

ISSUE 2, 2022

Official Publication of the California New Car Dealers Association

# CALIFORNIA

## NEW CAR DEALER QUARTERLY



- 8** Women's Perspective: Encouraging Talent
- 14** Combating Catalytic Converter Theft
- 22** Current and Future FTC Regulations Will Likely Impact the Advertising and Sale of Vehicles at Your Dealership

# FERRUZZO



**Ferruzzo & Ferruzzo, LLP** began providing legal representation to new car and truck dealers nearly four decades ago. Over the course of that time, one of the central goals of the firm has been to remain rooted in our client relationships. With the strength of over 20 attorneys, we provide a spectrum of legal services to support every aspect of running and owning your new car and/or truck dealership. Each member of our team is available to service the needs of you and your dealership.

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- DMV, BAR and other governmental approvals
- Lender flooring and capital loan agreements
- Entity formation and structure
- Shareholder Agreements
- Manufacturer approvals and relations
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## Estate Planning

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- EDD audits

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- 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

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- Lender opinion letters
- Relocations

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- Arbitration agreements
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# CONTENTS

ISSUE 2, 2022



8

**6** President's Message: New Car Dealers Are All-In on EVs

**8** Women's Perspective: Encouraging Talent

**10** 2022 Officers and Directors

**14** Combating Catalytic Converter Theft

**17** 2022 Upcoming Events

**20** Automotive Technician Shortage: What will be the Impact of the EV Revolution?

**22** Current and Future FTC Regulations Will Likely Impact the Advertising and Sale of Vehicles at Your Dealership

**24** California Auto Outlook



14



22

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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:

www.manningleaver.com  
or call us at 323-937-4730  
or visit us at  
801 S. Figueroa St., Suite 1150  
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

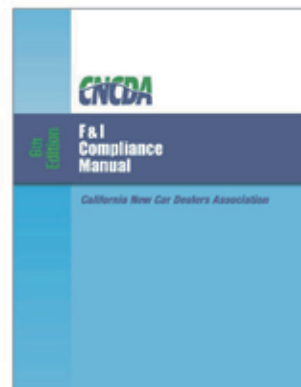
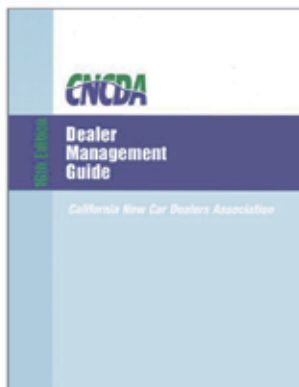
### TRANSACTIONAL

- 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 manuals<sup>1</sup>

<sup>1</sup>The 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:

## New Car Dealers Are All-In on EVs

**BRIAN MAAS**  
President  
California New Car Dealers Association

**E**lectric vehicles. We're all in, and we know you are too.

With 2035 approaching quickly, California has its sights on an electrified future. With an unprecedented number of new electric vehicle makes and models, and as federal and state investments reach historic levels, there has never been a better time for consumers to purchase an EV. But the goal of phasing out internal combustion engine vehicle sales by 2035 is ambitious, to say the least.

What will the role of new car dealers be? How can you help facilitate this electrified transition?

There is no question that new car dealers play a critical role in helping consumers make the transition to EVs. Local dealers are where consumers can shop for the make and model of their liking, learn about the differences in EVs, inquire about available incentives and rebates, and get assistance installing chargers and accessing public charging stations. Dealers also make substantial investments in our workforces and facilities to sell and service electric vehicles.

But as our economy continues to reel from high inflation, pandemic-induced supply chain challenges and critical material shortages, California needs to level set about how we get to an EV future. Production shortages and inventory-demand imbalances are driving up the costs of EVs, making them generally harder to reach and even more so for those who are moderate- to low-income.

As industry professionals, we can see the writing on the wall. Car dealers can only sell the vehicles we have on our lots. Without significantly more supply, it is impossible for California to reach its goal. Communicating this to legislators and regulators has been a priority for our team this summer. That's why we submitted comments on the California Air Resources Board's Advanced Clean Cars Regulations and why we continue to actively participate in the proceeding.



**Remarkable** dealers like you keep us going, and we're always here to **provide** you with **what you need** to keep your dealership **running smoothly.**



As an organization representing the interests of more than 1,200 new car dealer members, collective concerns need to be recognized because, without you, California's all-electric future is nothing more than a headline.

Dealers have decades of experience and understand the opportunities and challenges of such a dramatic shift in new vehicle development and adoption. You will be a critical step in helping the Golden State reach its electrification goals.

As your voice in Sacramento, we'll continue to advocate for new car dealers as California barrels toward 2035. Remarkable dealers like you keep us going, and we're always here to provide you with what you need to keep your dealership running smoothly.

As always, please contact our team if you need compliance support, have questions about new rules and regulations, want to be informed about pending legislation and how it could affect your business, or if you'd like to attend one of our upcoming events. Thank you for your support and membership. ◀



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# Automotive

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# Women's Perspective: Encouraging Talent

By CNCDA Staff

**Y**ou've probably noticed it's harder to find qualified people to hire lately. The Macrotrends website says the U.S. population in 2022 is slightly less than 385 million people. The 2020 census found that more than 55 million people (about 14%) had retired. The labor force participation rate was 62.2% in April 2022, and the unemployment rate was 3.6%. There were already job shortages before the pandemic, but the pandemic worsened it. However, even though many people chose to retire during the pandemic, about 1.5 million came back into the workforce later.

Any sentence with the word "millions" sounds like shortages should not be a problem, but everything is relative. March 29, 2022, Jeff Cox at CNBC reported five million more jobs open than workers to fill them. That is, employers with 18 jobs have to compete for 10 people.

Employers can no longer afford to hire only men when they need to fill jobs. The U.S. is approximately half male and half female, but there are slightly more women than men. To take the statistic above and recast it slightly, suppose you have 18 jobs and 10 job candidates, but five are women. If you default to hiring a man, those five men will compete for 18 jobs, and it's no wonder you can't find enough people to hire.

Hiring women starts with recruiting them. That can be challenging because many women don't consider working at a dealership, and the turnover rate (according to CDK research) is 88%. But women make or influence the decision to buy a vehicle most of the time. Many people in the industry think women are more likely

to buy vehicles from other women, so companies that ignore women are losing out on a great sales opportunity. Bottom line: women dealer employees can lead to more sales.

Many companies in the auto industry have gotten the message. At CNCDA, 75% of our staff are women. Additionally, our Board of Directors includes the incredible talents of Hilary Haron (Haron Jaguar Land Rover Volvo), Cheryl Bedford (Sunset Auto Center), and Anne Boland (Bob Smith BMW). And our NextGen group is spearheaded by Hilary Haron and Ellena Sweet (Fresno Acura). We appreciate the perspective, leadership and value they bring to our organization.

General Motors' board is one of the most gender-diverse boards in the country. The CEO is Mary Barra, and 58% of the board members are women. Most of the committee chairs are women, too.

Other industry CEOs include:

- Liza Borches (Carter Myers Automotive)
- Mary Buchzeiger (Lucerne International)
- Flavia De Veny (Camaco-Amvian)
- Corina Diehl (Diehl Automotive Group)
- Aicha Evans (Zoox)
- Gail Faulkner (Faulkner Auto Group)
- Julia Fream (Original Equipment Suppliers Association)
- Linda Hasenfranz (Linamar Corp.)
- Jennifer Johnson (Kendrick Plastics)
- Abigail Kampmann (Principle Auto)



- Lisa Lunsford (GS3 Global)
- Claudia Marquez (Hyundai Motor Mexico)
- Sejal Pietrzak (DealerSocket)
- Kimberly Rodriguez (Dura Automotive Services)
- Rosa Santana (Forma Automotive)
- Anuja Sonalker (STEER Tech)
- Sandy Stojkovski (Vitesco Technologies North America)
- Chrissy Taylor (Enterprise Holdings).<sup>1</sup>

That's a long list, and maybe you haven't heard of every company listed after these names, but it's encouraging so many women are CEOs as long as you don't think about the number of men who are CEOs. Still, it's progress.

