California Air Resources Board (CARB) to enact regulations to require all new cars and passenger trucks sold in California to be zero-emission by the year 2035.

According to Governor Newsom, this action is necessary to combat climate change. In a statement, Governor Newsom said internal combustion vehicles are the target because the transportation sector is responsible for more than half of all of California's carbon pollution, 80% of smog-forming pollution, and 95% of toxic diesel emissions, and this mandate would result in more than a 35% reduction in greenhouse gas emissions and an 80% reduction in nitrogen oxide emissions from cars statewide.

In the Executive Order, CARB was also directed to develop regulations mandating all medium- and heavy-duty vehicles to be 100% zero-emission by 2045 "where feasible." To support the infrastructure that will be necessary to support the mandate, the order requires state agencies, in partnership with the private sector, to accelerate the deployment of charging options. It also requires the support of new and used zero-emission vehicle markets to provide broad access to zero-emission vehicles for all Californians, although it is unclear what form that support would take.

While the Executive Order will not prevent Californians from owning gasoline-powered cars or from selling them on the used car market, this transition would have a massive impact on California's new car dealers, as zero-emission vehicles remain a small percentage of the 2 million new vehicles sold in California each year.

The federal Environmental Protection Agency (EPA) immediately responded to news of the Executive Order by warning Governor Newsom that the Executive Order "raises serious questions regarding its legality and practicality." However, the victory of President-elect Biden drastically changes the game when it comes to the federal EPA and CARB butting heads. It is all but certain that the EPA under Biden will immediately stop defending Trump-era lawsuits and instead work hand-in-glove with CARB on vehicle emissions standards and other environmental issues.

The State of California continues to push the sale and widespread adoption of zero-emission vehicles through goals and now mandates. If CARB adopts regulations to implement a 2035 ban on the sale of all new internal combustion engine vehicles, this mandate will have a drastic impact on dealerships statewide in sales departments and service departments, and could result in out-of-state dealerships having an unfair competitive advantage over



The State of California continues to push **the sale** and **widespread adoption** of **zero-emission vehicles** through **goals** and **now mandates**.



California dealers. We also would like to see off-ramps included in any future regulations if consumer acceptance does not improve.

CNCDA immediately issued a public statement in response to the Governor’s announcement, noting the following:

“While we greatly respect the governor’s ambition and emphasis on California leading the fight to combat climate change, we have many unanswered questions about fundamental components of his Executive Order to ban the sale of gasoline-powered vehicles by 2035, including the implications on consumers and the state’s preparedness

to take on such a directive remains deeply involved in these developments and will continue to do so in the months and years ahead.

“Foremost, if the policy is ultimately adopted, this will transform how Californians move about our state. Such a significant public policy change and drastic shift in how Californians operate every single day requires addressing upfront, critical elements to how this directive will be met, including consumer adoption, consumer affordability, infrastructure, mandates versus goals, and current standards not being met.

“Additionally, bypassing the elected legislature and directing the California Air Resources Board (CARB) to adopt rules to prohibit the sale of non-ZEV vehicles to enact this significant transportation policy change is deeply troubling and deprives Californians of a direct voice in this important issue.

“While we support the state’s goals to combat climate change, there are many questions and factors that need to be thoughtfully considered and addressed before implementing such a mandate on consumers.”

CNCDA is deeply engaged on this issue, and staff will continue working closely with dealer leadership to further develop a comprehensive plan on how to insist that the administration address the critical unanswered questions and concerns we have about the Governor’s mandate. As these developments unfold, we will keep you apprised. ◀

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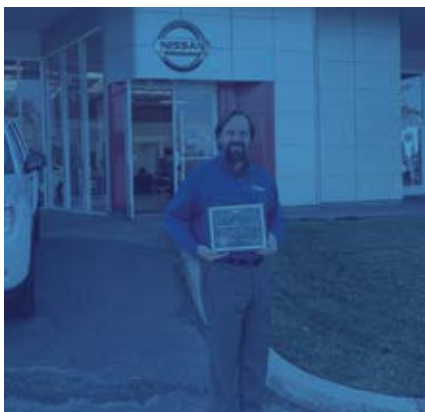
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INDUSTRY AND YOUR DEDICATION TO THE INTERESTS OF
CALIFORNIA FRANCHISED NEW CAR DEALERS.



High-Tech California Must Update Its Low-Tech Vehicle Sales Laws



Anthony Bento
Director of Legal and Regulatory Affairs

California businesses are global leaders in adopting innovative new technologies, and California's franchised new car dealers are no exception. During the initial COVID-19 shutdown orders in March and April, many dealers quickly pivoted to online sales with remote delivery. And many more dealers are implementing technology to enhance customer experience, increase productivity and ease compliance burdens. For example, dealers are utilizing products like Reynolds' docuPAD to visualize F&I options for customers, and dealers are implementing electronic solutions offered by companies like ComplyAuto and HR Hotlink to comply with California's complex privacy and employment laws.

Unfortunately, California's antiquated laws on records retention and e-contracting hold the retail automotive industry back from realizing obvious benefits in efficiency and consumer experience.

The DMV's requirement that dealers *physically* retain documents pertaining to the sale or lease of a motor vehicle is a prime example of an absurdly antiquated requirement. It is wasteful — documents electronically executed must be printed and

retained physically, which creates unnecessary paper waste. It is costly — California's real estate is among the most expensive in the world, and devoting precious space for physical retention is pricey. And it is inefficient — dealers must ensure that their employees adequately maintain and dispose of physical documents according to DMV requirements.

Unfortunately, the DMV recently doubled down on requiring dealers to physically retain these documents when it approved a revised rule on records retention earlier this year. Over the past several years, CNCDA repeatedly asked DMV leadership to end its requirement that dealers physically retain documents pertaining to sale or lease transactions for 18 months. Unfortunately, the DMV's response was to reduce the physical retention requirement from 18 months to 90 days. (Title 13 of the California Code of Regulations, Section 272.02.) While this is an improvement over the status quo, it fails to allow dealers to realize the benefits of an electronic records retention process. Under the DMV's new rule, the process is still unnecessarily wasteful, costly and inefficient.

California's two-decade-old Uniform Electronic Transactions Act (Cal

UETA) is also a needless obstacle to modernization. Cal UETA generally provides that electronic signatures are valid under California law. However, it exempts vehicle sales and lease contracts from its scope.¹ (Civil Code section 1633.3.) In previous legislative sessions, CNCDA attempted to remedy this omission, but our attempts have been stymied by so-called consumer advocates that have favored the current Byzantine system involving wet signatures on multiple lengthy paper documents.

Despite setbacks, CNCDA remains committed to modernizing these unnecessary and burdensome laws. In an era where dealers are expected to compete with actors like Carvana (who transact business online), it is absurd to hold franchised new car dealers to outdated requirements. We are cautiously optimistic that the legislature in 2021 may agree. ◀

¹Cal UETA does not prevent dealers from using e-signatures for vehicle sale and lease documents, as such transactions are allowed by federal law, and it is highly likely that a court would find that federal law overrides any conflict with state law on the enforceability of vehicle sale and lease documents. However, Cal UETA should be harmonized with federal law on this issue to prevent any ambiguity.

