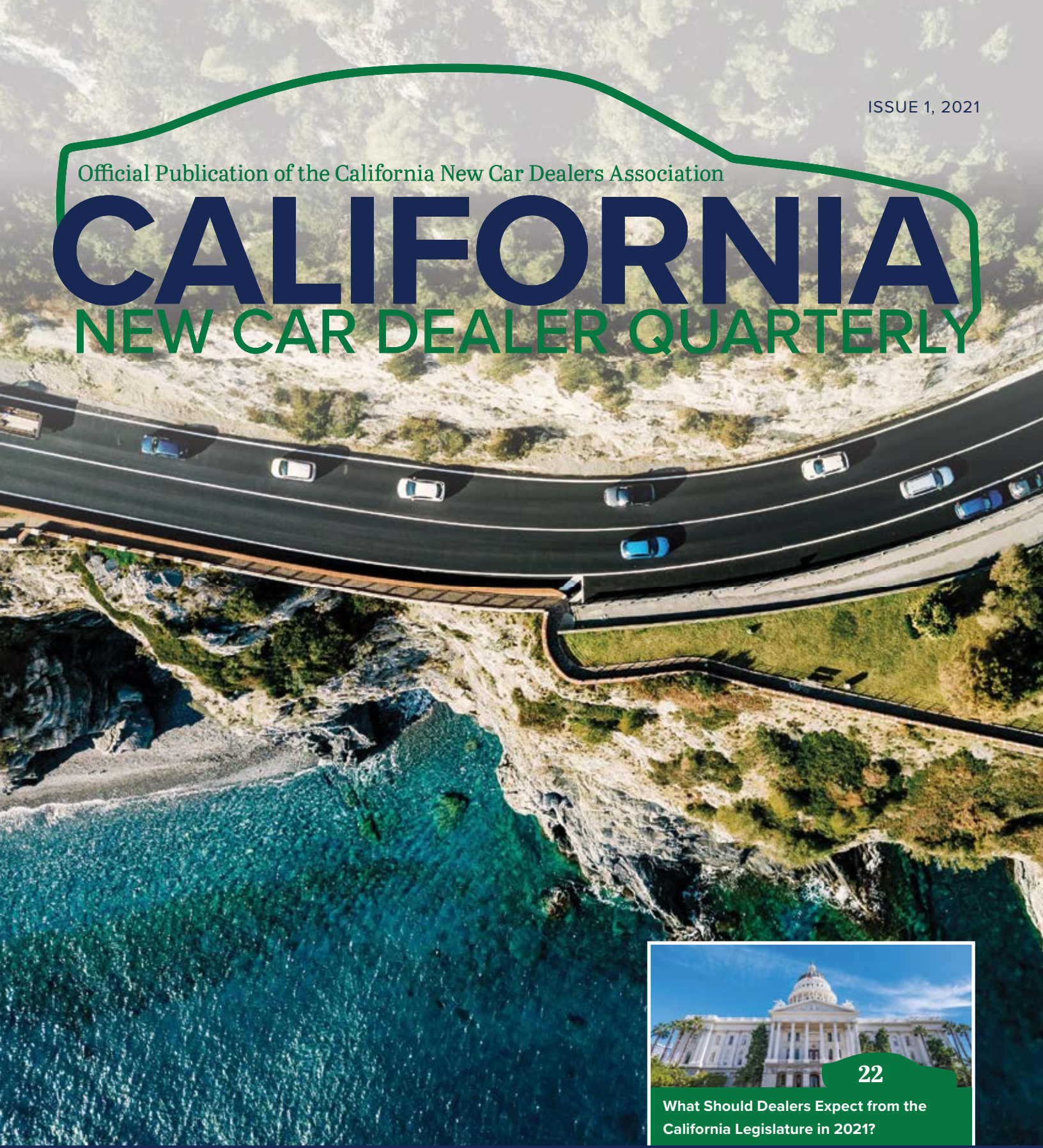


Official Publication of the California New Car Dealers Association

CALIFORNIA

NEW CAR DEALER QUARTERLY



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Virtual Dealer Day - April 21

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Business Transactions

- 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

- Succession planning for business continuation
- 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

Employment Practices

- Arbitration agreements
- Wage and hour class action lawsuits
- Private Attorneys General Act (PAGA) claims



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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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Los Angeles, CA 90017



PRACTICE AREAS

LITIGATION

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

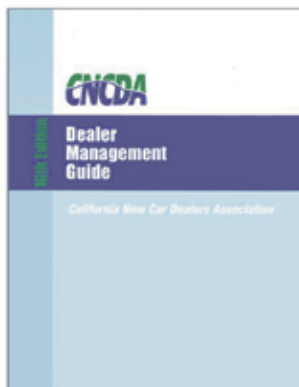
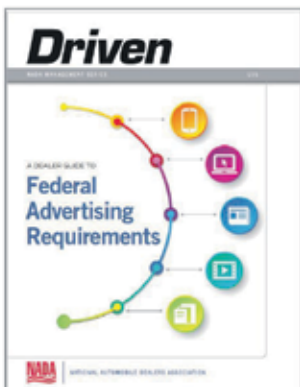
TRANSACTIONAL

- 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 kick off 2021, it is my honor and privilege to enter another year of leading CNCDA. This is my 19th year at the association and the 8th year as your president. As the years go by and the experiences continue to mount, I am continuously reminded of the importance of our core missions — advocacy and compliance. The uncertainties dealers faced last year with the pandemic only underscored our need to provide members with timely, thoughtful and accurate compliance guidance. I remain proud of our team and dealer leadership for taking on unprecedented challenges and remaining committed to bettering California's automotive retail industry. It is with this valuable lesson that we plan to forge ahead into a successful 2021.

As we continue to navigate the ever-changing Coronavirus landscape, always keeping it top of mind, we are also charging ahead through increasingly tough political, legal and regulatory climates. If you have been doing business in California, this is no surprise to you or any of us at CNCDA. To address these challenges, CNCDA has prioritized a proactive and comprehensive plan aimed at improving and modernizing automotive retailing in the state of California. This will be a long-term program to tackle California's outdated retailing process and the existing unlevel playing field that dealers are currently operating in. We have already developed a Dealer Working Group to better inform our efforts and will continue to work closely with this group as we refine our strategy and tactics, ultimately targeting a 2022 legislative solution. We are eager to get this program underway as one of our top priorities and look forward to keeping you updated on developments.

There are still many uncertainties about what this year will hold for all of us and when we can get back to "business as usual." As we all maintain hope that we will resume in-person events sooner rather than later, we have decided to hold this year's Dealer Day virtually, taking place on April 21st. We still plan to have a robust program, including informative policy discussions, guest speakers, and critical meetings with your legislators. This event remains just as important as ever, if not more so. Policymakers need to hear from you; this is your opportunity to share your compelling stories and urge them to continue supporting dealer efforts. Stay tuned for more information on this



Policymakers need to hear from you; this is your opportunity to share your compelling stories and urge them to continue supporting dealer efforts.



event coming your way soon. Additionally, we are planning for our Annual Convention to take place at the Fairmont Kea Lani on Maui October 3-6. With cautious optimism that travel will resume by the Fall and the health and safety of our members won't be in jeopardy, we are planning for this event to take place as it has in the past and will share with you in the spring an exciting agenda and the compelling speakers we are lining up for the California dealer event of the year.

Every January, as we evaluate the year that lies ahead, we recognize anticipated challenges and opportunities and then there are those that we can never plan for. Thanks to the foresight of our dealer leadership and our dedicated professional staff, I am confident that we are incredibly well-positioned going into 2021 to continue serving our dealer members with the utmost discipline and flexibility to take on any trials or tribulations that may come our way.

I speak for the entire team at CNCDA when I say we look forward to another successful year focused on protecting and promoting the interests of the nearly 1,400 franchised new car dealers across California. Thank you for your membership, and as always, I look forward to your participation and engagement in 2021. ◀

Best,
Brian Maas
President, CNCDA



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2 RESULTS

Bellavia Blatt has successfully handled several thousand retail submissions on behalf of dealers over the past fifteen years. And because of this unmatched experience, our results yield the highest possible increases on warranty parts and labor.

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

Our team of attorneys collaborate to identify optimum markup yields and legal strategies to ensure you receive the highest possible retail reimbursement.

5 EARNINGS

Our average dealership client has realized \$20,000 to \$30,000 in additional profits per month. We will show you how to maximize your dealership's blue sky value.

6 REPUTATION

Bellavia Blatt is recommended by state dealer associations, CPAs and attorneys nationwide. We are widely regarded as the industry leader when it comes to obtaining retail warranty reimbursement for parts and labor.

7 LAW FIRM ADVANTAGE

We offer a low flat fee and never charge a contingency. Our fees are much lower than "consultants" who take a percentage of your increases. As a law firm, we are held to the highest standards and have more resources and options available for favorable outcomes.

8 HASSLE FREE!

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Hilary Haron
Haron Jaguar Land Rover



Bill Hatfield
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KC Heidler
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Peter Hoffman
Sierra Auto Cars Inc.



Michael Johnson
Antelope Valley
Ford & Lincoln



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El Cajon



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Toyota Cerritos



Dave Moeller
City Toyota



Rick Niello, Jr.
The Niello Company



John Patterson
Tustin Mazda



Adam Simms
Price Simms Holdings



David Simpson
Simpson Chevrolet of Irvine



Getting to Know Your CNCDA Chairman, **Mark Normandin**



I'm a **car guy**. I love cars. I love the muscle cars of the **70s**, the small **sports cars**. Right now, I am driving a **Ram truck**, which I **love** — so I bet my **sales team** will sell it any day.