How do you encourage women to apply for work at your dealership? Think about what you can do to encourage women to take classes to help them get dealership jobs. Reach out to local schools and teachers at those schools. In addition to public and private schools, talk to people at universities and community colleges. Attend career fairs and support organizations that encourage all students to gain valuable trade skills. Consider awarding scholarships and offering apprenticeships. Even a relatively modest scholarship can still help students pay for their training.

Most people will visit the website before they visit the dealership. Make sure yours sends the right message. For example, look at your dealership website and post pictures of a diverse workforce you want to encourage. People notice inclusive content; have prominent pictures of female employees on the website.

Hiring women to work at your dealership is a good idea, but listening to them once hired is just as important. You want to create a collaborative and supportive work environment for all employees. Talk to them about the demands on their time, personal and professional. Would job sharing, flexible hours, or work-at-home options help? Offer everything you can that is situationally appropriate. If your DMS system requires a VPN, switch to a cloud-native solution so employees can log in from home.

Promotions and pay raises encourage employees to stay with their companies. They are helpful, but make sure you don't reward one gender and exclude the other. Given gender biases of the past, it can be easy to favor men over women unconsciously regardless of performance. Are women doing work that benefits the company but isn't included in their job description? It's important to identify and reward high-performing employees and provide mentorship, training and opportunities for career growth for every employee, regardless of gender.

In an article by Bonnie Marcus that appeared on the Forbes website Oct. 13, 2021, she noted women had

been encouraged to speak up about workplace injustices ever since the #MeToo movement, but sometimes no one takes action after listening to them. That's a problem. People who get ignored tend to stop giving feedback, and when they have the chance to go somewhere else, they are likely to take it. The result is high employee turnover. Any company with high turnover, including dealerships, will not be as profitable as it could be.

The article noted that 75% of women are discriminated against in the workplace because of age and gender chose to do nothing. More than two-thirds (70%) didn't think talking would help. About one-fourth didn't trust the human resources department, and a little less than a fourth thought talking would cost them their job.

That leaves the 25% who did speak up. Some spoke with a manager, but 61% were dissatisfied with the result. Others spoke with HR; 71% thought that didn't help either. When women feel ignored in the workplace, they may start thinking about exiting, or worse: filing lawsuits. Wouldn't it be better to listen and take action to make them feel valued?

What can you do at your dealership to change the dynamic? First of all, work toward making sure men do not outnumber women. According to David Mielach on the Business News Daily website on Dec. 1, 2021, women are 75% less likely to speak than men when they are in a minority. Groups without women reached different decisions than groups with women. The situation worsens when decisions are made by the majority instead of requiring a unanimous vote. They might not take as much time to speak and may not feel as powerful. Interestingly, asking for votes to be unanimous made it more likely for women to speak up because the group needed their vote to succeed.

When women speak up, it's important to hear what they have to say and assess how you can incorporate and respond to their suggestions. They have a different perspective than men, and hearing it will make your business more well-rounded and better connected with your customer base.

Listening to the perspective of female employees will help you retain them as employees and help your dealership be more informed and able to communicate more effectively. Half your customers are women. Half your employees should be, too. But more than that, make sure they feel valued, respected, listened to, and part of the team. If that isn't already the case at your dealership, you've got a great goal to work toward. ◀

<sup>1</sup>To see a full list of 100 leading women in the North American Auto Industry, visit <https://www.autonews.com/awards/100-leading-women-north-american-auto-industry>.

# 2022 Officers and Directors

## 2022 Executive Committee



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Lexus of Westminster



**Tony Toohey**  
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**Hilary Haron**  
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RAM Fiat



**Rick Niello, Jr.**  
Region I Vice President  
The Niello Company



**Jessie Dosanjh**  
Region II Vice-President  
Dublin Buick GMC



**Ted Nicholas**  
Region III Vice-President  
Bakersfield



**Gary Fenelli**  
Region IV Vice-President  
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**K.C. Heidler**  
Region V Vice-President  
Santa Ana

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**Randy Denham**  
S.J. Denham  
Chrysler Jeep Fiat



**Taz Harvey**  
Dublin Mazda



**Matthew Hall**  
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**Dave Moeller**  
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Hatfield Buick GMC



**Hilary Haron**  
Haron Jaguar Land  
Rover Volvo



**Ted Nicholas**  
Three Way Chevrolet



**Gary Fenelli**  
Frank Toyota



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Guaranty Chevrolet  
Motors Inc.



**Greg Kaminsky**  
Toyota/Honda of  
El Cajon



**John Oh**  
Lexus of Westminster



**David Simpson**  
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of Irvine



**Anne Boland**  
Bob Smith BMW



**Ron Charron**  
Boulevard Cadillac  
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Mack Grubbs Hyundai



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Offices in Southern California





# Combating Catalytic Converter Theft

By CNCDA Staff

Catalytic converter thefts present a growing problem for dealers and their customers. In 2021, the National Crime Bureau estimated that more than 52,000 catalytic converters were reported stolen, compared with 1,300 in 2018. That's 40 times as many converter thefts, and it doesn't include the number of unreported thefts. If the repair cost is the amount of someone's deductible, they may not report the theft to the police or the insurance company since they will have to pay the money either way. Filing a report creates the possibility of increased insurance premiums; not filing maintains the status quo.

Thieves value catalytic converters because they contain precious metals such as palladium, platinum, and rhodium. The metals' values have increased exponentially. Worse, catalytic converters are easy to steal and hard to trace.

Another problem caused by catalytic converter theft is the damage when thieves cut the converters from the car. They are in a hurry and don't care about being precise, so they often damage the oxygen sensor and may take other parts of the exhaust system, such as the muffler. That means repairs after the theft often involve more than just replacing the catalytic converter itself. A stolen catalytic converter usually costs \$500-\$600 to the thief, but replacing it costs the owner approximately \$3,500. Dealers both assist customers who have had the unfortunate experience of having their catalytic converter stolen and are victims themselves.

What can be done about the issue of catalytic converter theft?

- Increase enforcement on thieves and black-market facilities
- Make it harder for thieves to get catalytic converters
- Make it easier to trace stolen catalytic converters

Largely due to media coverage and complaints from constituents, ten bills were introduced during the 2022 legislative year in California to try and address catalytic converter theft. New car dealers are supportive of bills to increase enforcement against bad actors stealing and dealing stolen catalytic converters and supportive of proposals aiming to inform customers about the availability of VIN-marking services.

However, some of these proposals aimed to bar dealers from selling new and used vehicles without permanently marking the vehicle's VIN on the catalytic converter themselves before sale. These bills were very problematic, as dealers do not manufacture the cars and thus should not be responsible for this work – and certainly not as a free service on behalf of vehicle manufacturers. Dealers are already facing a severe vehicle technician shortage, and a requirement like this would greatly exacerbate this shortage.

How do you make it harder to steal a catalytic converter? Vehicles stored outside are more vulnerable than vehicles inside a garage, so dealerships are attractive targets for thieves. One dealer installed a 7,000-volt security system around the dealership. He hasn't had any problems since. However, one of his customers had seven trucks. Thieves took all seven converters. It took eight weeks for replacement parts to arrive; thieves took all seven converters again one short month later.

Experiences like that have made the third strategy more attractive (making it easier to trace stolen catalytic converters). In January 2022, Indiana Rep. Jim Baird introduced H.R. 6394, the Preventing Auto Recycling Theft (PART) Act, which NADA strongly supports. The bill is intended to increase traceability and enforcement. A day later, Jan. 14, 2022, it was referred to the Subcommittee on Highways and Transit. It still must pass



the House and Senate, so it is a long way from being signed into law by the president.

If the bill passes, the idea would be to use a \$7 million grant program to cover the cost of stamping VINS or other identifiers onto existing vehicles' catalytic converters. The vehicle owner wouldn't have to pay anything for this to be done. Dealers would also be able to use the grant program. While the \$7 million grant program would be helpful, it wouldn't come close to covering the cost of marking catalytic converters on vehicles on California dealers' lots (we sell three million new and used vehicles a year) – but could serve as an interesting model for states to potentially copy.