COVID-19 Resources, CNCDA Continues to Be Here for You



Jenny Dudikoff
Director of Public Affairs and Communications

CNCDA's No. 1 priority throughout much of this year has been to provide valuable compliance guidance and consistent support to our dealer members on how to navigate the challenges and unexpected implications of COVID-19. We continue to enhance our efforts to include invaluable resources that have also been supplemented by our Dealership Coronavirus Resources Page on our website. In recent months we have tracked, collected, and refined timely and relevant information and resources specific to Coronavirus that CNCDA members can rely on in real time to help guide you through this unprecedented time and the uncertainty of months to come.

As conditions continue to change and we head into the winter months, CNCDA will continue with our Coronavirus emails and regular updates, but please be sure to visit the Resources Page for exclusive member access to all materials to keep you in compliance. Of note, don't miss our COVID-19 Member Toolkit, Restarting California's New Car Dealerships in the Wake of COVID-19. This CNCDA Member Toolkit is designed to help dealerships implement new protocols and procedures, ensuring the health

and safety of consumers and employees. This document is not intended as legal advice, nor is it intended to be comprehensive regarding all COVID-19 compliance matters. Instead, this toolkit is designed as an informational checklist, which includes key resources for critical areas that dealerships need to be aware of as they operate under the conditions of COVID-19. Resources housed on the member-only webpage accessed through CNCDA Comply include:

1. COVID-19 Member Toolkit
2. Coronavirus Webinars
3. Dealership FAQs
4. Coronavirus Documents (including sample forms, checklists and notices)

As the COVID-19 environment continues to shift, CNCDA staff is eager to continue our work to guide you through this uncertain and ever-changing landscape. It is our primary objective to ensure you have the resources and support you need to navigate these times. Keeping your businesses up and running, and in compliance while ensuring the safety of your employees and customers remains our No. 1 priority. ◀



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CNCDA IS HERE FOR YOU

During this trying and unprecedented time, CNCDA has worked tirelessly to keep our members informed with the most up to date information about the ever-changing landscape of health and safety orders impacting your businesses across California and in local jurisdictions. Navigating this challenging environment has been and continues to be our number one priority for our members and the California automotive retail industry.

While we understand the hardships you are facing in this time of economic uncertainty, your membership is now more important than ever. Providing compliance support on how to operate your businesses including sales, employment, health and safety are at the forefront of CNCDA's efforts.

The exclusive, timely and critically valuable guidance that CNCDA has been able to provide to its members during this time underscores more than ever why we are here — **to serve our members and support California's community of new car dealers.**



www.cncda.org

DURING THE COVID-19 CRISIS, CNCDA HAS PROVIDED THE FOLLOWING TO OUR MEMBERS:

- Coronavirus Dealership Resources webpage
- Member exclusive Coronavirus resources and documents including:
 - More than 50 Daily Coronavirus Updates
 - Member Toolkit, Restarting California's New Car Dealerships in the Wake of COVID-19
 - Coronavirus compliance guidance and materials on vehicle sales, health requirements, employees, government benefits, forms and notices, vehicle registration and franchise issues
 - Free coronavirus webinars

IN 2019, CNCDA ACCOMPLISHED ONE OF ITS BIGGEST VICTORIES BY PASSING AB 179, ACHIEVING THE FOLLOWING FOR OUR MEMBERS:

- Retail warranty reimbursement relief that's been critically needed for years
- Strengthened California's franchise laws
- Addressed inappropriate treatment of dealers by manufacturers
- Enforced manufacturer accountability for unlawful actions against dealers
- Conformed California franchise laws to recent actions in other states

CNCDA CONTINUES TO PROVIDE AND ENHANCE THE FOLLOWING EXCLUSIVE BENEFITS FOR OUR MEMBERS:

- Access to CNCDA Comply which houses more than 30 resources:
 - Compliance manuals
 - Monthly bulletins
 - Capitol, regulatory and legal updates
 - Legislative summaries
- Access to industry and educational information including:
 - Frequent Dealer Alerts on timely and urgent industry and franchise specific information
 - Compliance webinars and educational webinars

The unparalleled disruption that our great industry faces will prove challenging, but we look forward to continuing to serve our members now and in the months ahead to foster the critical rebound of California's automotive retail industry.

Thank you for being part of the nation's largest state automobile dealer association, joining a community of more than 1,100 fellow dealers who are committed to getting back to business and protecting and promoting the interests of franchised new car dealers.



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How COVID-19 Should Change Your Benefits Communication Strategy



Troye Fontenette
Western Regional Manager, American Fidelity Assurance Company



This year has changed the way the world does everything, including benefits enrollments. And for employees, it's more important than ever to keep them informed about their benefits options.

Employers may be looking for new ways to engage their employees in safe and effective ways. American Fidelity shifted all enrollments to a guided virtual experience beginning in March, and we've observed which strategies are the most effective for a successful benefits enrollment.

Set an Expectation for Digital Communication

Ensure your employees know to expect important information digitally. Make sure you have your employees' personal email addresses and cellphone numbers so you can get in touch with your staff no matter what circumstances arise. Even if you have returned to an in-person environment, using digital communications is often a better solution when your employees are always on the road.

Here are some digital communication methods to consider:

Postcards: To promote digital engagement, send a postcard to your employees with a QR code or hyperlink that opens

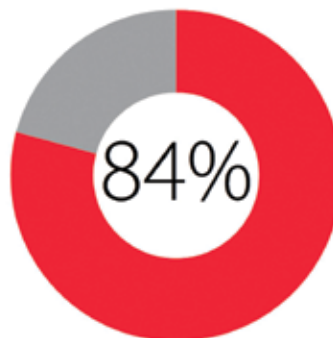
your intranet or enrollment site. You can also use this as an opportunity to promote the other digital communication channels you plan to use throughout the enrollment.

Intranet: Ensure your intranet is kept up to date with a list of all your benefits offerings. When available, include digital versions of brochures, benefits education videos, and other information to help employees learn ahead of time.

Email Marketing: Email marketing has been the method of choice for businesses during the pandemic. Your employees are likely getting bombarded by every retailer and organization they've ever interacted with. Respect your employees' inboxes by keeping your email frequency low and only include relevant and important information. If you aim for quality and not quantity, your employees are more likely to view the emails as pertinent.

Text Messages: Use text messages to send out important dates and reminders. You can include hyperlinks to your intranet site or other important benefits information.

Social Media Groups: Consider creating a private social media group for your employees to share updates and important information. Since employees are using their personal devices more now than ever, it is a great channel to use.



of employees said they want individual support when completing their benefits enrollment.

Don't Stop Offering One-on-One Support

As you increase your digital communication strategies, don't abandon one-on-one support. Employees want an opportunity to ask questions and receive personalized benefits recommendations.