How did you become a car dealer? Did you always aspire to be part of the automotive industry?

I am a fifth-generation dealer. Our store's roots date back to 1875, and I think we're the fifth oldest dealership in the nation. So, my path was pretty much set — I worked at the dealership pulling weeds and washing cars in the summer during school, and I sold cars through college. That being said, I have a passion for this business. Going into the family business was always a plan for me.

My great-great-grandfather, Amable Normandin, started the business two decades before the U.S. auto industry was an industry. He was a blacksmith and sleigh maker from Montreal, and he opened our store originally as a buggy-making shop. In 1906 we expanded into "horseless carriages." In 1915, we became a franchise for Franklin.

We've been in San Jose since the beginning and in this location since 1969.

Do you have family members in the auto industry?

My brother, Paul, is my business partner, and my two sons work here as well. Scott is the used car manager, and Matt is our finance manager. So, we have the fifth and the sixth generations working here now.

Matt and Scott both recently graduated from the NADA dealer academy.

Describe your educational background. What did you study?

I went to St. Mary's College, and I have a B.S. in business management.



Are there any specific individuals who had a major impact on your career?

Definitely my father, Louis Normandin. He goes by Lon. He's a shining example of a good human being and a good business owner; his work ethic is the best I have ever seen.

His belief in treating our employees and customers well was never wavering. He taught me that if we treat our employees well, they, in turn, will treat our customers well.

During Chrysler Corp.'s financial issues during the early 1980s, my dad was among a select group of Chrysler dealers who traveled to Washington, D.C., to lobby Congress to support the automaker's recovery plan.

Also, our customer relations manager, Clarence Rippe. He has since died, but he had a big impact on me as well. One of the best pieces of advice that he gave me was not to shy away from customer complaints; we can't show how great we are until our customers have a big problem. When that happens, it's our time to shine — this is when we show who we are, how good we can be, and it's also the time we build lasting relationships. It's true. Problems happen — it's how you step up and deal with them that leaves a lasting impression.

What is the most rewarding part of your career?

The opportunity to come to work every day. I work with a team of great employees. It's rewarding to see them grow and succeed, not just here at the dealership but in their personal lives. We have some second-generation employees.

Having a small part of others' success is a wonderful thing, and it motivates me.

What do you think will be some of the auto industry's dominant trends in the next 5-10 years?

I think that there will be a whole host of industry disruptions; we already see some with the Carvana and Vroom. How we sell cars and what that looks like is changing to some extent and will continue to change. The landscape will change.

But here's what I know: this is a people business, and I don't see that changing. It's about relationships. Next to a house, a car is probably the



CONTINUED ON PAGE 14

largest purchase most people will make in their lives, and I believe that is deserving of a relationship. Most of our customers feel the same way.

What is the greatest importance of being a CNCDA member, what makes it beneficial?

CNCDA is our watchdog at the state capitol, where they protect our business and our investment. They are a strong advocate, especially this year, which most dealers appreciate.

Then there's the education aspect of our business. There are always new laws, and the need to stay compliant is an ever-changing and ever-growing concern. The collective knowledge of our industry that the CNCDA staff has is phenomenal. As a dealer, I appreciate their dedication to my business, and I know that other dealers feel the same way.

We are successful because of them.

What inspired you to serve as a leader within the association?

I think it was a matter of it was my turn — not too many dealers were stepping up — for many reasons; they are busy, corporate group owned stores may not have the stability in leadership to get involved, or it's easy to put off. But here's the thing, if you want to enact change, you have to get involved.

I have been involved over the years in our local chapter, Silicon Valley Auto Dealers Association. I have seen how important getting involved at the metro level was for my dealership, so the leveling up to the state level was natural.

Are you involved in any civic or charitable organizations?

Yes, our local Chamber of Commerce, the Boy Scouts and the Boys & Girls Club, to name a few. We're also very involved with our local schools and the library down the street.

Giving back to our community is important for us. We've been here a long time.

If you look back at your career and life, what would be three things that you have learned that you would pass onto a younger member within the auto industry?

The first involves change. Be adaptable to change. As a business, we've been here since 1875, and we've weathered wars, depressions and recessions. Things



Giving back to our community is important for us. We've been here a long time.



do eventually end, and you come out the other side. Knowing how to react to change appropriately is a big thing — not just professionally but personally too.

Next would be cultivating a relationship with people. All people. Employees, co-workers and customers. Selling cars is a people business.

And finally, never stop learning. This business is about disruption and compliance. The more you know, the better off you will be.

If you could describe the best day in this business, what would it look like?

It's Monday morning, which means I get a "best day" once a week! I get to come to work. I love coming to work. My wife and employees think I am nuts, but I'm like, "It's Monday, it's Monday!" all morning. It's like the office staff Friday afternoons, "It's Friday, it's Friday!"

It's never been a chore for me to come to work. It's great, and I love being here.

What are you doing, as a small business, to weather the pandemic storm?

We're doing what pretty much the standard things every business is doing: social distancing, wearing masks, hand-washing and hand sanitizer.

But what we've also focused on is much more communication with our employees: reassuring them and reminding them to stay safe at the dealership and at home. We're also having fewer meetings and more one-on-one time. The pandemic has been trying mentally and emotionally for everyone. We're focusing on getting through this together.

What are you doing to support your employees?

We're a people business; we need to be present. Techs can't repair cars at home. We have to be here — parts, delivery, etc. Our work is done at the dealership. We

reworked schedules, shortened hours, and worked with employees who needed time off for illness.

It's been a juggling act. But so far, so good.

What effect do you think this crisis will have on the auto industry going forward?

Everyone will think twice before hugging anyone again for a long time! I think the hand sanitizer will be a permanent fixture.

Humans adapt. I think it will feel funny not wearing a mask once it's safe to do so. I think that there will be some positive effects, too, if you will. For instance, I think no-touch write-ups will continue, and less physical paperwork will continue. I think some of the processes of selling cars and doing service work will continue to remain streamlined. There are good side effects.

I worry more about the lingering effects of isolation. People need people. I hope we can get back to socializing soon.

Describe your all-time favorite vehicle (it can be one you've owned or something on your wish list). What are you driving now?

I'm a car guy. I love cars. I love the muscle cars of the 70s, the small sports cars. Right now, I am driving a

Ram truck, which I love — so I bet my sales team will sell it any day.

I guess you could say I love anything with a hellcat motor.

Tell us about your family.

I come from a large family; there were six of us. I have been married to a beautiful woman, Julie, for 35 years. We have three children, Matt, Scott and Nicole, and two grandbabies — twins — one of each. I am a very lucky man.

What is your favorite way to spend your free time? Any unusual hobbies?

Nothing too unusual, I would think. I am an endurance athlete, so I am into marathons and triathlons. I'm a competitive water skier in the local and regional levels — that's why I need a truck, even though I know it will be sold any day. I also ride bikes, and I love to hike with my wife. ◀



Paul Normandin

Matt Normandin

Scott Normandin

UPCOMING EVENTS

CALIFORNIA NEW CAR DEALERS ASSOCIATION

FEBRUARY

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

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

LEVELING THE PLAYING FIELD AGAINST THE CYBERCRIMINAL PRESENTED BY HELION

Date: Wednesday, February 24, 2021
10:00 am - 11:00 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

MARCH

OWNING YOUR USED CAR MARKET PRESENTED BY ACV

Date: Wednesday, March 10, 2021
10:00 am - 11:00 am PST
Location: *Virtual*
Registration Fee: \$29 CNCDA Members

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

Date: Thursday, March 18, 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

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

VIRTUAL DEALER DAY 2021

Date: Wednesday, April 21, 2021
9:00 am - 1:00 pm PST
Location: *Virtual*
Registration Fee: \$99 CNCDA Members

MAY

CNCDA MEMBER APPRECIATION DINNER*

Date: Thursday, May 17, 2021
6:00 pm - 10:00 pm PST
Location: WP24, The Ritz-Carlton, Los Angeles
*Pending Due To Public Health Restrictions

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A Look Back at CNCDA

Significant Wins and Accomplishments



Jenny Dudikoff
Director of Public Affairs and Communications



1. **Strengthened Franchise Laws**

a. **AB 179** (2019). Overcoming significant manufacturer opposition, the unanimous passage and signature on AB 179 was a significant step forward in CNCDA's commitment to a stronger new motor vehicle franchise system. AB 179 significantly strengthened and updated California's new motor vehicle franchise laws by enforcing accountability for unlawful treatment by manufacturers, addressing dealers' inappropriate treatment and conforming California franchise laws to recent actions in other states, most notably retail warranty reimbursement.

b. **Franchise Law Updates** (2009, 2011, 2013). Additionally, in 2009, CNCDA worked on updating the state's franchise laws to conform California to most states' rules in the areas of termination assistance, dualing, facility improvements and statutory indemnity. Also, it provided limited relief to Chrysler dealers terminated in bankruptcy. In 2011, CNCDA successfully updated dealer franchise laws to prohibit waiver of dealer protect rights, reduce unfair competition against dealers by factory-owned stores, and prohibit mandates for the use of factory approved vendors for service contracts and GAP agreements. In 2013, more updates to dealer franchise laws were made to provide a rebuttal presumption for dealers who sold or leased a vehicle that is exported and restricts the expansive and unreasonable performance standards evaluated on dealers. It also modified warranty repair and incentive rules regarding an appeal process with a right to cure, a 15-day written notice to changes to the warranty reimbursement schedule, and limits audit requirements of records to nine months.

c. **Established Association Standing at the New Motor Vehicle Board** (2015-2017). In response to Jaguar Land Rover North America's (JLRNA) egregious export and sale-for-resale policy, CNCDA was granted the Legislature's authority to bring the first-time-ever protest at the New Motor Vehicle Board on behalf of all their Jaguar Land Rover dealers. In November 2017, the California New Motor Vehicle Board (NMVB) declared JLRNA export policy violates California law. The NMVB's decision marked the conclusion of the first protest CNCDA filed with the NMVB.