The bill would also require OEMs to stamp the VIN on catalytic converters when vehicles are built. Purchasers would have to check for and keep

records of these numbers. Catalytic converter theft, sale, trafficking, or purchase (if the buyer knows the converter was stolen) would be a federal crime. Someone convicted under this law could spend up to five years in jail.

In May 2022, 14 trade associations, other industry organizations, and NADA asked Congress to take up H.R. 6394 and get it moving. The signers specifically asked Congress to send it to the House Energy and Commerce Committee for a hearing.

If you have dealt with catalytic converter theft, you recognize the importance of this issue. Now is the time to reach out to your representative and ask them to support H.R. 6394. For a full list of committee members, visit <https://energycommerce.house.gov/subcommittees/energy-and-commerce-117th-congress>.

We can help Congress and, later, the Senate understand how important this issue is, but we will only be successful if we put in the effort.

Meanwhile, as of press time, many of the catalytic converter bills are still pending in California. CNCDA is vigorously fighting proposals to require dealers to permanently mark the VIN on catalytic converters of new and used vehicles before sale. However, we are very supportive of bills that aim to increase the enforcement on bad actors. What the California legislature chooses to do this year is important for all dealers, as it could set the tone for how other states address this issue. California's legislative session ends on August 31, and as we are currently writing this article, we are tracking if the problematic proposal makes it to Governor Newsom's desk and we will ask for a veto. ◀



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- Respiratory Protection
- Representation in OSHA Enforcement Cases
- Phase I Environmental Assessment
- Regulatory Permits & Reporting

2022

# UPCOMING EVENTS



## Webinars:



### SEPTEMBER 8

California Dealership  
HR Bootcamp Part III  
2 p.m. - 3:30 p.m.



### SEPTEMBER 19

Buy/Sell Tips for Smart  
Buyers in a Seller's Market  
10 a.m. - 11 a.m.



### DECEMBER 15

New Laws Webinar Series  
Part I: 10 a.m. - 11:30 a.m.  
Part II: 2 p.m. - 3:30 p.m.



### SEPTEMBER 27

The Safeguards are Coming:  
FTC Revised Rule Becomes  
Effective in December  
10 a.m. - 11:30 a.m.

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## In-Person Events:



### OCTOBER 2 - 5

CNCDA Annual Convention  
The Ritz-Carlton  
Laguna Niguel, CA



### OCTOBER 25

Member Appreciation Dinner  
Top of the Market  
6 p.m. - 10 p.m.  
San Diego, CA



### DECEMBER 5

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
San Diego, CA



### DECEMBER 6

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
Anaheim, CA



### DECEMBER 7

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
Burbank, CA



### DECEMBER 13

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
Fresno, CA



### DECEMBER 14

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
Sacramento, CA



### DECEMBER 12

New Laws Seminar  
9:30 a.m. - 11:30 a.m.  
Walnut Creek, CA

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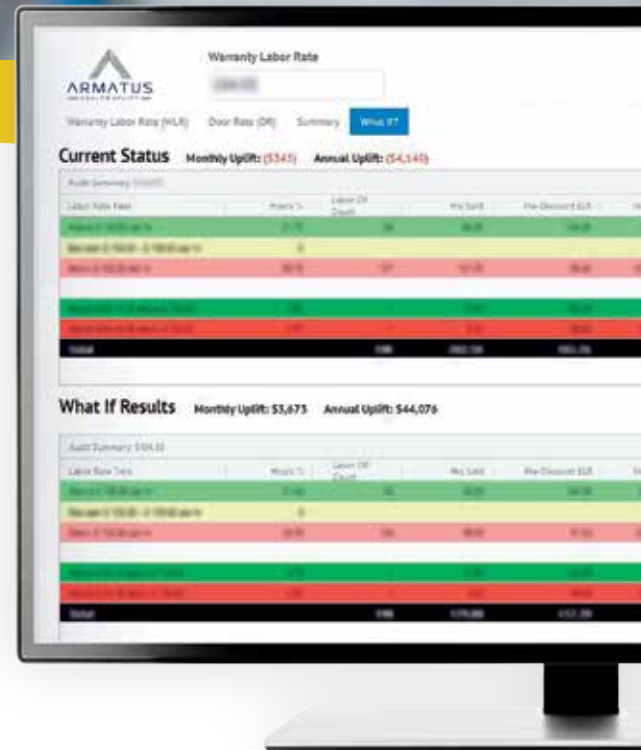
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# Automotive Technician Shortage: What will be the Impact of the EV Revolution?

By Les Swizer, Staff Counsel

**A**ny new car dealer will tell you that talent retention is a challenge, specifically in the service department. The pool of qualified auto technicians in the industry has been dwindling for some time, and the pandemic wreaked havoc on an already waning supply. The so-called “Great Resignation,” coupled with a mass exodus of baby boomers retiring from the industry, has created an even larger vacuum.

The industry predicts to be short over 600,000 automotive, collision, and diesel technicians between 2020 and 2024. The baby boomer generation alone anticipates leaving a deficit of over 100,000 techs upon retirement in the next decade or so.

## **But won't the Electric Vehicle (EV) revolution naturally fix this deficit because EVs need less maintenance?**

In short, no. The EV revolution will likely exacerbate the issue, given the new skill set required to diagnose and repair these complex systems. While standard maintenance (such as fluid exchanges) is not required on EVs, these vehicles still have components that wear and are not immune to malfunction. Given that EV tech is still evolving, diagnostic and repair times will be longer, especially in the nascent stages of each manufacturer's

new EV model launch. This means more techs will be needed to handle the flow of vehicles because techs will be held up longer per vehicle.

## **ICE vehicles are not going to disappear as of 2035.**

While California is in the process of adopting regulations requiring all new vehicles sold by 2035 to be zero emission, that doesn't mean internal combustion engine (ICE) vehicles will be banned, nor will it prevent people from bringing ICE vehicles into the state. Considering many people are priced out of EVs, it is not unreasonable to expect people to hold on to their ICE vehicles longer, which necessarily equates to more time in the service drive.

## **How can dealers prepare for the impact of the EV revolution in their service drives?**

Dealers are already ahead of the game by being involved in their communities, contributing to high school automotive and shop programs, offering apprenticeships, providing training on emerging vehicle technologies, and creating a clean and respectful environment both on the sales floor and the shop floor. Some areas may need examining if you struggle to recruit or retain talent.



**Inclusion:** As a former tech, I can attest to one area often neglected regarding techs: inclusion. Many dealers make the mistake of focusing heavily on sales staff performance, taking sales staff out to dinner or lunch, or even inviting the top performer to tee off with the dealer principal. Dealers should keep this type of thing in mind if retention is an issue. In my experience, techs don't need big gestures of recognition for a job well done; they just need some recognition. So, take your best tech out to lunch or give them a tool truck gift card (the average tech spends tens of thousands of dollars on tools throughout their career). The investment will be worth it to keep your best performers, and seeing that little bit extra will motivate your undiscovered top performers.

**Training.** Be sure existing techs are allowed to attend as many trainings as possible and senior techs in the shop are trained in the EV technology and how to train others generally. Enhancing the soft skills of existing techs will create an environment that fosters growth and illuminates a path of upward mobility for the newer techs. If feasible, offering an apprenticeship program could attract new talent who already possesses the foundational knowledge necessary to efficiently diagnose and repair EVs.

**Outside Help.** If all else fails and you still struggle to recruit and retain, consider hiring a recruiter or consultant. Having an outsider examine your service drive and hiring methods can offer a new perspective that may shed some light on the issues preventing your service drive from getting and staying staffed with quality techs.

**Community Involvement.** Numerous programs are working to create job pipelines from local schools to dealerships. Stay involved with your local communities and reach out to your local officials for resources and ways to get involved in programs facilitating careers in the trades. Many of these programs are in their earliest stages but could use support and input on how to ensure the successful transition from school to a job at a dealership.