Here are some ways you can still provide personal support: Offer Educational Group Meeting Webinars

While benefits education videos are effective, live webinars are a great companion. One benefit of webinars compared to videos is the opportunity to ask questions. Hosting live events creates a sense of urgency and anticipation, so you are more likely to see engagement compared to a static video. Consider hosting webinars at multiple times of the day so your employees will have a chance to attend no matter where they are.

Provide a Virtual Guided Enrollment

While you may be considering

an online self-enroll experience, only about 12% of employees said they prefer self-education on their benefits and enrolling on their own.² A guided virtual enrollment allows your employees to receive one-on-one guidance from a dedicated benefits counselor. Just because enrollments may happen virtually doesn't mean your employees have to sacrifice getting the guidance they want.

While we hope the future allows things to "return to normal," these benefits communications strategies are likely here to stay. We're here to help, whatever the circumstances may be, no matter where your employees are located.

About American Fidelity:

American Fidelity is a partner of the California New Car Dealers Association. As an extension of your human resources department, American Fidelity provides benefits education and enrollment support to

make it easy for your employees to understand which benefits are right for them. We're a great resource for assistance in navigating challenges with benefits administration and offer convenient enrollment solutions for in-person, virtual, or a combination of the two. Whether you need voluntary supplemental benefits, benefits education, employer solutions or full benefits enrollment, we can assist with that and so much more. ◀

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¹American Fidelity internal post-enrollment survey data, data from July 2019 to June 2020.




²American Fidelity internal post-enrollment survey data, data from July 2019 to June 2020. ESB-8251-0720



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-Craig Whetter, President, David Wilson Automotive Group (relationship since 1983)

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California Auto Outlook™

Comprehensive information on the California vehicle market

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Covering Third Quarter 2020

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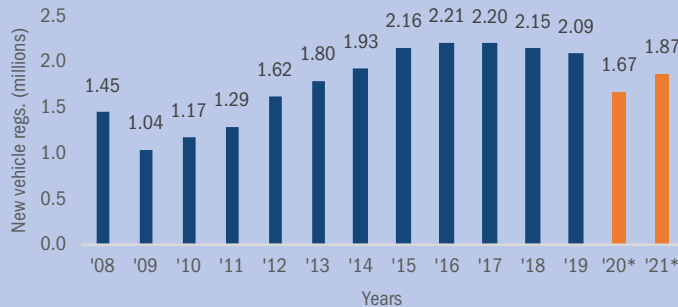


State Market Shows Signs of Recovery; 12 Percent Increase Predicted for 2021

ANNUAL TRENDS



California Annual New Light Vehicle Registrations - 2008 thru 2021



Historical data source: AutoCount data from Experian.

*'20 and '21 forecasts by Auto Outlook.

New vehicle registrations in California are expected to decline to 1.67 million units in 2020, down 20 percent from last year.

Latest projections are for the market to approach 1.9 million units in 2021, an increase of 12 percent from this year.

Accumulating pent up demand and low interest rates will support the market next year, while expected slow improvement in employment should prevent a sharp rebound.

California Total New Light Vehicle Registrations and U.S. New Vehicle Sales - YTD 2019 & 2020, thru September

TWO YEAR PERSPECTIVE



	California			U.S.		
	YTD '19	YTD '20	Change	YTD '19	YTD '20	Change
Registrations						
TOTAL	1,589,843	1,199,446	-24.6%	12,809,063	10,452,763	-18.4%
Car	671,207	440,054	-34.4%	3,693,050	2,564,966	-30.5%
Light Truck	918,636	759,392	-17.3%	9,116,013	7,887,797	-13.5%
Domestic	507,682	390,159	-23.1%	5,760,331	4,773,224	-17.1%
European	239,249	178,736	-25.3%	1,204,898	994,992	-17.4%
Japanese	731,705	543,445	-25.7%	4,858,971	3,801,487	-21.8%
Korean	111,207	87,106	-21.7%	984,863	883,060	-10.3%
Market Share						
Car	42.2	36.7	-5.5	28.8	24.5	-4.3
Light Truck	57.8	63.3	5.5	71.2	75.5	4.3
Domestic	31.9	32.5	0.6	45.0	45.7	0.7
European	15.0	14.9	-0.1	9.4	9.5	0.1
Japanese	46.1	45.3	-0.8	37.9	36.4	-1.5
Korean	7.0	7.3	0.3	7.7	8.4	0.7

Source for California new vehicle registrations: AutoCount data from Experian. Source for U.S. sales: Automotive News.

California new light vehicle market declined 24.6 percent during the first nine months of this year versus a year earlier. The U.S. market fell 18.4 percent.

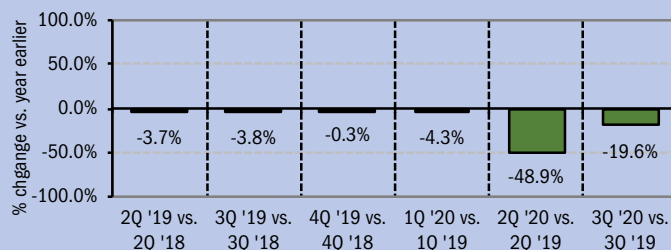
Retail vehicle sales in the state have held up better in 2020. New retail registrations fell 19.5 so far this year.

Light truck registrations in the state declined 17.3 percent versus the 34.4 percent drop for passenger cars.

QUARTERLY RESULTS



California Quarterly New Light Vehicle Registrations
Percent Change vs. Year Earlier



Data source: AutoCount data from Experian.

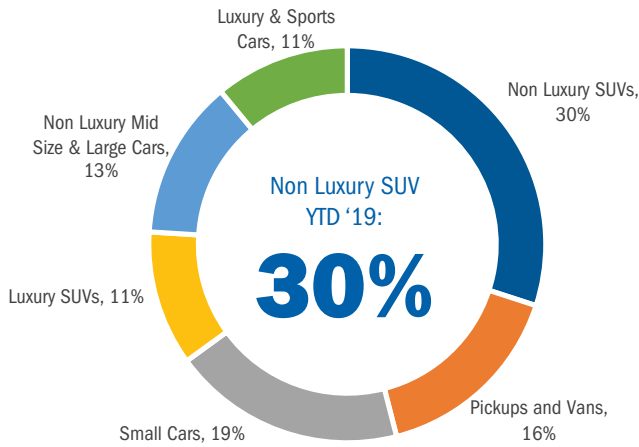
The rate of decline in the state market eased in the Third Quarter of this year. 3Q '20 registrations fell by 19.6 percent versus a year earlier, an improvement from the 48.9 percent drop in the Second Quarter.

Wildfires and a slowly recovering labor market contributed to the nearly 20 percent decline in the Third Quarter. The market could post a small increase in the Fourth Quarter.