2. **Proposition 64** (2004). Raised \$5.8 million in direct dealer contributions and co-led the statewide coalition to support the successful ballot initiative to curb shakedown lawsuits.
3. **TrueCar Settlement** (2017). Two and a half years after the initial lawsuit was filed against TrueCar, CNCDA achieved the most significant legal victory in the Association's history. CNCDA sued TrueCar in 2015, challenging the company's lack of licensure in the state of California. As a direct result of the lawsuit, TrueCar changed its business model and paid CNCDA more than \$1.5 million in legal fees.
4. **Doc. Fee Increase, EVR Mandate and Title-Brand Notices** (2011). Increased cap on the doc processing charge from \$55/sales and \$45/leases to \$80 while allowing pass-through of hard costs for Electronic Vehicle Registration (EVR) mandate. By requiring a check of federal salvage,

junk and title-brand database, we ensured competition for CarFax while providing consumer benefit with red notices on vehicles our members don't want to sell anyway.

5. **Petition and DMV Accusation against Chrysler for Downtown LA Factory Store** (2011). Successfully persuaded NMVB to order DMV to investigate Chrysler for its ownership of the Motor Village LA store. DMV accused Chrysler of violating the law and lying to investigators. DMV ordered Chrysler to sell its store to an independent dealer and assessed nearly \$1 million in penalties.
6. **Car Buyer's Bill of Rights Compromise** (2005). Prevented the qualification of a much more onerous initiative measure with a 3-day cooling-off period and financing limitations.
7. **Contributed over \$5.3 million in Direct Contributions to Dealer Friendly Candidates in California** (2003-2020). CNCDA PAC — through the generous support of our dealers — has helped to elect and retain legislators and state officeholders who share our pro-dealer political philosophy.
8. **Twice Stopped Bill to Impose Burdensome Mandatory Recall Repair Mandate Only on Dealers** (2013 and 2014). Bill would have prohibited dealers from selling or leasing any vehicle subject to a manufacturer's recall until repaired, with many other problems including the lack of an operating recall database, absence of liability protections and an exemption for rental car companies.
9. **Struck a Compromise on Temporary License Plate Legislation** (2016). Toll-taking agencies sought immediate identification of vehicles, but their flawed bill would have imposed burdensome requirements on dealers, DMV and consumers. CNCDA negotiated a compromise where dealers would get a \$5 increase in the doc fee for all vehicles sold in exchange for dealers installing temporary plates on vehicles lacking license plates.
10. **COVID-19 Response Efforts (2020-current)**. As the global pandemic struck in early 2020, California's franchised new-car dealers faced an enormous amount of uncertainty and confusion in their day-to-day business operations. CNCDA quickly developed internal protocols, systems, and materials to communicate with members on critical compliance information frequently and effectively. These member-only resources included daily Coronavirus email updates, a Coronavirus Dealership Resources webpage dedicated to keeping dealers up to date in real time, a member-exclusive 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, and free Coronavirus webinars regularly. Keeping dealers updated with the most relevant information was the primary focus for CNCDA through the pandemic's height and remains a priority as our members continue to navigate the ever-changing landscape related to the pandemic while continuing to serve their customers as safely as possible. ◀



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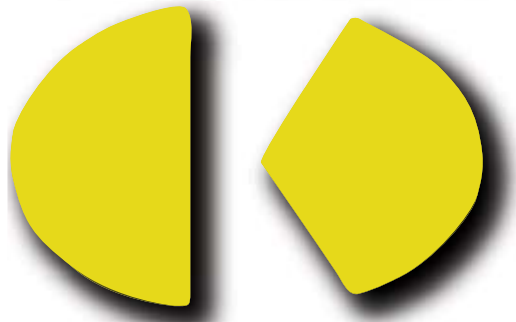
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What Should Dealers Expect from the California Legislature in 2021?



Alisa Reinhardt
Director of Government Affairs

Democrats in charge of both houses of the legislature delayed the start of this year's legislative session by one week due to high statewide COVID-19 case numbers. As of mid-January, the members are back and Governor Newsom has begun lifting some of the more strict COVID-19 stay-at-home orders. Unlike prior years when the start of a new legislative session meant throngs of lobbyists and legislative staff descending on the Capitol, the Capitol is largely empty this year, as the building remains closed to the public and members are only allowed one essential staffer in the Capitol at a time. Both houses of the legislature have also put pandemic protocols in place that include mandatory temperature checks, masking, and social distancing, in addition to plexiglass installations at the Capitol's entrance and extra cleaning. Email alerts to legislators and staff are sent almost daily at this point to inform them about yet another case of COVID-19 affecting the Capitol community.

Policy Priorities

During the last legislative session, in March 2020 when closures started being announced on a wide scale, legislators were directed to drop all bills that were unrelated to COVID-19. Some legislators followed that directive and some did not, which confused the legislature's true policy priorities. This year, legislative leadership does not strictly limit the number of bills any given Assemblymember or Senator can carry. Members are being directed to keep legislation as limited as possible.

At least for the first half of this year, much of the state's business will continue to be done via phone and video calls until the vaccine is rolled out more widely. Now that we are collectively entering a brand-new year but still facing the day-to-day realities of COVID-19, the legislature's focus will remain primarily on measures related to combating the negative effects of the pandemic, including expanding employee leave policies, extending eviction moratoriums, attempting to address homelessness, overseeing reforms to the state Employment Development Department, and promoting equal access to technology related to education. We know that other top of mind issues for legislators include criminal justice reform and efforts to combat wildfires and

rolling blackouts. Due largely to Governor Gavin Newsom's recent Executive Order to ban sales of new internal combustion engine vehicles in the state by 2035, we are also likely to see bills related to that effort and combat climate change more generally.

CNCDA Sponsored Legislation

As of January 25th, early in the new 2021-22 legislative session, lawmakers have already introduced 588 bills — 253 of which we are watching, with many more measures to come. CNCDA is sponsoring one bill this year, aiming to modify the California Uniform Electronic Transactions Act ("CalUETA") to remove the prohibition on electronic customer signatures on vehicle sales and lease agreements. While many attorneys believe that the federal Electronic Signatures in Global and National Commerce Act ("E-Sign Act") preempts CalUETA, this is a gray area in the law and needs to be addressed so that dealers can operate their businesses with certainty. CNCDA has attempted to run this bill in the past. Former Senator Hannah-Beth Jackson derailed our efforts on every attempt and was able to do so because she was chair of the influential Senate Judiciary Committee. This year, CNCDA was able to secure Senator Tom Umberg (D-Orange County) to author our bill — and he is the new chair of the Senate Judiciary Committee now that Senator Jackson termed out. This is our best prospect yet for cleaning up a provision in CalUETA that has complicated vehicle sales and lease paperwork for years. We will keep you updated on this legislation; please be on the lookout for Capitol Updates in the coming months.

Political Breakdown

Democrats have supermajorities in both the state Senate (31 Democrats and 9 Republicans) and state Assembly (61 Democrats, 18 Republicans and 1 Independent). Along with this political reality, we are seeing a mass exodus of both businesses and people fleeing California. The most recent companies leaving for Texas include Charles Schwab, Hewlett Packard, Oracle, and even some of Tesla's operations. New data shows that in 2020, more than 135,000 people left California than moved here, which is the third-largest exodus ever recorded for one year in our state's history.

Although lawmakers will surely be tempted to implement ever-increasing mandates on employers struggling to make it through the pandemic, voters in November demonstrated that they are not supportive of every progressive agenda item. It will be fascinating to see how legislators can thread that needle and balance their huge level of progressive power with an electorate that seems to be wanting some restraint. Add the pandemic's realities and a recall effort gaining steam targeting Governor Gavin Newsom, and we are looking at another unprecedented year.

Governor Newsom Recall Attempt

The recall campaign targeting Governor Newsom was widely characterized early on as a small, fringe grassroots effort. However, largely due to frustrations over state handling of the pandemic, it is now beginning to gain steam and has a slight potential to threaten the Governor. The effort, supported by Rescue California, has raised more than \$1.7 million so far. The campaign says it has gathered 1.2 million of the 1.5 million signatures they need by March 17th to get the recall effort on the ballot, which would likely happen in the fall of 2021.

Governor Newsom's approval rating is high at 57%. Still, there is steadily mounting frustration over on-again-off-again closures, fraud and ineptitude related to the state Employment Development Department, and confusion related to the vaccine and its rollout. Rescue California is being characterized by state Democratic leaders as an attempted coup in line with the U.S. Capitol storming a few weeks ago, and prominent news stories have linked the campaign's proponents with hardline anti-vaccination activists and QAnon supporters. However, many state Republican leaders support the overall recall effort. Also, two Republicans who are considering challenging Governor Newsom if the recall reaches the ballot, San Diego-based venture capitalist John Cox and former San Diego

Mayor Kevin Faulconer, have been speaking out in support of the effort.

Impact of New Federal Administration

Lastly, due to President Joe Biden and vice president Kamala Harris's election, there is an ongoing and ever-expanding game of political musical chairs in California.