**CNCDA Foundation.** Get involved in the CNCDA Foundation and have the opportunity to see bright young automotive techs in your region gain their education and find their way to dealership careers. The CNCDA Foundation has worked to support the demand for auto and truck technician and management roles by awarding scholarships to over 1,300 students since its inception. For more information about the Foundation or to get involved, visit [www.cncda.org/foundation](http://www.cncda.org/foundation). ◀

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# Current and Future FTC Regulations Will Likely Impact the Advertising and Sale of Vehicles at Your Dealership

By Anthony Bento, Director of Legal and Regulatory Affairs

**C**urrent and proposed rules by the Federal Trade Commission (FTC) are worth reviewing, as they may directly impact your dealership's operations.

First, let's discuss a rule that's been in effect for many years but is gaining new significance due to today's unique combination of inventory shortages and online sales. The FTC has long maintained its "Mail, Internet, or Telephone Order Merchandise Rule," which applies to most goods consumers order by mail, telephone, fax, or Internet.

The Rule requires that when businesses advertise merchandise, there is an expectation that the order will ship within 30 days unless the business clearly and conspicuously represents the shipment will not be made by such a date. Moreover, the rule requires customer consent to extend an order in case of a delayed shipment. If your dealership engages in online sales, we strongly encourage you to contact competent counsel and/or review the FTC's guide on the Rule, which is accessible on the FTC's website at <https://bit.ly/3bW5F9x>.

Second, on June 23, 2022, the FTC proposed a rule to "ban junk fees and bait-and-switch advertising tactics that can plague consumers throughout the car-buying experience." Formally called the "Motor Vehicle Dealers Trade Regulation Rule," this overbroad proposal would dramatically impact dealers throughout the United States.

The proposed rule would impose additional regulations on how vehicles are advertised, especially concerning pricing. For example, the rule states dealers must advertise the vehicle's price inclusive of all charges

except government fees and taxes. This is different than current California law, which states dealers can exclude certain charges (such as the document processing charge) from the advertised price of a vehicle. The rule would also impose requirements on how proposed monthly payments can be presented to customers.

The proposed rule will also require dealers to "obtain express informed consent before any charges" for any product or service related to the sale, financing, or lease of a vehicle. This would expand and modify current pre-contract disclosure statement requirements for California dealers.

Perhaps most troubling is a proposed ban on "any add-on product or service that confers no benefit to the consumer." This requirement could be weaponized against dealers that charge GAP in circumstances where the federal government deems such sale inappropriate.

Finally, the proposed rule would also impose a two-year records retention requirement on all "materially different advertisements, sales scripts, training materials, and marketing materials regarding the price, financing or lease of a motor vehicle." Records related to lists of optional products, add-ons, service contracts, GAP Agreements, and related materials must also be maintained for two years. Additionally, customer complaints must also be retained. These expanded retention requirements empower government officials and plaintiffs' attorneys. ◀

CNCDA is closely working with NADA to push back against the FTC's proposed rule. In the coming months, you'll likely hear more from us on these potential requirements.



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# California Auto Outlook™

Comprehensive Information on the California Vehicle Market

Volume 18, Number 3

Released August 2022

Covering Second Quarter 2022

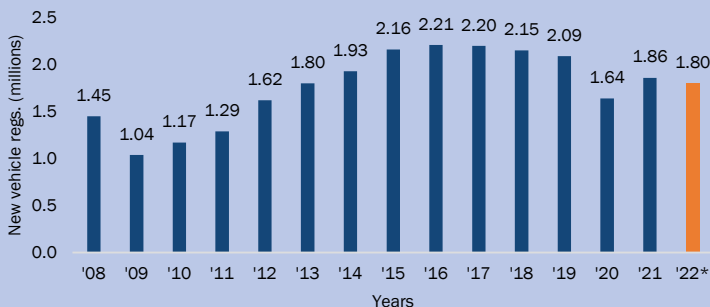
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## California New Vehicle Registrations Predicted to Decline Slightly in 2022

California Annual New Light Vehicle Registrations - 2008 thru 2022

### ANNUAL TRENDS



Historical data source: AutoCount data from Experian. \*2022 forecast by Auto Outlook.

Lean vehicle supplies continue to impact the California market. New vehicle registrations in the state are predicted to fall to 1.8 million units this year, a 3.2 percent decline from 2021. Demand for new vehicles is likely to soften in the coming months due to lower economic growth and weakening consumer affordability, but it's not expected to lead to a sharp drop in sales. Inventory shortages have already pushed sales to low levels and accumulating pent up demand will provide a boost when supplies improve.

California New Light Vehicle Registrations and U.S. New Vehicle Sales - YTD '21 and YTD '22 thru June

### TWO YEAR PERSPECTIVE



	California			U.S.		
	YTD '21	YTD '22	Change	YTD '21	YTD '22	Change
<b>Registrations</b>						
TOTAL	1,039,229	853,347	-17.9%	8,360,820	6,831,596	-18.3%
Car	356,441	270,052	-24.2%	1,952,458	1,441,485	-26.2%
Light Truck	682,788	583,295	-14.6%	6,408,362	5,390,111	-15.9%
Domestic	323,161	302,701	-6.3%	3,411,941	3,037,177	-11.0%
European	157,450	123,661	-21.5%	871,052	700,518	-19.6%
Japanese	475,692	353,909	-25.6%	3,272,883	2,391,026	-26.9%
Korean	82,926	73,076	-11.9%	804,944	702,875	-12.7%
<b>Market Share</b>						
Car	34.3	31.6	-2.7	23.4	21.1	-2.3
Light Truck	65.7	68.4	2.7	76.6	78.9	2.3
Domestic	31.1	35.5	4.4	40.8	44.5	3.7
European	15.2	14.5	-0.7	10.4	10.3	-0.1
Japanese	45.9	41.5	-4.4	39.1	35.0	-4.1
Korean	8.0	8.6	0.6	9.6	10.3	0.7

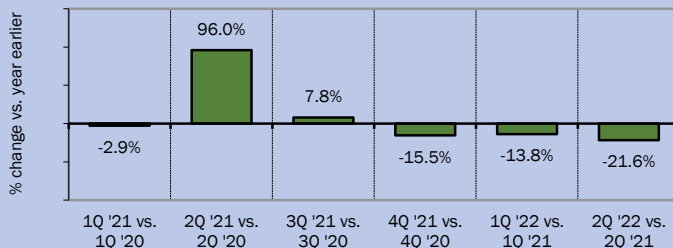
New light vehicle registrations in California declined 17.9 percent during the first six months of this year versus year earlier, in line with the 18.3 percent drop in the Nation.

Light truck registrations fell by less than the overall industry and market share increased by 2.7 share points. Domestic brand registrations (including GM, Ford, Stellantis and Tesla) declined by just 6.3 percent.

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

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

### QUARTERLY RESULTS



Data source: AutoCount data from Experian.

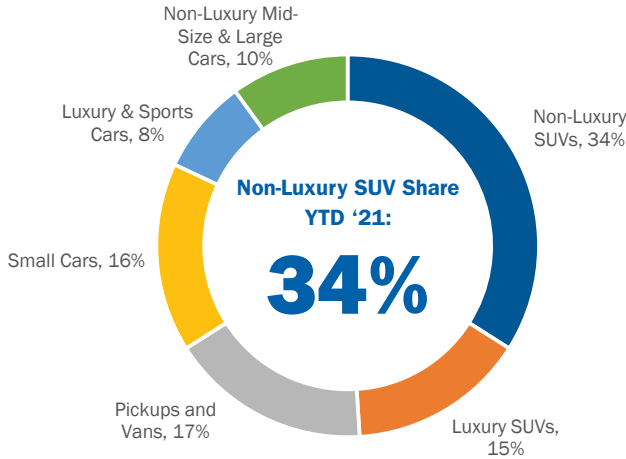
As expected, Second Quarter registrations declined sharply as supply constraints continued and the market struggled to approach elevated year-earlier levels.

Second Quarter registrations this year fell 21.6 percent versus 2021, the third consecutive quarterly decline that exceeded 10 percent.