SEGMENT MARKET SHARE TRENDS

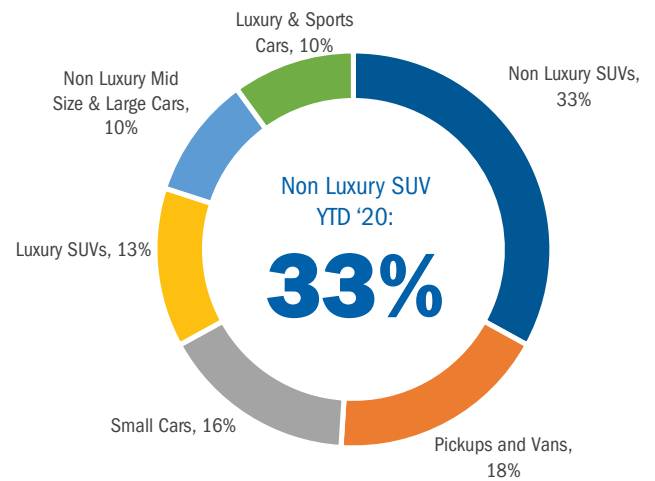
Small Car Market Share Declined to 16 Percent

Segment Market Shares in California
YTD 2019 thru September



Data Source: AutoCount data from Experian.

Segment Market Shares in California
YTD 2020 thru September



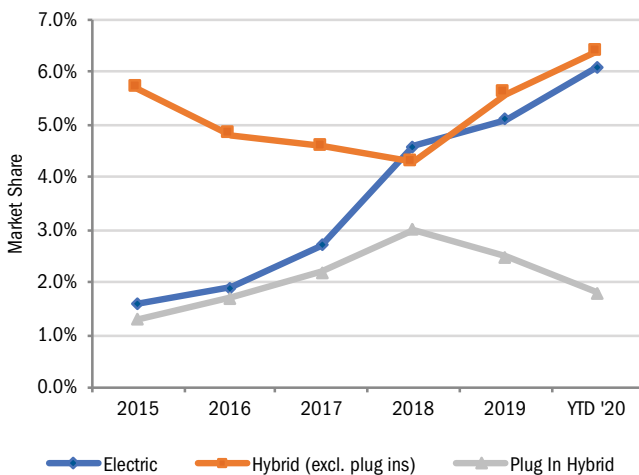
Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during the first nine months of 2019 and 2020.

HYBRID AND ELECTRIC VEHICLES

Hybrid and Electric Vehicle Market Share Have Moved Higher During 2020

Estimated Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share - YTD '20 thru Sept.:
14.3 percent

Estimated Hybrid and Electric New Vehicle Registrations and Market Share					
	2016	2017	2018	2019	YTD 2020
Electric registrations	41932	59388	99121	106752	73166
Electric share	1.9%	2.7%	4.6%	5.1%	6.1%
Hybrid regs. (excl. plug ins)	105934	101180	92658	117218	76765
Hybrid share (excl. plug ins)	4.8%	4.6%	4.3%	5.6%	6.4%
Plug in hybrid regs.	37518	48391	64644	52329	21590
Plug in hybrid share	1.7%	2.2%	3.0%	2.5%	1.8%

The graph above shows estimated hybrid powertrain and electric vehicle market share in the state. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.

MODEL RANKINGS

Honda Civic and Toyota RAV4 Are Top Sellers in California

The table below shows the top five selling models during the first nine months of 2020 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.



BEST SELLERS IN PRIMARY SEGMENTS

- Compact Car: Honda Civic
- Mid Size Car: Toyota Camry
- Near Luxury Car: Tesla Model 3
- Luxury Car: Mercedes E-Class
- Full Size Pickup: Ford F-Series
- Compact SUV: Toyota RAV4
- Mid Size SUV: Toyota Highlander
- Luxury Mid Size SUV: Lexus RX

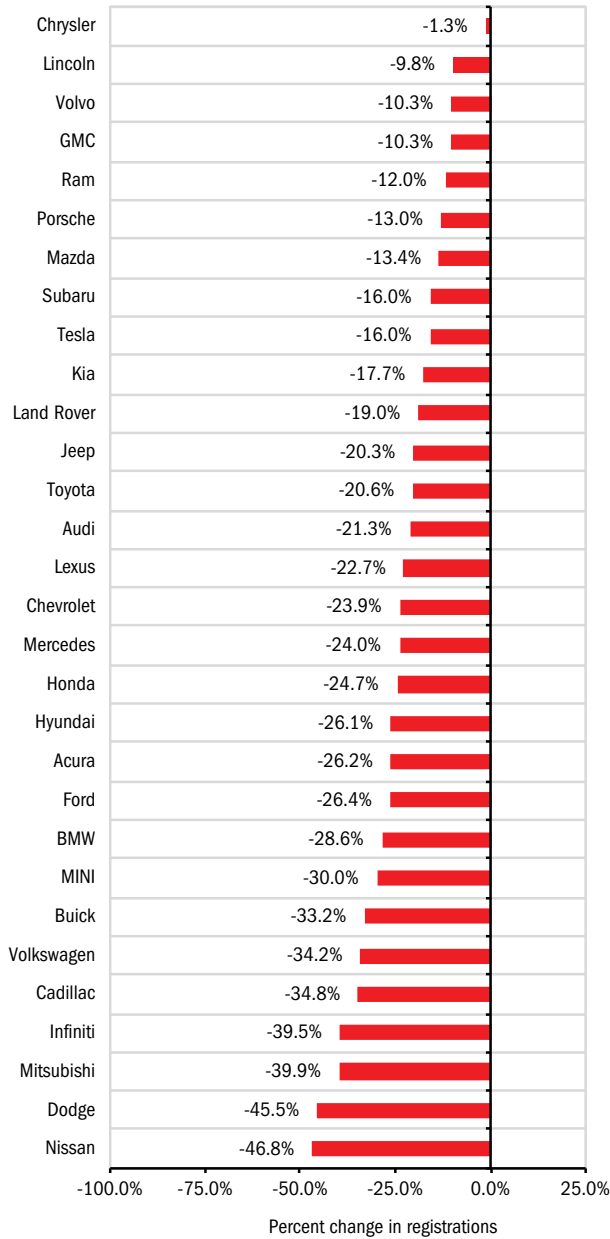
Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD 2020, thru September)											
Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Bolt	5151	20.1	Honda Civic	46046	31.4	Ford Mustang	6455	34.9	Toyota Camry	40466	33.9
Kia Soul	4671	18.3	Toyota Corolla	31936	21.8	Dodge Challenger	6237	33.7	Honda Accord	31369	26.3
Honda Fit	4299	16.8	Toyota Prius	11582	7.9	Chevrolet Camaro	2939	15.9	Nissan Altima	11111	9.3
Nissan Versa	4082	16.0	Nissan Sentra	10273	7.0	Mazda MX5	1071	5.8	Ford Fusion	9111	7.6
Chevrolet Spark	1814	7.1	Kia Forte	8614	5.9	Hyundai Veloster	858	4.6	Kia K5/Optima	8006	6.7
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	8632	67.9	Mercedes A-Class	2793	26.1	Tesla Model 3	31548	43.8	Mercedes E-Class	4586	13.9
Toyota Avalon	1385	10.9	Mercedes CLA-Class	2163	20.2	BMW 3-Series	7336	10.2	BMW 5-Series	3993	12.1
Nissan Maxima	1071	8.4	BMW 2-Series	2105	19.6	Lexus ES	6530	9.1	Tesla Model S	3489	10.6
Chrysler 300	933	7.3	Audi A3	1690	15.8	Mercedes C-Class	5274	7.3	Porsche 911	1754	5.3
Chevrolet Impala	578	4.5	Acura ILX	1466	13.7	Audi A4	2782	3.9	Audi A6	1728	5.2
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	28372	52.7	Ford F-Series	38260	31.9	Honda Odyssey	6698	33.8	Ford Transit Connect	11591	47.4
Ford Ranger	8707	16.2	Chevrolet Silverado	31259	26.0	Chrysler Pacifica	4971	25.1	Ram Promaster	3266	13.3
Chevrolet Colorado	6610	12.3	Ram Pickup	29412	24.5	Toyota Sienna	3866	19.5	Mercedes Sprinter	3210	13.1
Jeep Gladiator	4514	8.4	GMC Sierra	12776	10.6	Chrysler Voyager	2629	13.3	Nissan NV	2915	11.9
Nissan Frontier	2621	4.9	Toyota Tundra	7516	6.3	Kia Sedona	848	4.3	Chevrolet Express	1921	7.9
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	9012	15.6	Toyota RAV4	41715	23.1	Toyota Highlander	15038	11.3	Chevrolet Tahoe	4353	27.0
Toyota C-HR	7390	12.8	Honda CR-V	24653	13.6	Ford Explorer	13363	10.1	Ford Expedition	3231	20.1
Hyundai Kona	5879	10.2	Jeep Wrangler	14726	8.2	Subaru Outback	12023	9.0	Chevrolet Suburban	2204	13.7
Nissan Kicks	4837	8.4	Mazda CX5	14508	8.0	Jeep Grand Cherokee	9187	6.9	GMC Yukon	2020	12.5
Kia Niro	4138	7.2	Subaru Forester	13599	7.5	Honda Pilot	8971	6.7	Nissan Armada	1504	9.3
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Lexus UX	3639	18.8	Tesla Model Y	9163	16.2	Lexus RX	11980	19.6	Mercedes GLS-Class	3004	21.3
Audi Q3	3183	16.4	Lexus NX	8392	14.8	Mercedes GLE-Class	6672	10.9	Land Rover Range Rover	2407	17.1
Mercedes GLB-Class	3144	16.2	BMW X3	6612	11.7	BMW X5	6189	10.1	BMW X7	2352	16.7
Mercedes GLA-Class	2986	15.4	Mercedes GLC-Class	6239	11.0	Tesla Model X	5384	8.8	Cadillac Escalade	1737	12.3
BMW X1	2636	13.6	Audi Q5	5280	9.3	Acura MDX	3704	6.1	Cadillac XT6	1175	8.3