- Governor Newsom appointed California Secretary of State Alex Padilla to Harris' U.S. Senate seat and then appointed Assemblymember Shirley Weber (D-San Diego) to replace Padilla as Secretary of State. Once the legislature confirms Weber, that will create a vacancy and a special election to follow later in 2021. Weber's daughter Dr. Akilah Weber, an obstetrician and La Mesa city councilmember is considered the front-runner to replace her mother in the Assembly.
- California Attorney General Xavier Becerra was nominated to become Biden's Secretary of Health and Human Services, which means Governor Newsom will have another appointment to make. Depending on who he chooses, it could have further ramifications for Assembly or Senate seats.
- There are rumors that Biden plans to nominate California Labor Secretary Julie Su for Deputy Secretary of the U.S. Department of Labor Department — a rumor that will likely be confirmed before this article's publishing date. If Su leaves California for Washington, D.C., the post of California Labor Secretary will be vacant.

Due to the federal administration's change, Washington, D.C.'s policy priorities have drastically shifted. So far, President Biden has indicated that his priorities will include the following:

- Establishing ambitious fuel economy standards that will likely mirror the stricter standards that were set during the Obama administration.

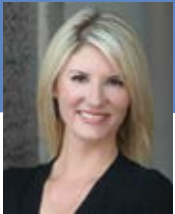
- Reconsidering the Trump administration's decision to revoke California's authority to set its own auto emissions standards and require a rising number of zero-emission vehicles.
- Adding 500,000 charging stations nationwide for zero-emission vehicles.
- Introducing new tax credits for electric vehicle purchases.
- Reviving the "Cash for Clunkers" program aimed at providing incentives for consumers to retire older vehicles.
- Banning mandatory arbitration clauses in employment contracts.

Also, during the past four years, California Attorney General Xavier Becerra filed a total of 110 lawsuits challenging a whole host of the Trump administration's actions. Now that President Biden is in the White House, we can expect these lawsuits to cease. This means that California's new Attorney General will have been able to divert substantially more staff resources toward investigating and penalizing California businesses than fighting federal actions once he or she is appointed.

CNCDA Fights for Dealers

As always, CNCDA will be engaged on behalf of dealers in what is expected to be a tough political environment this year. So far, we are already engaging in opposition to an effort to cap the rates automotive repair dealers can charge for vehicle storage when a customer abandons their vehicle, and in strong support of a proposal to allow businesses to deduct business expenses paid with forgiven Paycheck Protection Program loans — and this is just week three of the session. As always, dealer engagement and feedback will be critical for our success in the legislature this year. A big part of that involvement is our annual Dealer Day, which is coming up on Wednesday, April 21st. Please mark your calendars and support our efforts to educate policymakers about the importance of your businesses to your local communities' health and vibrancy. ◀

COVID-19 Resources, CNCDA Continues to Enhance Support and Guidance



Jenny Dudikoff
Director of Public Affairs and Communications

CNCDA's No. 1 priority throughout most of 2020 was providing valuable compliance guidance and consistent support to our dealer members on how to navigate the challenges and unexpected implications of COVID-19. Going into 2021, we continue to enhance our efforts to include invaluable resources that have also been supplemented by our Dealership Coronavirus Resources Page on our website. We have tracked, collected, and refined timely and relevant information and resources specific to Coronavirus that CNCDA dealer members can rely on in real time to help guide you through this unprecedented time and the uncertainty in months to come.

As conditions continue to change and evolve, including the rollout of the vaccine, CNCDA will continue with our Coronavirus emails and regular updates. 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 your customers 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 these times and ever-changing landscape. It is our primary objective to ensure you have the resources and support you need to navigate all aspects of the pandemic. Keeping your businesses up and running, and in compliance while ensuring the safety of your employees and customers remains our No. 1 priority. ◀

Expect More from CNCDA Comply in 2021



Anthony Bento
Director of Legal and Regulatory Affairs



One of my chief responsibilities at CNCDA is to manage the development of our dealership member compliance resources. These resources include manuals, seminars, webinars, and our online resources on CNCDA Comply.

To guide the development of these resources, I meet with CNCDA President Brian Maas to discuss these resources' roll-out in the new year at the end of each year. Should we focus on employment or advertising law? What new features should we add to CNCDA Comply? These are the questions that we seek to answer.

2020 largely began according to the script we developed at the end of 2019. We started the year with compliance seminars on the California Consumer Privacy Act (CCPA), and we were laying the foundation for another compliance seminar series in the fall. However, everything changed as the shutdown orders were imposed in March 2020 and COVID-19 compliance became all-encompassing.

From the moment the first shutdown orders were issued, everyone at CNCDA worked tirelessly to provide you with the resources you needed to continue to operate in a compliant and safe manner. We held a half dozen COVID webinars, we issued daily coronavirus updates for months, and we issued many sample documents on CNCDA Comply. I am proud of the resources we were able to provide to you on COVID-19 compliance in 2020. However, our focus on this topic necessarily meant that we did not focus on other important issues.

As 2020 inched toward a close, Brian and I began planning for 2021. Of course, COVID-19 compliance would still be

a major issue (at least for the first few months of 2021), but we recognized that dealers still demanded resources on issues such as F&I and advertising law. With this in mind, we worked with Rebecca Matulich, CNCDA's fantastic Events Manager, to enlist the Manning Leaver law firm to develop a comprehensive four-part webinar series on F&I compliance.

Our goal with the F&I compliance series is twofold. First, like any CNCDA webinar, the F&I compliance series is designed to educate attendees. However, unlike our prior webinars, the F&I series is designed for existing on CNCDA Comply for many months (and even years) to provide members with the tools to educate new hires on compliance issues that are critical to dealership operations, but change much more slowly than other compliance topics, such as our COVID-19 webinars.

I will let you in on a secret — one of the long-term goals of CNCDA Comply is to develop a curriculum to educate dealership employees on key compliance topics on-demand. These courses will exist alongside all the other compliance resources on CNCDA Comply. And they will be available to you as part of your CNCDA membership.

Expect the F&I series to be available on CNCDA Comply shortly after the final part of our F&I webinar series in April. You can also expect an additional compliance course to be added to CNCDA Comply — brick by brick — in the coming months and years.

If there is a topic that you think we should cover, or if you have any thoughts or suggestions, don't hesitate to reach out to me at abento@cncda.org. ◀



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Three Tools to Change Your View of Out-of-state Transactions



Kaitlyn Tang
Vitu

It's just another day at the dealership. The distinct aroma of coffee floats through the air and the staff glides in and around each other, going about their daily tasks like a well-oiled machine. However, when an out-of-state customer walks in, looking to buy a car, the tension noticeably rises as some staff members scramble to look up out-of-state rules and regulations. You know it's gotten out of hand when an employee resorts to calling another state's local motor vehicle office, only to be put on hold for hours.

Will there come a day when an out-of-state customer doesn't send your dealership personnel into a mild panic? When titling and registering an out-of-state vehicle, three tools may alleviate some of the frustration pain on your employees' faces.

What does an out-of-state title and registration tool mean for your dealership? It means more support and faster answers to the questions you may have on other states' policies for your staff. For buyers, they can feel assured entering your dealership, buying a vehicle and driving it back to their home state while knowing you've already taken care of their registration and plates.

The first frustration: accurate fees. How does one learn about the vehicle registration fees of another state? Rather than calling an out-of-state DMV office or combing through websites claiming to have the answer, utilizing an on-demand fee calculator to give up-to-date estimates of

out-of-states registration fees will significantly save you time. The buyer will feel more secure, knowing how much fees will be in their home state to make an informed decision on their purchase.

The second hurdle: title and registration forms. Different states have different looking forms; many states ask for varied types of information. Wouldn't it be easier to access a fee calculator and pre-populated, ready-to-sign forms for the buyer's destination state? Once signed, the customer can take the papers back to their home state and finish the process themselves — or you could take care of it for them. These tools allow you to close the deal faster, without fear of the customer walking away due to any delays on your end.

Rather than agonize over the minor details, you have probably looked into using a service that does it all. Sure, you need the fee estimates and the forms to complete the deal with your buyer, but afterward, why not just let a service handle the rest? This includes reviewing all of the paperwork, corresponding with local jurisdictions, sending plates, stickers and registration directly to the buyer or your dealership. Letting someone else handle it all — that sounds so much easier. In that case, your buyer is aware of the registration costs and knows it's all taken care of. Your staff is free to concentrate on selling rather than falling down the endless rabbit hole of out-of-state title and registration compliance.

You may already utilize such a service. If so, how well integrated is it into your dealership's workflows? When you have a question, can you track someone down to ask questions, on the phone or chat? No one, especially not us, expects a dealership to handle all of this out-of-state title and registration business by themselves.

Whether you take advantage of fee estimates, forms or a full-featured service, any of these tools will lighten the load on your dealership and its staff considerably. Rather than fretting over out-of-state procedures, you can focus on what you do best and return your title and registration workflow performance to that of a well-oiled machine.

As CNCDA members, you are well aware of the association's relationship with Vitu and our DMVdesk solution for electronic title and registration in California. Even late last year, you most likely took advantage of the out-of-state title and registration services, available at no charge. Those easy-to-use tools mentioned above are available with Vitu Interstate. Ask us or DMVdesk Support about Vitu Interstate. The best part: Interstate is built into DMVdesk and available at a moment's notice. ◀

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APRIL 21, 2021

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.