SEGMENT MARKET SHARE TRENDS

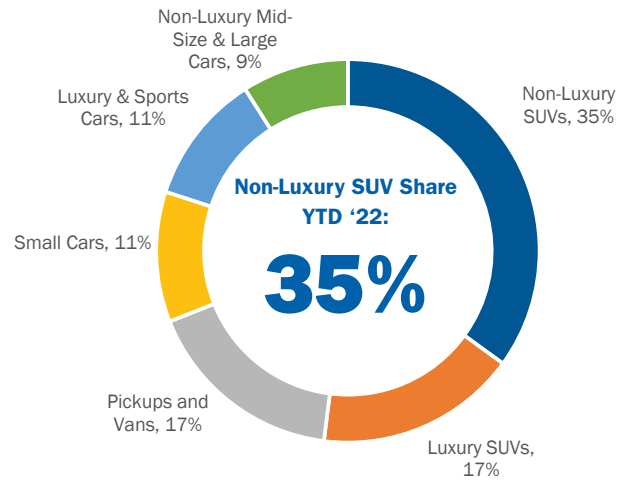
## Small Car Market Share Declined by Five Points So Far This Year

Segment Market Shares in California  
YTD 2021 thru June



Data Source: AutoCount data from Experian.

Segment Market Shares in California  
YTD 2022 thru June



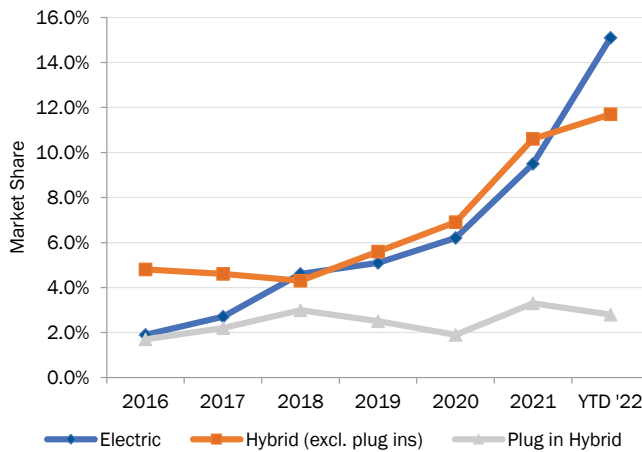
Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments during the first six months of 2021 and 2022.

HYBRID AND ELECTRIC VEHICLES

## Estimated Electric Vehicle Market Share Reached 15.1% in First Half of 2022

Estimated Hybrid and Electric Vehicle Market Share



Hybrid/electric vehicle market share, YTD '22:  
**29.6%**

Estimated Hybrid and Electric New Vehicle Registrations and Market Share

	2018	2019	2020	2021	YTD 2022
Electric registrations	99121	106752	101628	176357	128855
Electric share	4.6%	5.1%	6.2%	9.5%	15.1%
Hybrid regs. (excl. plug ins)	92658	117218	113103	196777	99842
Hybrid share (excl. plug ins)	4.3%	5.6%	6.9%	10.6%	11.7%
Plug in hybrid regs.	64644	52329	31144	61261	23894
Plug in hybrid share	3.0%	2.5%	1.9%	3.3%	2.8%

The graph above shows the 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

# Tesla Model Y Retains Top Spot in California Market

The table below shows the top five selling models during the first six months of 2022 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment. Sales results in the first half of this year were primarily determined by vehicle production and availability. New registrations of the Honda Civic and Toyota Camry, two perennial top-sellers in the state, were impacted by diminished inventories.



**BEST SELLERS IN PRIMARY SEGMENTS**

- Compact Car: Toyota Corolla
- Mid-Size Car: Toyota Camry
- Near Luxury Car: Tesla Model 3
- Comp./Mid Pickup: Toyota Tacoma
- Full Size Pickup: Chevrolet Silverado
- Compact SUV: Toyota RAV4
- Mid-Size SUV: Toyota Highlander
- Luxury Compact SUV: Tesla Model Y

Top Selling Models in Each Segment - New Light Vehicle Registrations (YTD 2022, thru June)							
Cars							
Subcompact		Compact		Sports/Pony Cars		Mid-Size	
Model	Regs. Share	Model	Regs. Share	Model	Regs. Share	Model	Regs. Share
Chevrolet Bolt	1293 23.7	Toyota Corolla	22391 27.9	Ford Mustang	4466 40.8	Toyota Camry	28745 40.5
Toyota Mirai	1172 21.5	Honda Civic	18302 22.8	Dodge Challenger	2641 24.1	Honda Accord	18384 25.9
Kia Rio	914 16.8	Kia Forte	8071 10.1	Toyota 86	1213 11.1	Nissan Altima	10259 14.5
Mitsubishi Mirage	740 13.6	Nissan Sentra	6020 7.5	Chevrolet Camaro	1096 10.0	Chevrolet Malibu	6072 8.6
Nissan Versa	575 10.6	Toyota Prius	5952 7.4	Subaru BRZ	506 4.6	Kia K5/Optima	4752 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	4739 65.3	BMW 2-Series	1557 35.8	Tesla Model 3	38993 60.8	Tesla Model S	5791 21.7
Toyota Avalon	987 13.6	Acura ILX	1110 25.5	Lexus ES	5159 8.0	BMW 5-Series	2792 10.5
Kia Stinger	761 10.5	Mercedes A-Class	937 21.6	BMW 3-Series	4041 6.3	Mercedes S-Class	2629 9.9
Chrysler 300	429 5.9	Audi A3	692 15.9	BMW 4-Series	3243 5.1	Mercedes E-Class	2405 9.0
Nissan Maxima	337 4.6	Acura Integra	44 1.0	Lexus IS	2694 4.2	Chevrolet Corvette	1699 6.4
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	17777 42.6	Chevrolet Silverado	20349 28.1	Toyota Sienna	6170 42.6	Ford Transit Connect	4722 35.7
Ford Maverick	4888 11.7	Ford F-Series	18598 25.7	Chrysler Pacifica	4906 33.9	Mercedes Sprinter	4106 31.0
Nissan Frontier	4706 11.3	Ram Pickup	17412 24.1	Honda Odyssey	2283 15.8	Ram Promaster	3003 22.7
Ford Ranger	3956 9.5	GMC Sierra	8947 12.4	Kia Carnival	721 5.0	Chevrolet Express	791 6.0
Chevrolet Colorado	3389 8.1	Toyota Tundra	4253 5.9	Chrysler Voyager	381 2.6	Mercedes Metris	374 2.8
Subcompact SUV		Compact SUV		Mid-Size SUV		Large SUV	
Model	Regs. Share	Model	Regs. Share	Model	Regs. Share	Model	Regs. Share
Subaru Crosstrek	10181 18.8	Toyota RAV4	31599 25.7	Toyota Highlander	15867 14.7	Chevrolet Tahoe	3384 25.0
Honda HR-V	10015 18.5	Honda CR-V	13547 11.0	Subaru Outback	8450 7.8	Jeep Grand Wagoneer	3131 23.2
Kia Niro	5157 9.5	Mazda CX-5	9302 7.6	Ford Explorer	8226 7.6	Chevrolet Suburban	1908 14.1
Nissan Kicks	4350 8.0	Jeep Wrangler	8461 6.9	Toyota 4Runner	7090 6.6	GMC Yukon	1642 12.1
Volkswagen Taos	3173 5.9	Hyundai Tucson	6469 5.3	Jeep Grand Cherokee	5485 5.1	GMC Yukon XL	1421 10.5
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 GLB-Class	2143 22.0	Tesla Model Y	42320 54.2	Lexus RX	8796 19.5	Cadillac Escalade	2400 24.9
Audi Q3	2003 20.6	Mercedes GLC-Class	7856 10.1	Mercedes GLE-Class	6367 14.1	Mercedes GLS-Class	2229 23.2
Lexus UX	1796 18.5	BMW X3	5364 6.9	BMW X5	5779 12.8	BMW X7	1877 19.5
Mercedes GLA-Class	1303 13.4	Audi Q5	4650 6.0	Tesla Model X	3791 8.4	Land Rover Range Rover	892 9.3
Volvo XC40	1106 11.4	Lexus NX	3780 4.8	Acura MDX	2785 6.2	Mercedes G-Class	849 8.8