Data Source: AutoCount data from Experian. Figures for Prius include Prius Prime.

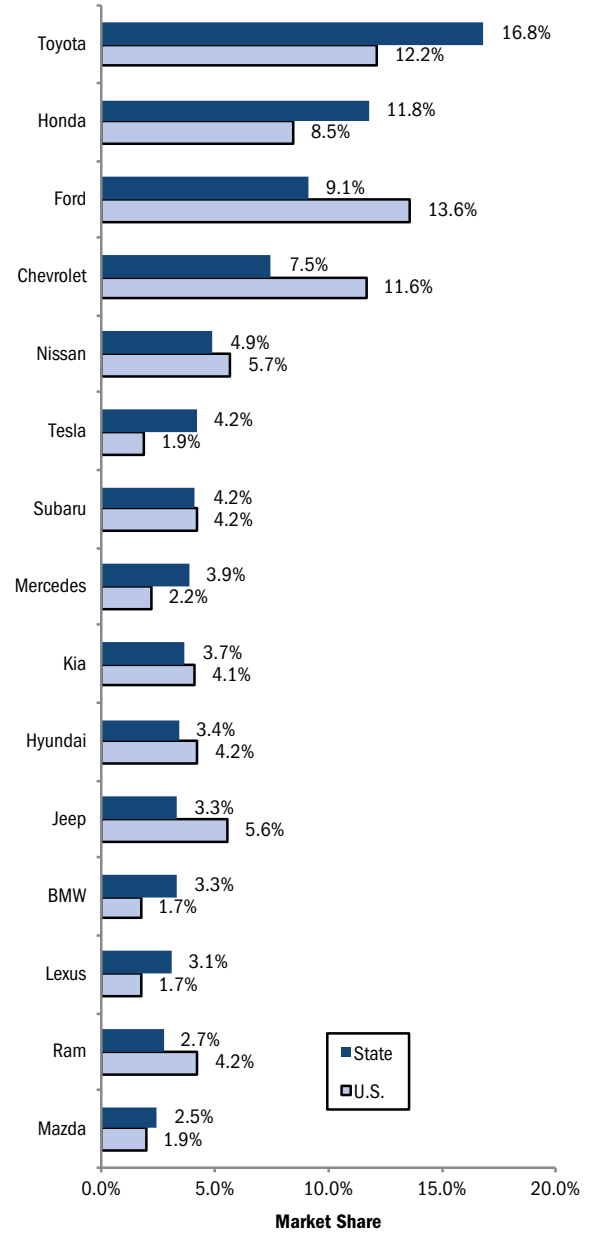
BRAND SUMMARY

Toyota, Honda, and Ford Are Top Three Selling Brands in California

Percent Change in Brand Registrations - YTD '20 thru Sept. vs. YTD '19
(Top 30 selling brands in state)



California and U.S. Market Share - YTD '20 thru Sept.
(Top 15 selling brands in state)



Registrations declined by less than 14 percent for Chrysler, Lincoln, Volvo, GMC, Ram, Porsche, and Mazda



Toyota, Honda, Ford, Chevrolet, and Nissan were market share leaders in California

Data Source: AutoCount data from Experian.