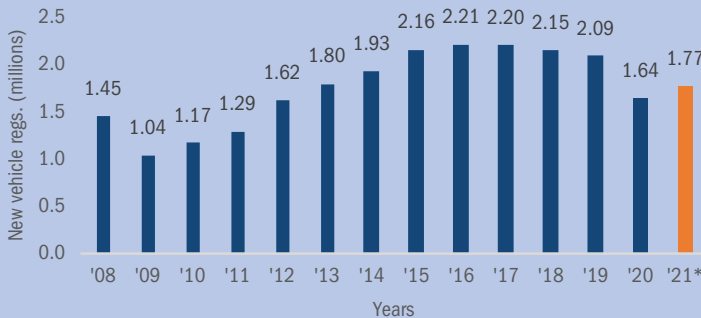
Thank you for being part of the nation's largest state automobile dealer association, joining a community of more than 1,100 fellow dealers who are committed to getting back to business and protecting and promoting the interests of franchised new car dealers.

State New Light Vehicle Registrations Predicted to Approach 1.8 Million Units in 2021

ANNUAL TRENDS



California Annual New Light Vehicle Registrations - 2008 thru 2021



Historical data source: AutoCount data from Experian. *2021 forecast by Auto Outlook.

The California new vehicle market is expected to improve by 8 percent from 2020 to 2021. New light vehicle registrations are predicted to increase by approximately 130,000 units this year.

The increase follows the 450,000 unit drop in 2020, as sales were impacted by the pandemic. Despite the decline last year, the market was still 58% higher than in 2009, the low point in sales during the Great Recession.

California Total New Light Vehicle Registrations and U.S. New Vehicle Sales - 2019 and 2020 Annual Totals

TWO YEAR PERSPECTIVE



	California			U.S.		
	2019	2020	Change	2019	2020	Change
Registrations						
TOTAL	2,093,173	1,639,166	-21.7%	17,104,792	14,645,049	-14.4%
Car	869,744	588,925	-32.3%	4,789,942	3,526,065	-26.4%
Light Truck	1,223,429	1,050,241	-14.2%	12,314,850	11,118,984	-9.7%
Domestic	656,882	532,471	-18.9%	7,676,149	6,627,738	-13.7%
European	324,704	248,196	-23.6%	1,666,384	1,455,202	-12.7%
Japanese	962,592	739,680	-23.2%	6,436,917	5,337,351	-17.1%
Korean	148,995	118,819	-20.3%	1,325,342	1,224,758	-7.6%
Market Share						
Car	41.6	35.9	-5.7	28.0	24.1	-3.9
Light Truck	58.4	64.1	5.7	72.0	75.9	3.9
Domestic	31.4	32.5	1.1	44.9	45.3	0.4
European	15.5	15.1	-0.4	9.7	9.9	0.2
Japanese	46.1	45.1	-1.0	37.6	36.4	-1.2
Korean	7.1	7.2	0.1	7.7	8.4	0.7

California new light vehicle market declined 21.7 percent from 2019 to 2020. The U.S. market fell 14.4 percent.

Retail vehicle sales in the state held up better in 2020. New retail registrations fell 16.8 last year.

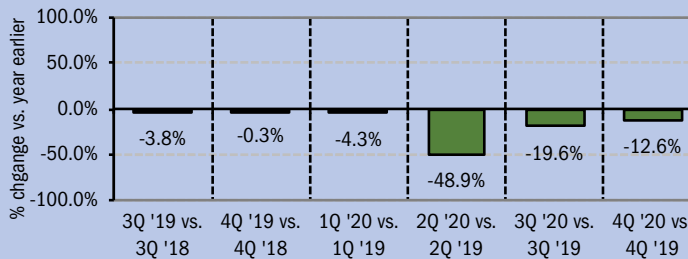
Light truck registrations in the state declined 14.2 percent versus the 32.3 percent drop for passenger cars.

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

QUARTERLY RESULTS



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



Data source: AutoCount data from Experian.

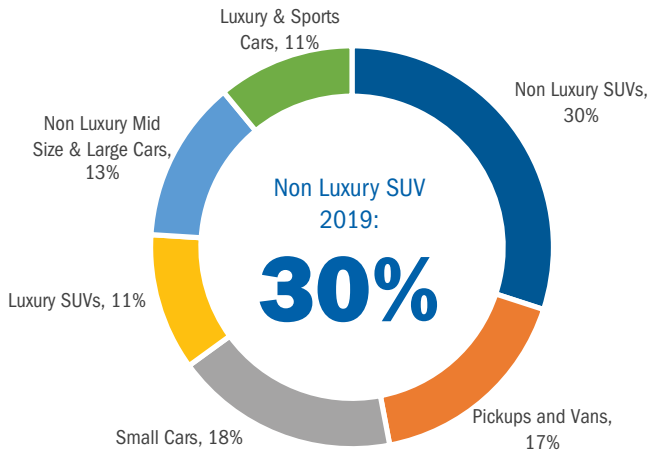
The state's new vehicle market fell 12.6 percent in the Fourth Quarter of last year versus year earlier. The drop was an improvement from the 19.6 percent decline in the Third Quarter.

The market has recorded year-over-year declines for 15 consecutive quarters. That streak could end in the First Quarter, when an increase is possible. Registrations will increase sharply vs. year earlier in the Second Quarter.

SEGMENT MARKET SHARE TRENDS

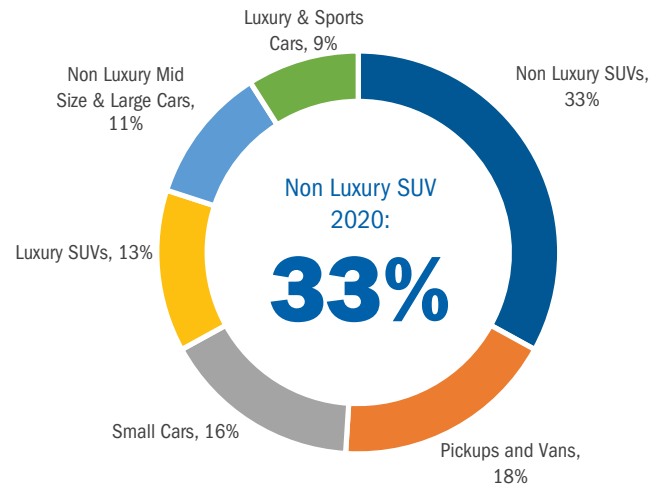
Non Luxury SUV Market Share in California Increased by Three Share Points in 2020

Segment Market Shares in California 2019



Data Source: AutoCount data from Experian.

Segment Market Shares in California 2020



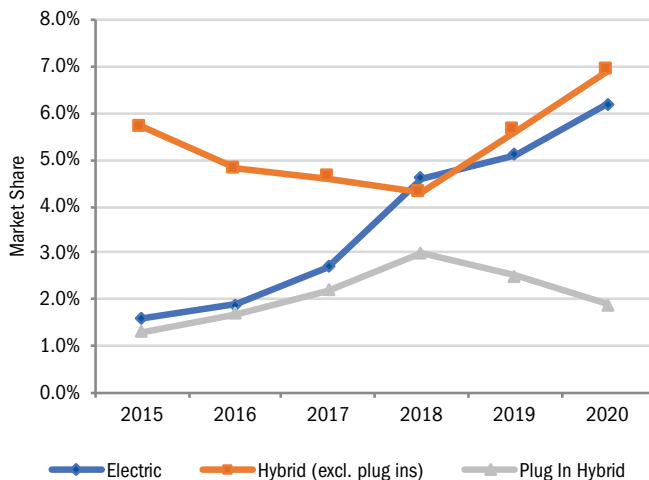
Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during 2019 and 2020.

HYBRID AND ELECTRIC VEHICLES

Estimated Combined Hybrid and Electric Vehicle Market Share Increased to 15 Percent in 2020

Estimated Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share - 2020:
15.0 percent

Estimated Hybrid and Electric New Vehicle Registrations and Market Share					
	2016	2017	2018	2019	2020
Electric registrations	41932	59388	99121	106752	101628
Electric share	1.9%	2.7%	4.6%	5.1%	6.2%
Hybrid regs. (excl. plug ins)	105934	101180	92658	117218	113103
Hybrid share (excl. plug ins)	4.8%	4.6%	4.3%	5.6%	6.9%
Plug in hybrid regs.	37518	48391	64644	52329	31144
Plug in hybrid share	1.7%	2.2%	3.0%	2.5%	1.9%

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

Toyota RAV4 Approaches Honda Civic as Top Selling Model in California

The table below shows the top five selling models during 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 (2020 Annual Totals)

Cars

Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Bolt	8230	22.8	Honda Civic	59335	30.5	Dodge Challenger	8302	34.7	Toyota Camry	56301	34.7
Nissan Versa	6416	17.8	Toyota Corolla	43467	22.3	Ford Mustang	8086	33.8	Honda Accord	42653	26.3
Kia Soul	5991	16.6	Toyota Prius	15126	7.8	Chevrolet Camaro	3795	15.9	Nissan Altima	14798	9.1
Honda Fit	5716	15.8	Nissan Sentra	13734	7.1	Mazda MX5	1467	6.1	Ford Fusion	10975	6.8
Chevrolet Spark	2665	7.4	Kia Forte	11580	5.9	Hyundai Veloster	1052	4.4	Kia K5/Optima	10377	6.4

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	11920	69.5	Mercedes A-Class	3581	24.2	Tesla Model 3	38580	41.5	Mercedes E-Class	6209	13.9
Toyota Avalon	1978	11.5	BMW 2-Series	2986	20.2	BMW 3-Series	10018	10.8	BMW 5-Series	5835	13.1
Nissan Maxima	1291	7.5	Mercedes CLA-Class	2858	19.3	Lexus ES	9235	9.9	Tesla Model S	4718	10.6
Chrysler 300	1193	7.0	Audi A3	2347	15.9	Mercedes C-Class	6808	7.3	Mercedes S-Class	2388	5.4
Chevrolet Impala	611	3.6	Acura ILX	2085	14.1	Audi A4	3593	3.9	Audi A6	2105	4.7