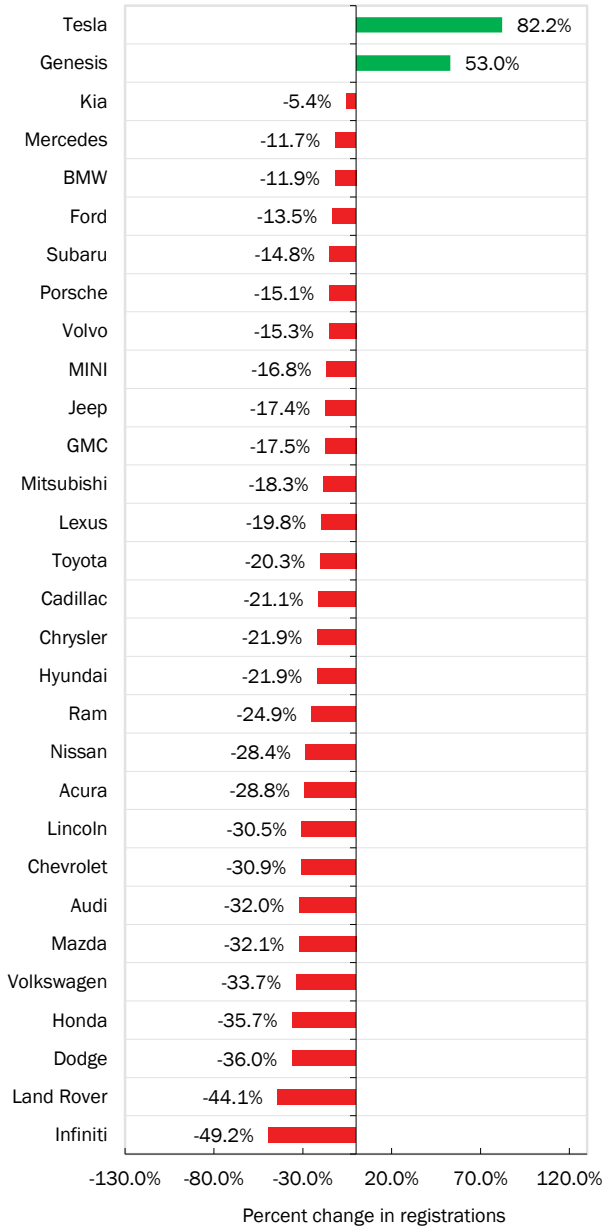
Data Source: AutoCount data from Experian. Figures for Prius include Prius Prime.



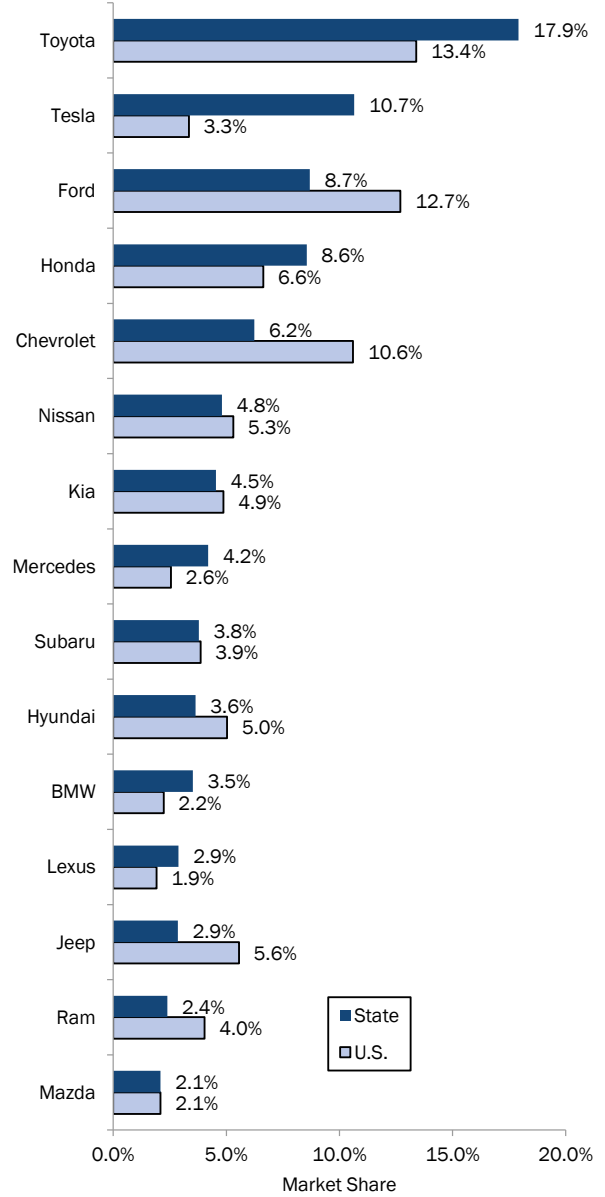
BRAND SUMMARY

# Registrations Declined for Most Brands as Supply Issues Continue to Restrict Sales

**Percent Change in Brand Registrations**  
YTD 2022 thru June vs. YTD 2021  
(Top 30 selling brands in state)



**California and U.S. Market Share - YTD 2022 thru June**  
(Top 15 selling brands in state)



Registrations increased for Tesla and Genesis. Kia, Mercedes, BMW, Ford, and Subaru had declines of less than 15 percent.



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

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

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations												
	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '21	2Q '22	% Change	2Q '21	2Q '22	Change	YTD '21	YTD '22	% Change	YTD '21	YTD '22	Change
TOTAL	546,069	428,131	-21.6				1,039,229	853,347	-17.9			
Acura	5,658	3,550	-37.3	1.0	0.8	-0.2	9,423	6,705	-28.8	0.9	0.8	-0.1
Alfa Romeo	752	410	-45.5	0.1	0.1	0.0	1,763	1,000	-43.3	0.2	0.1	-0.1
Audi	12,476	8,883	-28.8	2.3	2.1	-0.2	23,425	15,925	-32.0	2.3	1.9	-0.4
BMW	18,096	13,878	-23.3	3.3	3.2	-0.1	34,095	30,046	-11.9	3.3	3.5	0.2
Buick	2,637	768	-70.9	0.5	0.2	-0.3	4,142	1,726	-58.3	0.4	0.2	-0.2
Cadillac	2,914	2,335	-19.9	0.5	0.5	0.0	6,281	4,954	-21.1	0.6	0.6	0.0
Chevrolet	38,285	29,757	-22.3	7.0	7.0	0.0	76,981	53,226	-30.9	7.4	6.2	-1.2
Chrysler	2,039	3,513	72.3	0.4	0.8	0.4	7,320	5,717	-21.9	0.7	0.7	0.0
Dodge	7,026	4,404	-37.3	1.3	1.0	-0.3	13,774	8,816	-36.0	1.3	1.0	-0.3
Ford	43,225	37,040	-14.3	7.9	8.7	0.8	85,704	74,146	-13.5	8.2	8.7	0.5
Genesis	1,177	1,687	43.3	0.2	0.4	0.2	2,077	3,177	53.0	0.2	0.4	0.2
GMC	9,639	8,280	-14.1	1.8	1.9	0.1	19,391	15,997	-17.5	1.9	1.9	0.0
Honda	65,536	34,284	-47.7	12.0	8.0	-4.0	113,567	72,990	-35.7	10.9	8.6	-2.3
Hyundai	23,487	17,459	-25.7	4.3	4.1	-0.2	39,823	31,097	-21.9	3.8	3.6	-0.2
Infiniti	2,477	1,232	-50.3	0.5	0.3	-0.2	4,989	2,533	-49.2	0.5	0.3	-0.2
Jaguar	1,204	338	-71.9	0.2	0.1	-0.1	1,849	774	-58.1	0.2	0.1	-0.1
Jeep	14,763	11,203	-24.1	2.7	2.6	-0.1	29,487	24,364	-17.4	2.8	2.9	0.1
Kia	22,213	19,909	-10.4	4.1	4.7	0.6	41,026	38,802	-5.4	3.9	4.5	0.6
Land Rover	4,480	2,448	-45.4	0.8	0.6	-0.2	9,627	5,384	-44.1	0.9	0.6	-0.3
Lexus	15,892	12,402	-22.0	2.9	2.9	0.0	30,698	24,630	-19.8	3.0	2.9	-0.1
Lincoln	1,379	1,117	-19.0	0.3	0.3	0.0	3,003	2,086	-30.5	0.3	0.2	-0.1
Maserati	371	319	-14.0	0.1	0.1	0.0	652	686	5.2	0.1	0.1	0.0
Mazda	13,705	7,791	-43.2	2.5	1.8	-0.7	26,341	17,886	-32.1	2.5	2.1	-0.4
Mercedes	20,685	19,295	-6.7	3.8	4.5	0.7	40,576	35,815	-11.7	3.9	4.2	0.3
MINI	1,559	939	-39.8	0.3	0.2	-0.1	2,865	2,385	-16.8	0.3	0.3	0.0
Mitsubishi	1,936	1,417	-26.8	0.4	0.3	-0.1	3,588	2,932	-18.3	0.3	0.3	0.0
Nissan	29,580	20,896	-29.4	5.4	4.9	-0.5	57,297	41,052	-28.4	5.5	4.8	-0.7
Other	942	935	-0.7	0.2	0.2	0.0	1,904	1,920	0.8	0.2	0.2	0.0
Porsche	4,571	4,493	-1.7	0.8	1.0	0.2	9,376	7,956	-15.1	0.9	0.9	0.0
Ram	13,153	9,526	-27.6	2.4	2.2	-0.2	27,200	20,415	-24.9	2.6	2.4	-0.2
Subaru	19,937	15,041	-24.6	3.7	3.5	-0.2	37,980	32,343	-14.8	3.7	3.8	0.1
Tesla	23,721	42,857	80.7	4.3	10.0	5.7	49,875	90,895	82.2	4.8	10.7	5.9
Toyota	102,530	78,897	-23.0	18.8	18.4	-0.4	191,809	152,838	-20.3	18.5	17.9	-0.6
Volkswagen	13,780	7,447	-46.0	2.5	1.7	-0.8	23,890	15,835	-33.7	2.3	1.9	-0.4
Volvo	4,244	3,381	-20.3	0.8	0.8	0.0	7,431	6,294	-15.3	0.7	0.7	0.0