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations												
	Third Quarter						Year to date thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	3Q '19	3Q '20	% change	3Q '19	3Q '20	Change	YTD '19	YTD '20	% change	YTD '19	YTD '20	Change
TOTAL	514,185	413,227	-19.6				1,589,843	1,199,446	-24.6			
Acura	5,158	4,358	-15.5	1.0	1.1	0.1	16,223	11,973	-26.2	1.0	1.0	0.0
Alfa Romeo	995	807	-18.9	0.2	0.2	0.0	2,920	2,590	-11.3	0.2	0.2	0.0
Audi	10,381	8,380	-19.3	2.0	2.0	0.0	30,766	24,218	-21.3	1.9	2.0	0.1
BMW	19,446	13,583	-30.2	3.8	3.3	-0.5	56,117	40,076	-28.6	3.5	3.3	-0.2
Buick	1,990	1,215	-38.9	0.4	0.3	-0.1	6,271	4,188	-33.2	0.4	0.3	-0.1
Cadillac	3,399	2,254	-33.7	0.7	0.5	-0.2	10,746	7,008	-34.8	0.7	0.6	-0.1
Chevrolet	37,726	28,502	-24.4	7.3	6.9	-0.4	118,103	89,901	-23.9	7.4	7.5	0.1
Chrysler	2,342	2,266	-3.2	0.5	0.5	0.0	8,761	8,650	-1.3	0.6	0.7	0.1
Dodge	11,856	6,243	-47.3	2.3	1.5	-0.8	36,419	19,833	-45.5	2.3	1.7	-0.6
FIAT	394	104	-73.6	0.1	0.0	-0.1	1,185	345	-70.9	0.1	0.0	-0.1
Ford	44,194	35,451	-19.8	8.6	8.6	0.0	148,718	109,397	-26.4	9.4	9.1	-0.3
Genesis	987	609	-38.3	0.2	0.1	-0.1	1,874	1,739	-7.2	0.1	0.1	0.0
GMC	8,150	7,348	-9.8	1.6	1.8	0.2	26,515	23,776	-10.3	1.7	2.0	0.3
Honda	63,247	51,237	-19.0	12.3	12.4	0.1	187,449	141,206	-24.7	11.8	11.8	0.0
Hyundai	18,271	14,397	-21.2	3.6	3.5	-0.1	55,299	40,888	-26.1	3.5	3.4	-0.1
Infiniti	3,421	2,057	-39.9	0.7	0.5	-0.2	13,184	7,970	-39.5	0.8	0.7	-0.1
Jaguar	1,147	1,051	-8.4	0.2	0.3	0.1	4,288	3,089	-28.0	0.3	0.3	0.0
Jeep	15,150	14,434	-4.7	2.9	3.5	0.6	50,314	40,098	-20.3	3.2	3.3	0.1
Kia	20,253	16,250	-19.8	3.9	3.9	0.0	54,034	44,479	-17.7	3.4	3.7	0.3
Land Rover	3,878	3,673	-5.3	0.8	0.9	0.1	13,489	10,924	-19.0	0.8	0.9	0.1
Lexus	16,059	13,685	-14.8	3.1	3.3	0.2	47,833	36,964	-22.7	3.0	3.1	0.1
Lincoln	1,606	1,480	-7.8	0.3	0.4	0.1	5,021	4,527	-9.8	0.3	0.4	0.1
Maserati	386	312	-19.2	0.1	0.1	0.0	1,295	930	-28.2	0.1	0.1	0.0
Mazda	10,864	10,956	0.8	2.1	2.7	0.6	34,013	29,443	-13.4	2.1	2.5	0.4
Mercedes	20,422	17,419	-14.7	4.0	4.2	0.2	60,860	46,232	-24.0	3.8	3.9	0.1
MINI	1,859	1,594	-14.3	0.4	0.4	0.0	5,551	3,887	-30.0	0.3	0.3	0.0
Mitsubishi	1,892	981	-48.2	0.4	0.2	-0.2	8,397	5,049	-39.9	0.5	0.4	-0.1
Nissan	30,851	17,011	-44.9	6.0	4.1	-1.9	110,864	58,948	-46.8	7.0	4.9	-2.1
Other	878	713	-18.8	0.2	0.2	0.0	2,775	2,336	-15.8	0.2	0.2	0.0
Porsche	3,857	3,687	-4.4	0.8	0.9	0.1	10,822	9,410	-13.0	0.7	0.8	0.1
Ram	12,521	11,445	-8.6	2.4	2.8	0.4	37,142	32,675	-12.0	2.3	2.7	0.4
Subaru	20,375	18,315	-10.1	4.0	4.4	0.4	59,376	49,879	-16.0	3.7	4.2	0.5
Tesla	19,003	17,017	-10.5	3.7	4.1	0.4	59,666	50,100	-16.0	3.8	4.2	0.4
Toyota	85,666	71,669	-16.3	16.7	17.3	0.6	254,366	202,013	-20.6	16.0	16.8	0.8
Volkswagen	12,079	9,127	-24.4	2.3	2.2	-0.1	39,436	25,958	-34.2	2.5	2.2	-0.3
Volvo	3,482	3,597	3.3	0.7	0.9	0.2	9,751	8,747	-10.3	0.6	0.7	0.1

Source: AutoCount data from Experian.

The table above shows new light vehicle (car and light truck) registrations in California. Figures are shown for the Third Quarters of 2019 and 2020, and year to date totals. Vehicle registrations are recorded based on when the vehicle title information is processed by the state, which typically occurs after the vehicle is sold. The top ten ranked brands in each category are shaded yellow

California Auto Outlook

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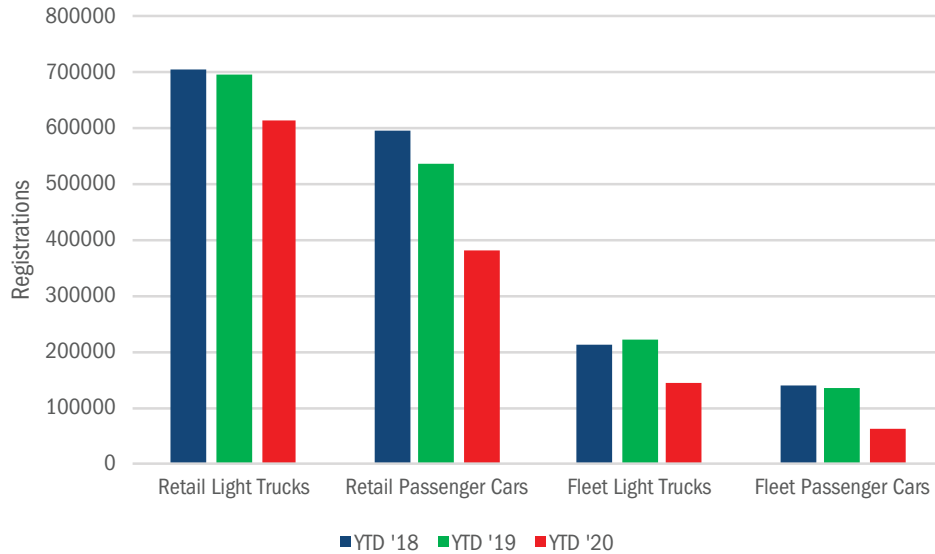
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BREAKDOWN OF RETAIL AND FLEET MARKETS

State Retail Registrations Declined 19.5 Percent So Far in 2020 vs. 42.1 Percent Drop for Fleets

California New Car and Light Truck Retail and Fleet Registrations - YTD '18, '19, & '20 thru Sept.



Data Source: AutoCount data from Experian.