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	39752	53.1	Ford F-Series	50751	31.2	Honda Odyssey	9080	34.4	Ford Transit Connect	18775	52.1
Ford Ranger	11885	15.9	Chevrolet Silverado	44141	27.1	Chrysler Pacifica	6863	26.0	Ram Promaster	4567	12.7
Chevrolet Colorado	9291	12.4	Ram Pickup	38636	23.7	Toyota Sienna	5536	21.0	Nissan NV	4151	11.5
Jeep Gladiator	5999	8.0	GMC Sierra	17744	10.9	Chrysler Voyager	2938	11.1	Mercedes Sprinter	4026	11.2
Nissan Frontier	3730	5.0	Toyota Tundra	10366	6.4	Kia Sedona	1036	3.9	Chevrolet Express	2685	7.5

Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Honda HR-V	11708	15.0	Toyota RAV4	57449	23.6	Toyota Highlander	22282	12.2	Chevrolet Tahoe	6467	29.0
Toyota C-HR	9578	12.2	Honda CR-V	33948	14.0	Ford Explorer	17902	9.8	Ford Expedition	4366	19.6
Hyundai Kona	8239	10.5	Jeep Wrangler	19415	8.0	Subaru Outback	16506	9.1	Chevrolet Suburban	3147	14.1
Nissan Kicks	6946	8.9	Mazda CX5	19207	7.9	Toyota 4Runner	12354	6.8	GMC Yukon	3050	13.7
Kia Niro	5896	7.5	Subaru Forester	17830	7.3	Honda Pilot	12076	6.6	GMC Yukon XL	1801	8.1

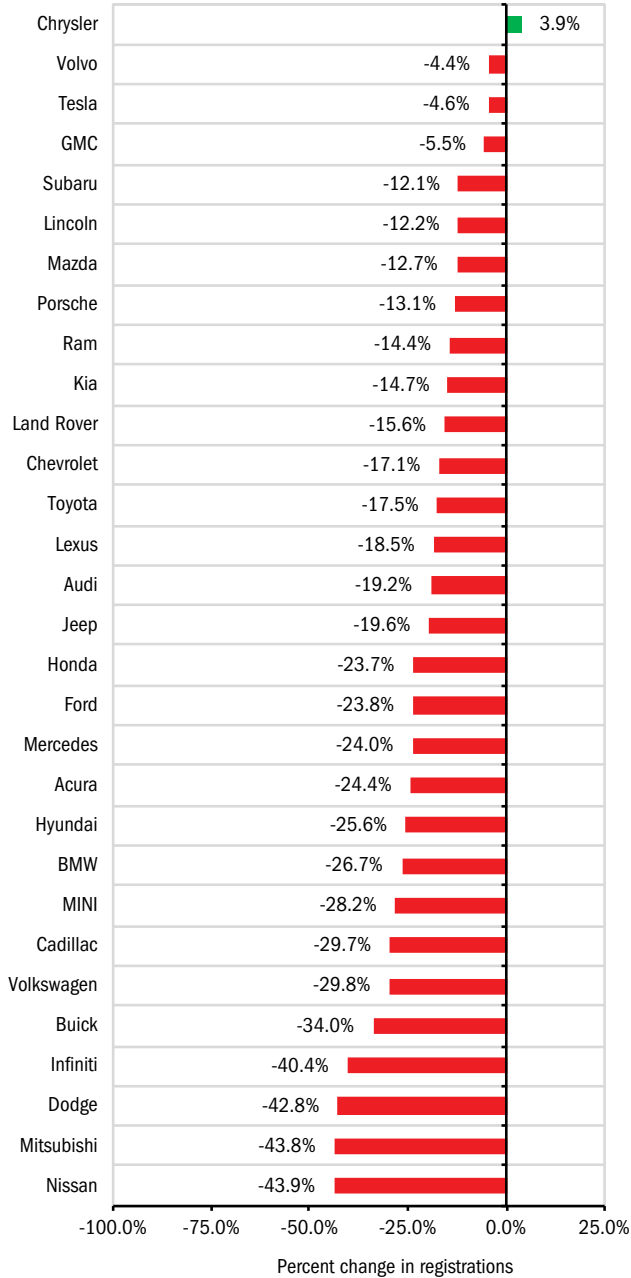
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Mercedes GLA-Class	5171	18.9	Tesla Model Y	20124	22.8	Lexus RX	16837	19.9	Mercedes GLS-Class	3874	20.1
Lexus UX	4897	17.9	Lexus NX	11461	13.0	Mercedes GLE-Class	9373	11.1	Land Rover Range Rover	3328	17.3
Audi Q3	4737	17.3	BMW X3	9866	11.2	BMW X5	8668	10.2	BMW X7	3253	16.9
Mercedes GLB-Class	4237	15.5	Mercedes GLC-Class	9727	11.0	Tesla Model X	7452	8.8	Cadillac Escalade	2560	13.3
BMW X1	3443	12.6	Audi Q5	8237	9.3	Acura MDX	5198	6.1	Cadillac XT6	1582	8.2

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

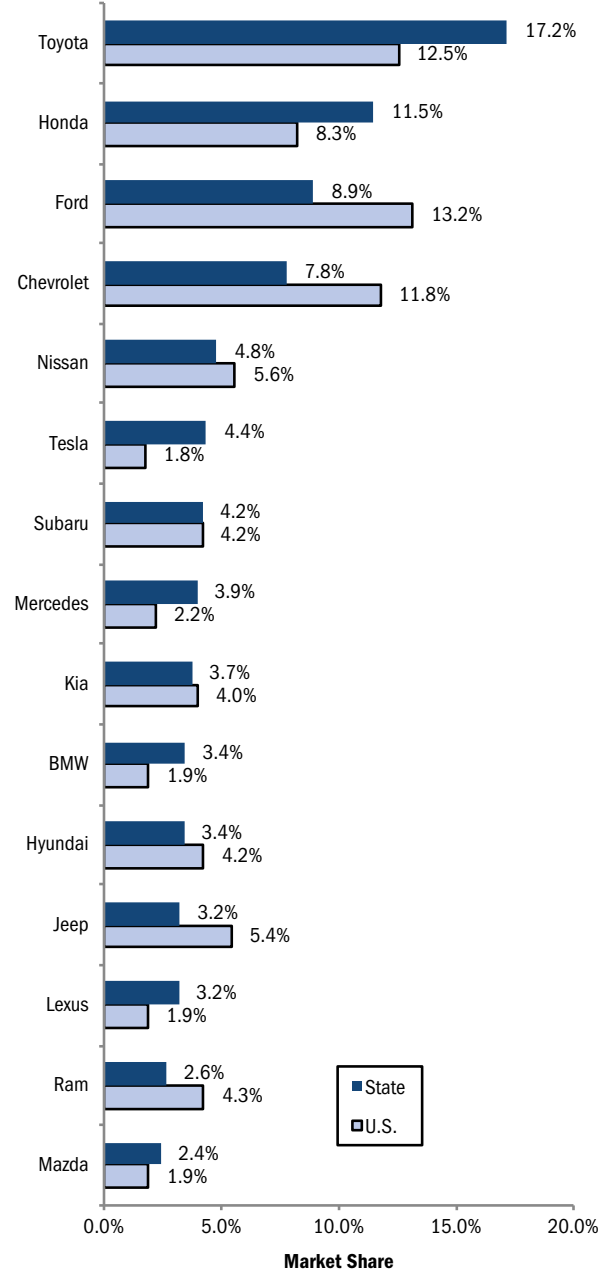
BRAND SUMMARY

Toyota and Honda Collectively Account for 28.7 Percent of California New Vehicle Market

**Percent Change in Brand Registrations - 2020 vs. 2019
(Top 30 selling brands in state)**



**California and U.S. Market Share - 2020
(Top 15 selling brands in state)**



Registrations declined by less than 6 percent for Volvo, Tesla, and GMC. Chrysler had a small increase.