Source: AutoCount data from Experian.

The table above shows new light vehicle (car and light truck) registrations in California. Figures are shown for the Second Quarters of 2021 and 2022, 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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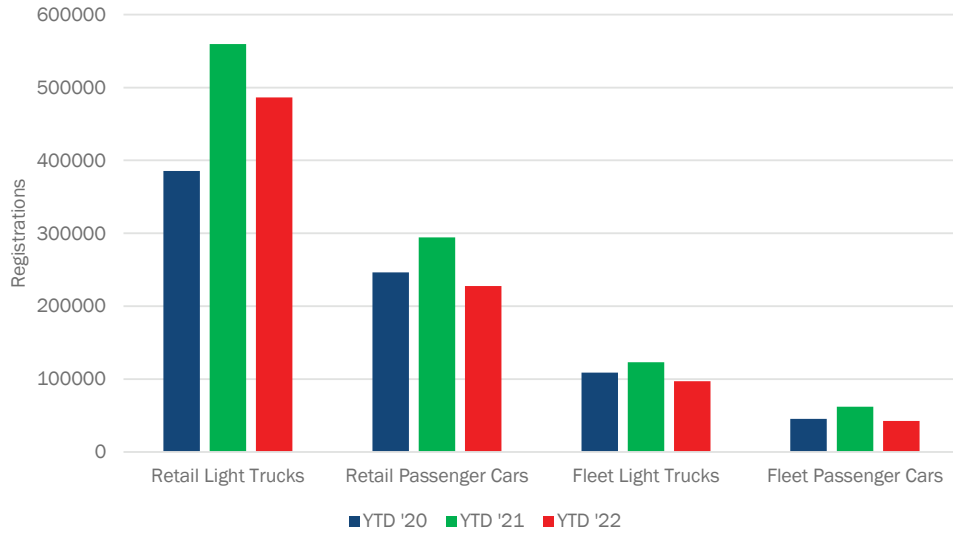
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**BREAKDOWN OF RETAIL AND FLEET MARKETS**

**Decline in Retail Registrations Not as Steep as Fleets**

**California New Car and Light Truck Retail and Fleet Registrations - YTD '20, '21, & '22 thru June**



Data Source: AutoCount data from Experian.

**PERCENT CHANGE:**  
YTD '22 thru June vs. YTD '21

Retail cars: **DOWN 22.7%**  
Retail light trucks: **DOWN 13.1%**

Fleet cars: **DOWN 31.7%**  
Fleet light trucks: **DOWN 21.2%**

**REGIONAL MARKETS IN CALIFORNIA**

**San Francisco Bay Market Posts Smallest Decline in First Half of 2022**

New Retail Light Vehicle Registrations (excluding fleets) YTD thru June			
North and South California	YTD '21	YTD '22	% chg.
Statewide Total	853,830	713,784	-16.4%
Cars	294,322	227,601	-22.7%
Light Trucks	559,508	486,183	-13.1%
Northern California	286,520	240,906	-15.9%
Cars	91,074	71,702	-21.3%
Light Trucks	195,446	169,204	-13.4%
Southern California	567,310	472,878	-16.6%
Cars	203,248	155,899	-23.3%
Light Trucks	364,062	316,979	-12.9%
Selected Regional Markets			
San Francisco Bay	147,602	128,553	-12.9%
Cars	49,043	40,335	-17.8%
Light Trucks	98,559	88,218	-10.5%
LA and Orange Counties	322,650	265,176	-17.8%
Cars	120,358	91,499	-24.0%
Light Trucks	202,292	173,677	-14.1%
San Diego County	75,263	65,040	-13.6%
Cars	22,951	18,779	-18.2%
Light Trucks	52,312	46,261	-11.6%

Data Source: AutoCount data from Experian.

**Percent Change in New Retail Registrations - YTD '22 vs. YTD '21**





## Brand Market Share Leaders in Primary Segments



### Leading Car Brands

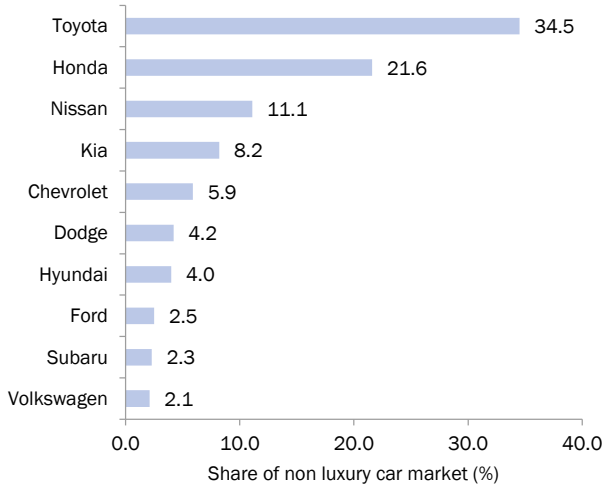
Non Luxury: Toyota, Honda, and Nissan  
 Luxury: Tesla, BMW, and Mercedes