**PERCENT CHANGE:
YTD '20 vs. YTD '19**

Retail cars: **DOWN 29.5%**

Retail light trucks: **DOWN 11.8%**

Fleet cars: **DOWN 54.5%**

Fleet light trucks: **DOWN 34.6%**

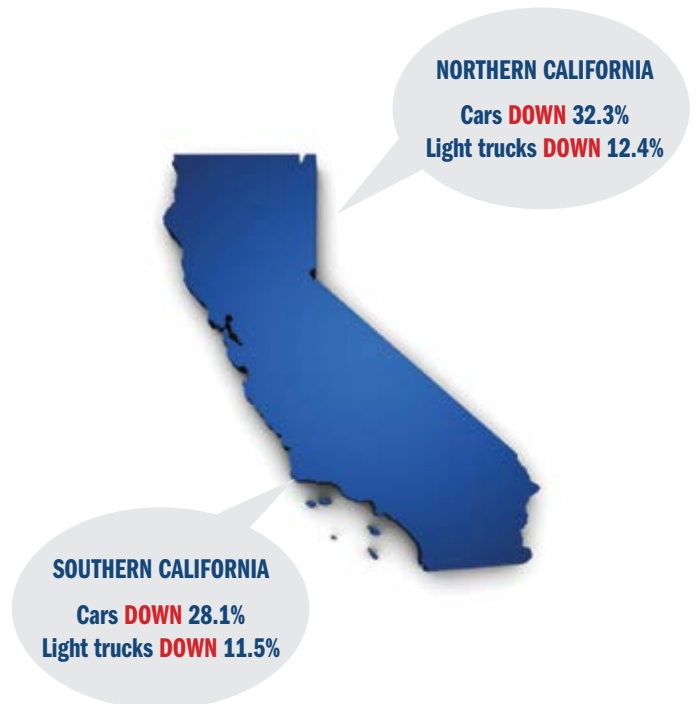
REGIONAL MARKETS IN CALIFORNIA

Southern California Market Declines at Slightly Slower Pace

New Retail Light Vehicle Registrations (excluding fleets) YTD '20, Sept.			
North and South California	YTD '19	YTD '20	% chg.
Statewide Total	1,235,413	994,308	-19.5%
Cars	537,992	379,513	-29.5%
Light Trucks	697,421	614,795	-11.8%
Northern California	422,830	335,196	-20.7%
Cars	177,281	120,106	-32.3%
Light Trucks	245,549	215,090	-12.4%
Southern California	812,583	659,112	-18.9%
Cars	360,711	259,407	-28.1%
Light Trucks	451,872	399,705	-11.5%
Selected Regional Markets			
San Francisco Bay	240,309	178,266	-25.8%
Cars	108,954	68,529	-37.1%
Light Trucks	131,355	109,737	-16.5%
LA and Orange Counties	488,016	380,908	-21.9%
Cars	225,012	156,895	-30.3%
Light Trucks	263,004	224,013	-14.8%
San Diego County	104,239	87,088	-16.5%
Cars	42,037	29,879	-28.9%
Light Trucks	62,202	57,209	-8.0%

Data Source: AutoCount data from Experian.

Percent Change in New Retail Registrations - YTD '20 vs. YTD '19



SEGMENT CLOSE-UP: MID SIZE SUVs

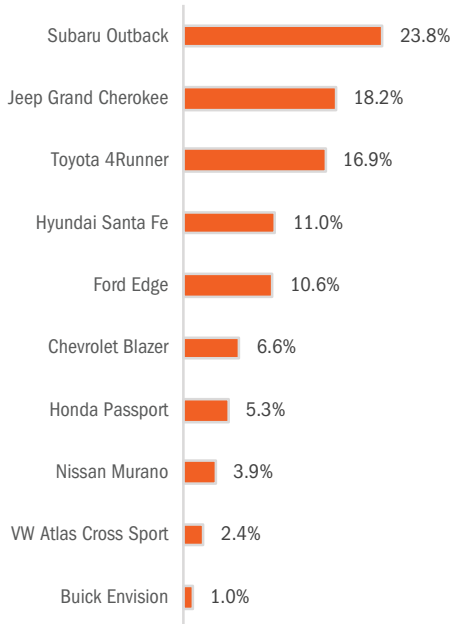
Toyota and Ford Lead State Mid Size SUV Segment



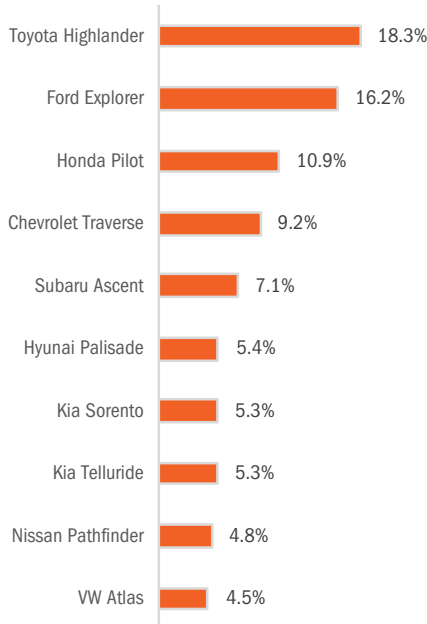
Model Sales Leaders

Top 10 Selling Models in State for Two Row and Three Row Mid Size SUVs - YTD 2020 thru Sept.

Market Share for Two Row Mid Size SUVs



Market Share for Three Row Mid Size SUVs



Data Source: AutoCount data from Experian.



Two Key Trends

#1 Mid Size SUV segment is performing better than the overall market...

% Change in New Vehicle Registrations
YTD '19 thru Sept. to YTD '20

Mid Size SUVs: **DOWN 19.6%**

Industry **DOWN 24.6%**

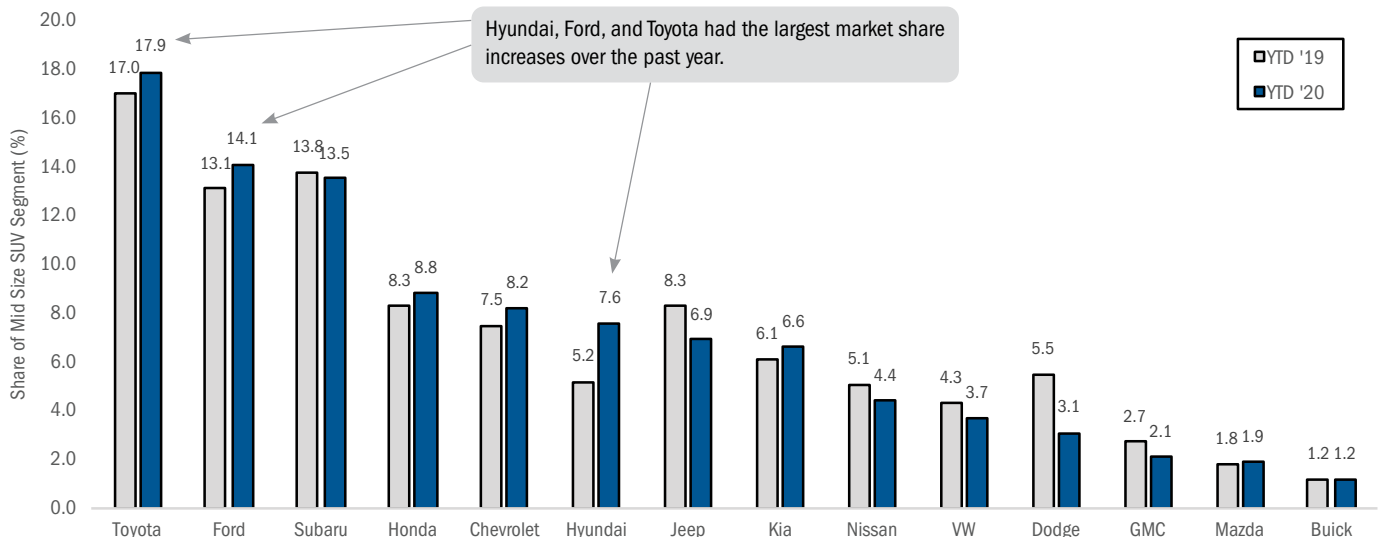
#2 Three row SUVs account for higher share of the market...