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												
	Fourth Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q '19	4Q '20	% change	4Q '19	4Q '20	Change	2019	2020	% change	2019	2020	Change
TOTAL	503,330	439,720	-12.6				2,093,173	1,639,166	-21.7			
Acura	5,357	4,348	-18.8	1.1	1.0	-0.1	21,580	16,321	-24.4	1.0	1.0	0.0
Alfa Romeo	1,017	914	-10.1	0.2	0.2	0.0	3,937	3,504	-11.0	0.2	0.2	0.0
Audi	11,052	9,572	-13.4	2.2	2.2	0.0	41,818	33,790	-19.2	2.0	2.1	0.1
BMW	20,475	16,068	-21.5	4.1	3.7	-0.4	76,592	56,144	-26.7	3.7	3.4	-0.3
Buick	1,787	1,131	-36.7	0.4	0.3	-0.1	8,058	5,319	-34.0	0.4	0.3	-0.1
Cadillac	3,264	2,845	-12.8	0.6	0.6	0.0	14,010	9,853	-29.7	0.7	0.6	-0.1
Chevrolet	35,432	37,330	5.4	7.0	8.5	1.5	153,535	127,231	-17.1	7.3	7.8	0.5
Chrysler	1,936	2,463	27.2	0.4	0.6	0.2	10,697	11,113	3.9	0.5	0.7	0.2
Dodge	9,182	6,240	-32.0	1.8	1.4	-0.4	45,601	26,073	-42.8	2.2	1.6	-0.6
FIAT	352	42	-88.1	0.1	0.0	-0.1	1,537	387	-74.8	0.1	0.0	-0.1
Ford	43,501	37,028	-14.9	8.6	8.4	-0.2	192,219	146,425	-23.8	9.2	8.9	-0.3
Genesis	993	550	-44.6	0.2	0.1	-0.1	2,867	2,289	-20.2	0.1	0.1	0.0
GMC	8,593	9,396	9.3	1.7	2.1	0.4	35,108	33,172	-5.5	1.7	2.0	0.3
Honda	59,246	47,071	-20.5	11.8	10.7	-1.1	246,695	188,277	-23.7	11.8	11.5	-0.3
Hyundai	19,297	14,646	-24.1	3.8	3.3	-0.5	74,596	55,534	-25.6	3.6	3.4	-0.2
Infiniti	3,865	2,184	-43.5	0.8	0.5	-0.3	17,049	10,154	-40.4	0.8	0.6	-0.2
Jaguar	1,189	737	-38.0	0.2	0.2	0.0	5,477	3,826	-30.1	0.3	0.2	-0.1
Jeep	15,184	12,549	-17.4	3.0	2.9	-0.1	65,498	52,647	-19.6	3.1	3.2	0.1
Kia	17,498	16,517	-5.6	3.5	3.8	0.3	71,532	60,996	-14.7	3.4	3.7	0.3
Land Rover	4,891	4,582	-6.3	1.0	1.0	0.0	18,380	15,506	-15.6	0.9	0.9	0.0
Lexus	15,726	14,829	-5.7	3.1	3.4	0.3	63,559	51,793	-18.5	3.0	3.2	0.2
Lincoln	1,860	1,517	-18.4	0.4	0.3	-0.1	6,881	6,044	-12.2	0.3	0.4	0.1
Maserati	769	179	-76.7	0.2	0.0	-0.2	2,064	1,109	-46.3	0.1	0.1	0.0
Mazda	10,804	9,702	-10.2	2.1	2.2	0.1	44,817	39,145	-12.7	2.1	2.4	0.3
Mercedes	24,057	18,311	-23.9	4.8	4.2	-0.6	84,917	64,543	-24.0	4.1	3.9	-0.2
MINI	1,966	1,510	-23.2	0.4	0.3	-0.1	7,517	5,397	-28.2	0.4	0.3	-0.1
Mitsubishi	1,843	710	-61.5	0.4	0.2	-0.2	10,240	5,759	-43.8	0.5	0.4	-0.1
Nissan	28,993	19,559	-32.5	5.8	4.4	-1.4	139,857	78,507	-43.9	6.7	4.8	-1.9
Other	1,045	674	-35.5	0.2	0.2	0.0	3,820	3,010	-21.2	0.2	0.2	0.0
Porsche	4,272	3,711	-13.1	0.8	0.8	0.0	15,094	13,121	-13.1	0.7	0.8	0.1
Ram	13,303	10,521	-20.9	2.6	2.4	-0.2	50,445	43,196	-14.4	2.4	2.6	0.2
Subaru	18,349	18,454	0.6	3.6	4.2	0.6	77,725	68,333	-12.1	3.7	4.2	0.5
Tesla	15,155	21,290	40.5	3.0	4.8	1.8	74,821	71,390	-4.6	3.6	4.4	0.8
Toyota	86,702	79,378	-8.4	17.2	18.1	0.9	341,068	281,391	-17.5	16.3	17.2	0.9
Volkswagen	11,264	9,618	-14.6	2.2	2.2	0.0	50,700	35,576	-29.8	2.4	2.2	-0.2
Volvo	3,111	3,544	13.9	0.6	0.8	0.2	12,862	12,291	-4.4	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 Fourth Quarters of 2019 and 2020, and annual 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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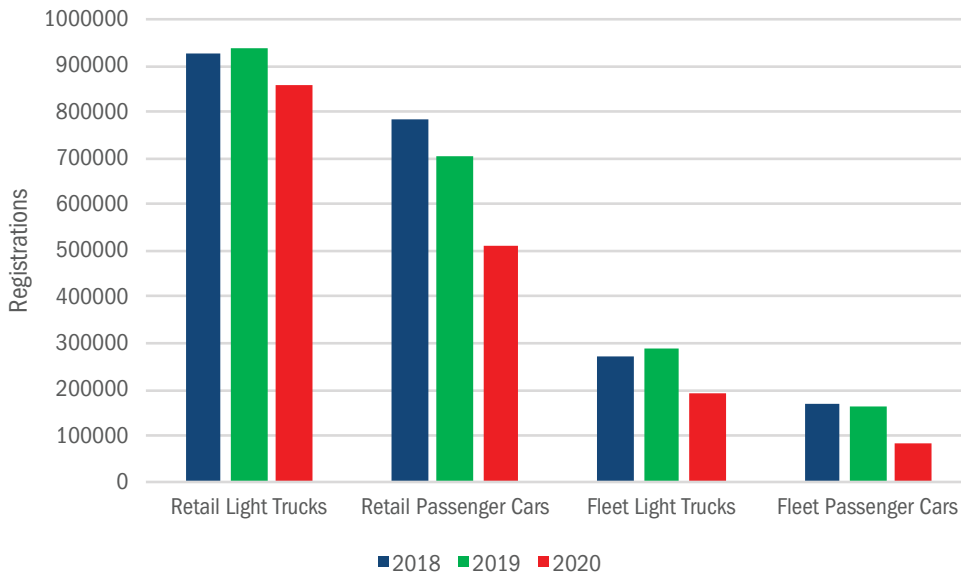
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BREAKDOWN OF RETAIL AND FLEET MARKETS

State Retail Registrations Declined 16.8 Percent in 2020 vs. 39.5 Percent Drop for Fleets

California New Car and Light Truck Retail and Fleet Registrations - 2018, 2019, & 2020



Data Source: AutoCount data from Experian.

**PERCENT CHANGE:
2020 vs. 2019**

Retail cars: **DOWN 28.0%**

Retail light trucks: **DOWN 8.4%**

Fleet cars: **DOWN 50.7%**

Fleet light trucks: **DOWN 33.0%**

REGIONAL MARKETS IN CALIFORNIA

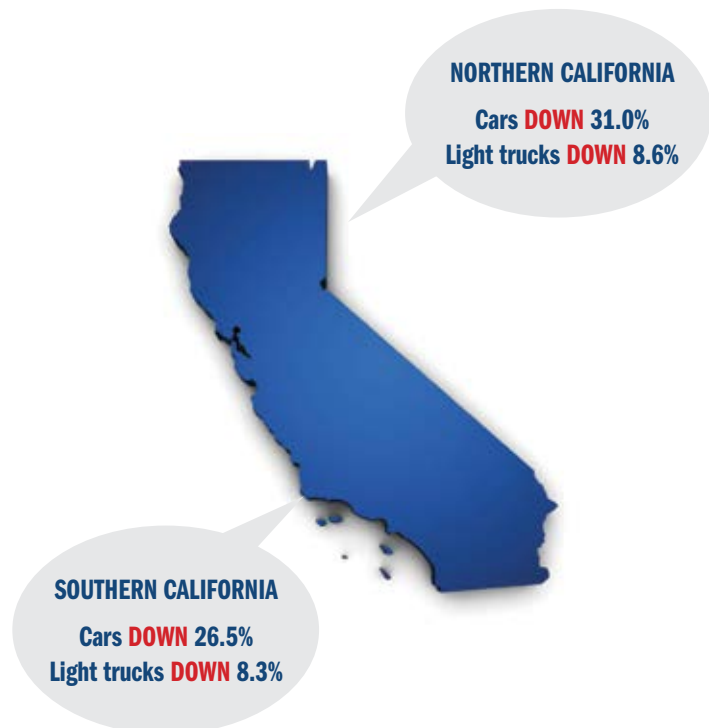
San Diego County Posts Relatively Small Decline in 2020

New Retail Light Vehicle Registrations (excluding fleets) 2019 and 2020

North and South California	2019	2020	% chg.
Statewide Total	1,642,669	1,366,382	-16.8%
Cars	705,933	508,131	-28.0%
Light Trucks	936,736	858,251	-8.4%
Northern California	560,997	460,916	-17.8%
Cars	231,774	159,848	-31.0%
Light Trucks	329,223	301,068	-8.6%
Southern California	1,081,672	905,466	-16.3%
Cars	474,159	348,283	-26.5%
Light Trucks	607,513	557,183	-8.3%
Selected Regional Markets			
San Francisco Bay	318,014	243,075	-23.6%
Cars	141,983	90,048	-36.6%
Light Trucks	176,031	153,027	-13.1%
LA and Orange Counties	649,983	521,972	-19.7%
Cars	296,091	209,788	-29.1%
Light Trucks	353,892	312,184	-11.8%
San Diego County	138,349	119,841	-13.4%
Cars	54,882	40,004	-27.1%
Light Trucks	83,467	79,837	-4.3%

Data Source: AutoCount data from Experian.

Percent Change in New Retail Registrations - 2020 vs. 2019



MARKET SEGMENTS

“True Truck” Share of State Retail Market is Below 40%

In 2020, light trucks accounted for 64.1 percent of the state market, up sharply during the past several years. But due to the sometimes fuzzy standards the industry has used to classify vehicles, these frequently cited light truck market share figures can send a misleading signal regarding an apparent shift to bigger vehicles.