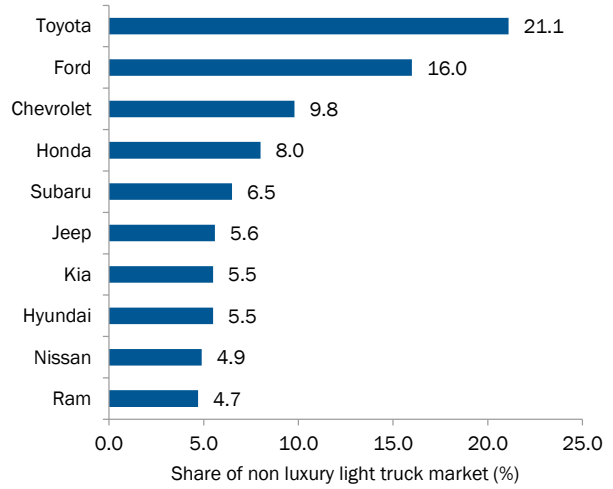
### Leading Light Truck Brands

Non Luxury: Toyota, Ford, and Chevrolet  
 Luxury: BMW, Mercedes, and BMW

### Top 10 Non Luxury Car Brands in State Market YTD 2022 thru June

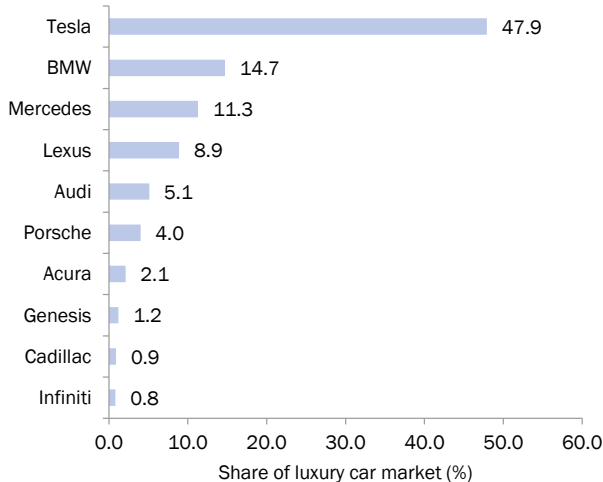


### Top 10 Non Luxury Light Truck Brands in State Market YTD 2022 thru June

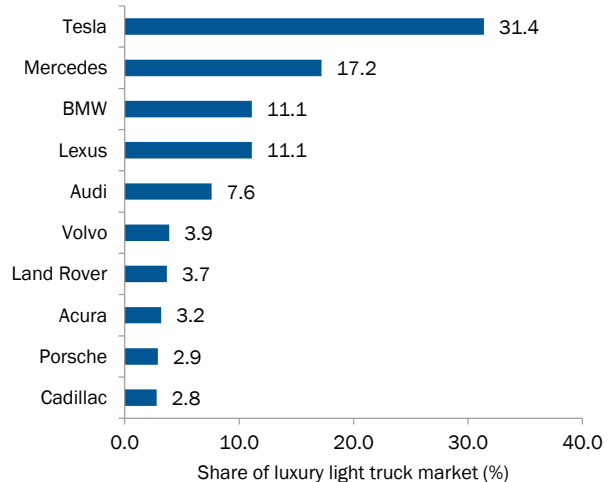


Data Source: AutoCount data from Experian.

### Top 10 Luxury Car Brands in State Market YTD 2022 thru June



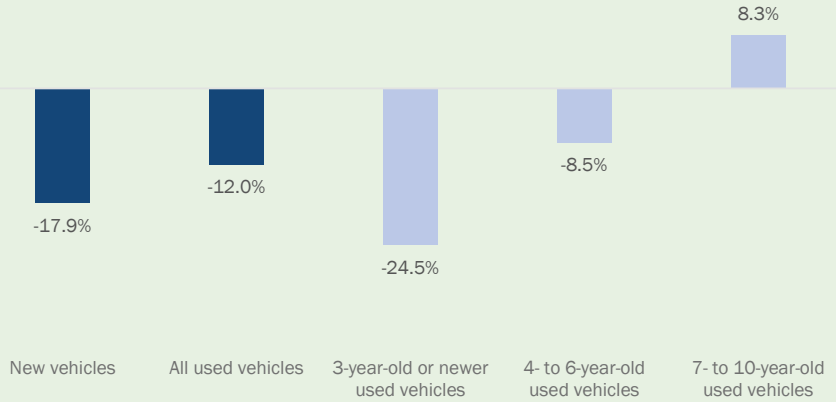
### Top 10 Luxury Light Truck Brands in State Market YTD 2022 thru June



Data Source: AutoCount data from Experian.

## California Used Vehicle Market Declined by 12 Percent During First Six Months of 2022

Percent Change in New and Used Vehicle Registrations - YTD '22 thru June vs. YTD '21



Data Source: AutoCount data from Experian.

### THREE KEY TRENDS IN USED VEHICLE MARKET



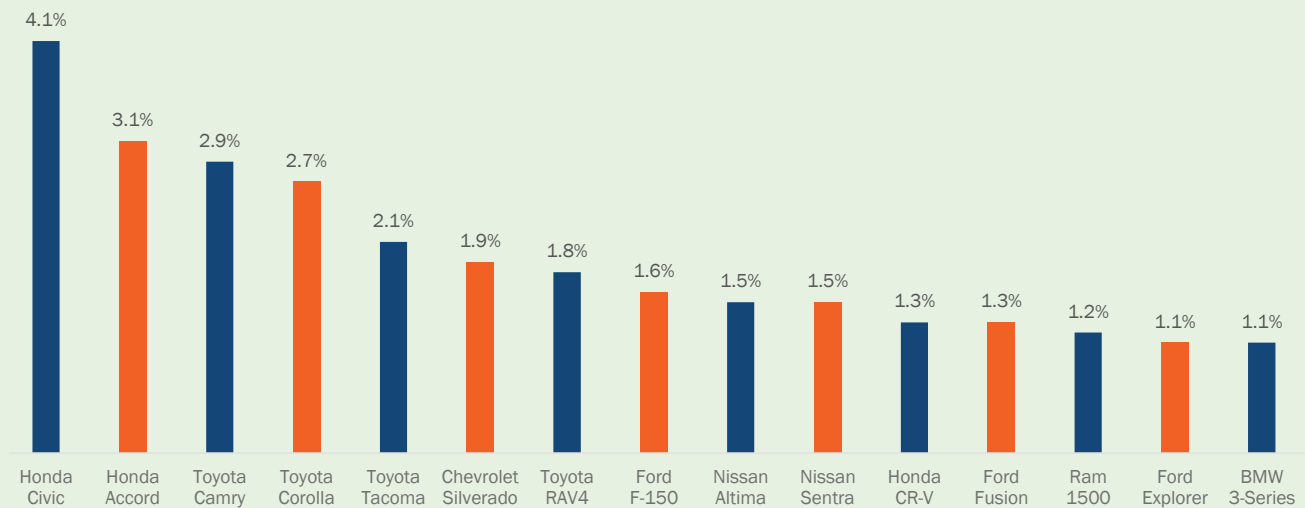
01. Used vehicle registrations in California fell 12 percent during the first six months of 2022 versus strong year earlier levels. The decline was not as sharp as the 17.9% drop in the new vehicle market.
02. The state used vehicle market should remain relatively stable in 2022. Depleted new vehicle inventories will boost demand for used cars, but historically high prices will limit any possible sales gains.
03. Lower than anticipated new vehicle sales during the past two years due to the pandemic are starting to impact supplies of late model used cars and light trucks. As shown on the graph, registrations for three year old or newer vehicles fell by 24.5 percent.

### BEST SELLERS IN CALIFORNIA USED VEHICLE MARKET

## Honda Civic is Top Seller in California Used Vehicle Market

The graph below shows market shares for the top 15 selling models in the California used vehicle market (only includes vehicles 8 years old or newer).

Market Share for Top 15 Selling Models in State Used Vehicle Market (only includes vehicles 8 yrs. old or newer) - YTD '22 thru June



Data Source: AutoCount data from Experian.



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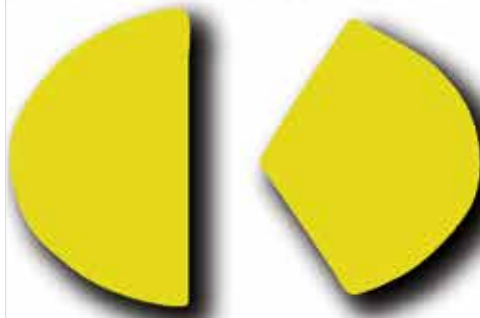
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*Translates into real Cost Savings!*

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- Audits each deal for accuracy and compliance
- Scans deals for easy access in DMVdesk
- Sends audited bundles to DMV
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- National title & registration takes care of your out-of-state buyers

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