3 Row SUV Share of Mid Size SUV Segment - YTD '19 and YTD '20 (Sept.)

YTD 2019: **64.0%**

YTD 2020: **62.0%**

Brand Market Share in State Mid Size SUV Segment - YTD 2019 and YTD 2020 (thru Sept.)

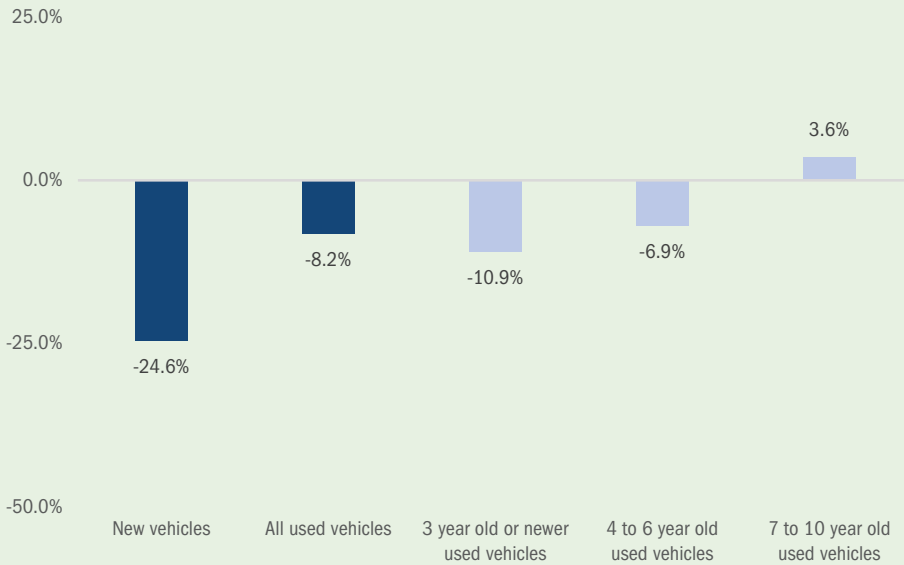


Data Source: AutoCount data from Experian.

CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Out Performs New Vehicle Market During 2020

Percent Change in New and Used Vehicle Registrations - YTD '20 thru September vs. YTD '19



Data Source: AutoCount data from Experian.

3 KEY TRENDS IN USED VEHICLE MARKET



- 01.
- 02.
- 03.

Used vehicle registrations in California declined 8.2 percent during the first nine months of 2020, better than the 24.6 percent drop for new vehicles.

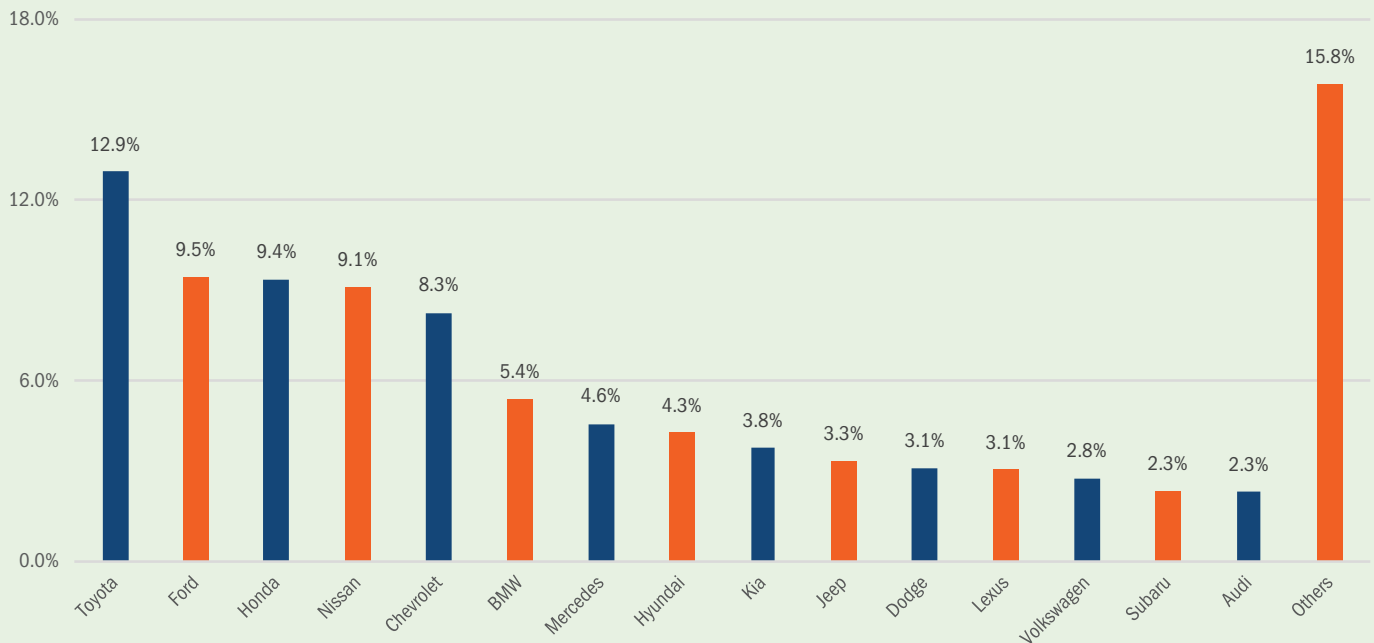
The nearly new used vehicle market (3 years old or newer) declined at a faster pace than older vehicles.

Used vehicle market has been given a boost by sparse new vehicle inventories and cost conscious consumers. Used vehicle market should remain relatively strong for several months.

CALIFORNIA USED VEHICLE MARKET

Toyota Share of Six Year Old or Newer Used Vehicle Market Approaches 13 Percent

Top 15 Selling Brands in California Used Vehicle Market (vehicles 6 years old or newer)
YTD 2020 thru September



Data Source: AutoCount data from Experian.

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- Sends audited bundles to DMV
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CALIFORNIA