For example, many sub compact and compact SUVs (i.e., Buick Encore and Honda CR-V) are essentially passenger cars with a hatchback,

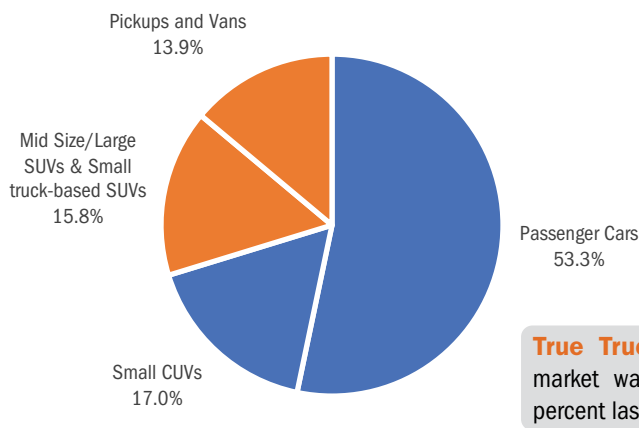
a higher center of gravity, and more ground clearance. But these vehicles are traditionally classified as light trucks and are included in the same broad segment category as full size pickups and large SUVs. In many ways, small CUVs are more similar to compact cars than to 6,000 pound trucks.

The analysis below presents an alternative picture of truck market share in California by re-mapping these traditional breakdowns. The two orange shaded circles comprise what we

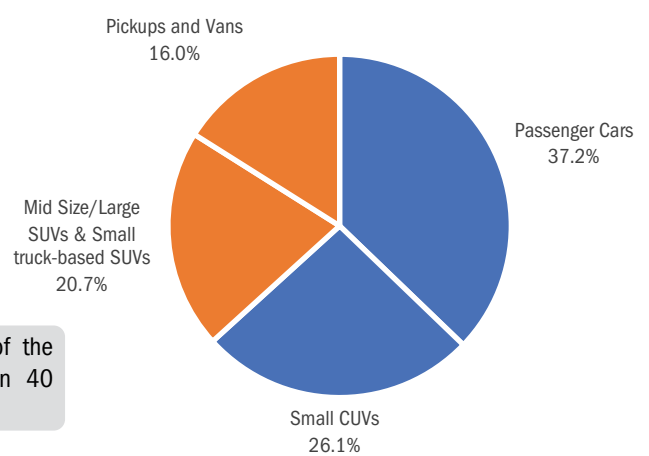
are calling True Trucks - mid size and full size SUVs, truck-based small SUVs, pickups, and vans. The two blue circles consist of passenger cars and small crossover SUVs.

By removing small CUVs from light trucks, true truck market share in the state during 2020 was well below half of the market - 36.7 percent. It’s increasing, up by seven points from 2016, but the combined total for passenger cars and small CUVs accounts for the dominant share of the market.

Segment Shares in State New Retail Market - 2016



Segment Shares in State New Retail Market - 2020



True Truck share of the market was less than 40 percent last year.

Data Source: AutoCount data from Experian.

BEST SELLERS IN COMPACT SUV SEGMENT

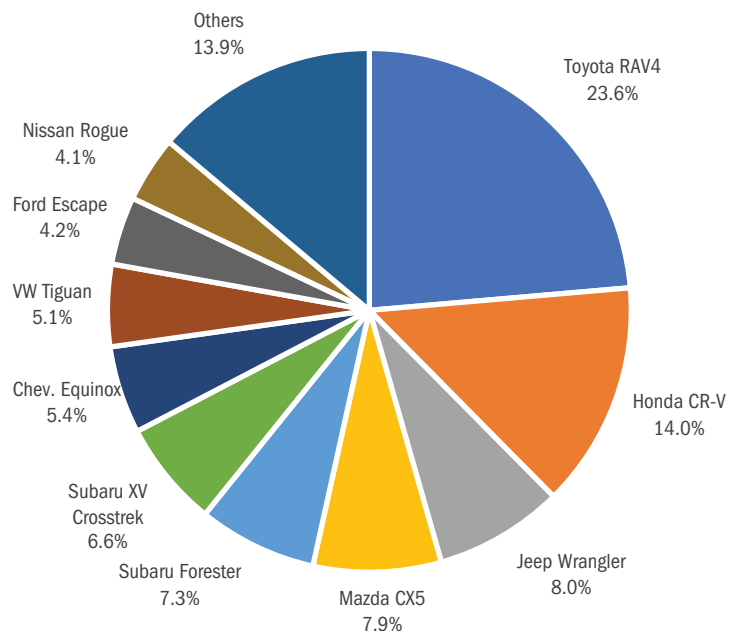
Toyota RAV4 & Honda CR-V Are Top Sellers in Compact SUV Segment



TOP SELLING COMPACT SUVs

- Toyota RAV4**
- Honda CR-V**
- Jeep Wrangler**
- Mazda CX-5**
- Subaru Forester**

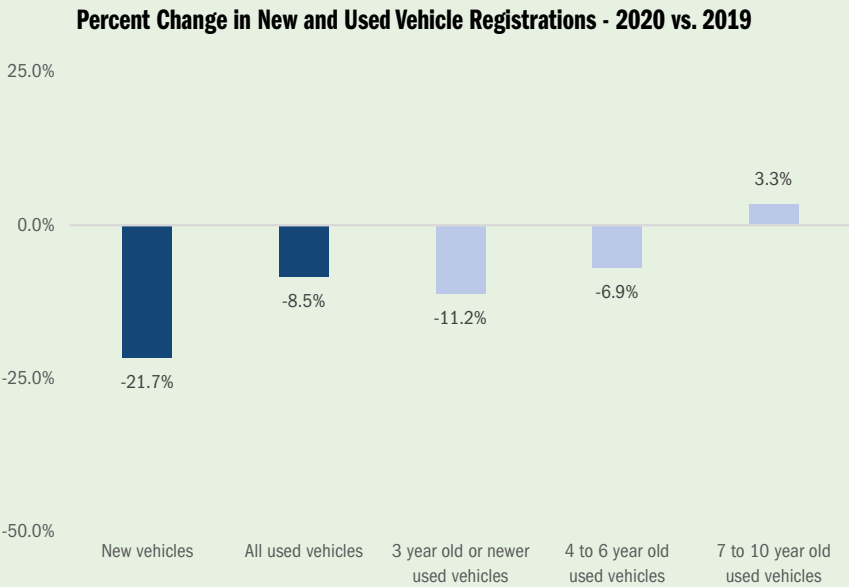
Share of California Compact SUV Segment - 2020



Data Source: AutoCount data from Experian.

CALIFORNIA USED VEHICLE MARKET

Used Vehicle Market Easily Out-Performed New Vehicle Market In 2020



Data Source: AutoCount data from Experian.

3 KEY TRENDS IN USED VEHICLE MARKET



01.

Used vehicle registrations in California declined 8.5 percent from 2019 to 2020, better than the 21.7 percent drop for new vehicles.

02.

Sales of less expensive, older used vehicles held up better. Registrations of 7 to 10 year old used vehicles increased by 3.3 percent last year

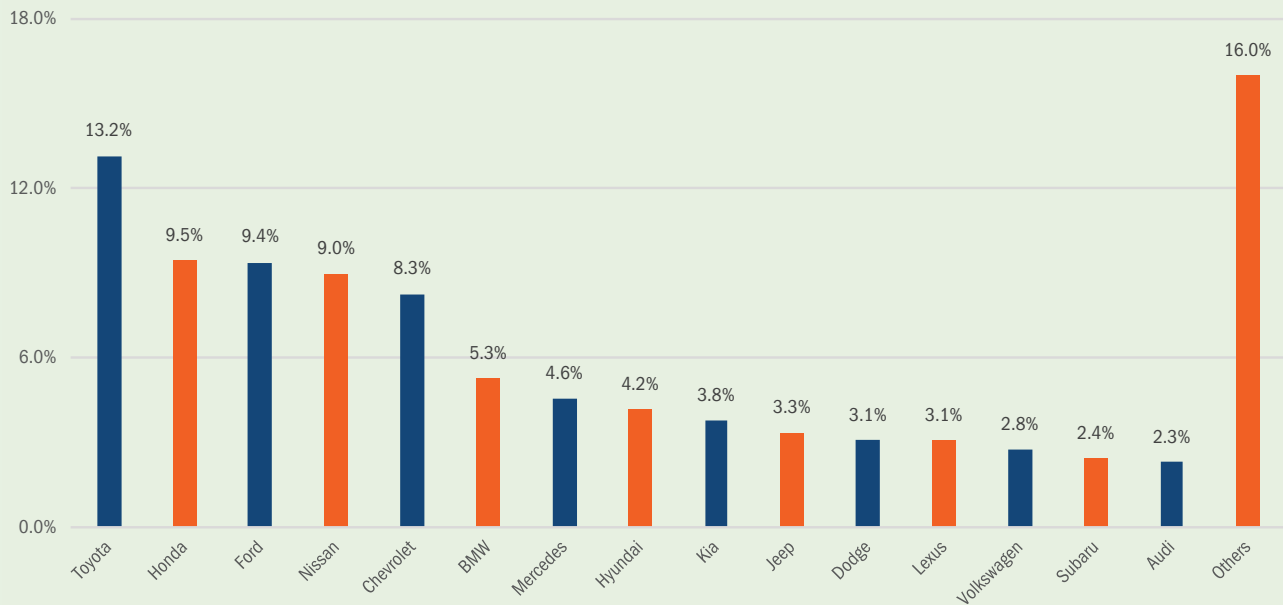
03.

Used vehicle market has been given a boost by sparse new vehicle inventories and cost conscious consumers. Used vehicle market should remain relatively strong in the first half of 2021.

CALIFORNIA USED VEHICLE MARKET

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

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



Data Source: AutoCount data from Experian.



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