

ontariocars.ca

The numbers are in for Ontariocars.ca and they show a dramatic improvement over the first four months of this year compared with the same period in 2018. The number of Users, Leads and Pageviews are all way up. Organic traffic has shown a huge improvement; a direct result of the UCDA's ongoing digital marketing and Search Engine Optimization (SEO) campaigns.

Increase from January thru April 2018 to January thru April 2019		
Leads	↑	210%
Organic traffic	↑	297%
Users	↑	13.5%
Pageviews	↑	63.5%
Avg. Session Duration	↑	44%

If you're not listing on the site now, you may not know how easy it is. Ontariocars.ca offers syndication from most major listing sites, DMS systems and aggregators.

In addition, the Ontariocars app, available at no charge for both iOS and Android operating systems, allows you to upload vehicles to the site in minutes.

Step By Step

1. Download the Ontariocars app to your android or iPhone
2. Add a vehicle
3. Scan the VIN with your phone
4. Add listing price, mileage and other details
5. Add photos
6. Review and list your vehicle

Click below to see just how easy it is:

<https://www.ucda.org/ontariocars.aspx>

The mobile and desktop apps are perfect for smaller dealers who may not have enough vehicles or the proper listing package with other sites to syndicate.

Once your vehicles are on Ontariocars.ca, you can manage your inventory and track leads as they come in.

Listing your vehicles on Ontariocars.ca is Free.

There are no curbsiders or private sellers to taint and compete against your listings.

And the site is generating free leads for UCDA members with listed inventory.

Watch for more features coming to the site soon!

Email support@ontariocars.ca for more information and to get started.

Canadian Tire Gas+ Contest



During May, 30 lucky visitors to Ontariocars.ca will win free gas from Canadian Tire. Each day, site visitors will be asked to find Otto, the Ontariocars icon.

Each visitor who finds Otto will be eligible to win \$100 in gas from Canadian Tire Gas+.

One winner will be drawn each day until May 30th. All the daily winners will be entered into a random draw at the end of the month for Free Gas for a Year.

Up to \$2,500 worth!

Appraisals

Dealers may know that they can appraise used vehicles for value on private transactions. The Ontario Government will accept a dealer's appraised value to apply provincial sales tax at a licence office when private sellers and buyers are doing a deal.

The required form can be obtained at a Driver and Vehicle Licence Office and can also be found here:

<https://tinyurl.com/y9knrbts>

Be aware, that the Government expects your honest opinion. If you artificially report low valuations or otherwise act improperly, the Ministry of Finance may take issue with you.

Recently, we have heard of dealers being asked to conduct appraisals based on photographs. Members should obviously refuse to provide this service without seeing the vehicle. You need to inspect the vehicle as if you were taking it in on trade and provide your best good faith estimate about the wholesale value.

The Form states that anyone who knowingly makes a false or misleading statement is guilty of an offence under the *Ontario Retail Sales Tax Act*. For the sake of your reputation and the small fee you're probably receiving for the service (a fine would likely be higher), doing any less than your best is not worth it!

OMVIC Nabs Curbsider Advertising On Kijiji

In a press release in late March, OMVIC described sales made to unsuspecting consumers by one Szymon Kozlowski, "acting as a dealer without registration", otherwise known as a curbsider. OMVIC successfully prosecuted him.

OMVIC said he used Kijiji to advertise vehicles he bought from private citizens during a two-year period from 2016 to 2017.

He also, apparently, tampered with some of the vehicles' odometers and, in one case, sold a 2008 Toyota with 56,753 kms on the odometer to an innocent consumer. In truth, it had actually traveled well over 300,000 kms.

The court viewed this behaviour seriously, sentencing Kozlowski to 30 days in jail, even though it was his first offence.

Kijiji is not the only site where these miscreants lurk. Curbsiders can be found on most any listing site that allows

private ads. You won't find any on Ontariocars.ca.

This is why we promote our vehicle listing site, as a dealer-only advertising site.

At Ontariocars.ca UCDA members can display their vehicles to consumers without these distractions. Guaranteed!

OMVIC reported that Kozlowski was convicted on four counts of curbsiding (*Motor Vehicle Dealers Act*) and four counts of committing an unfair business practice (*Consumer Protection Act*). After his sentencing in Mississauga Provincial Court, he was taken into custody to begin serving a 30-day jail sentence. He was also placed on probation for two years.

You can read the full press release here:

<https://tinyurl.com/y3apydgd>

Personal Liens

More often than not, when a customer wants to buy a vehicle, they need financing to pay for it. Sometimes, as part of that financing, the customer wants to borrow more money to pay off household debts or other loan obligations, such as lines of credit or credit card debts.

Some dealers are adding these loans to the price of a vehicle and funding it as any other vehicle sale. For example, a vehicle is being sold for \$35,000, but the customer wants to take away \$5,000 to pay off debts, so the purchase price of the vehicle is shown as \$40,000 on the bill of sale. When the funds arrive from the bank, the customer is given a cheque from the dealer for \$5,000.

This has become known as a "personal lien", probably because it is similar to what happens when a vehicle is taken in trade with a lien on it that needs to be paid out as part of the financing.

But, in reality, that's not what it is. When you take a trade-in with a lien, part of the loan is advanced to clear the lien and part of the loan is advanced to pay for the vehicle you are selling. It's not added on top of the sale price of the vehicle you are selling.

The "personal lien" practice increases the sale price beyond what might be considered a fair value for the vehicle, and in the case of a new vehicle, certainly beyond MSRP.

Is it legal?

When we are asked this question we tell dealers it is not legal unless the customer and the bank agree to it. What we mean by this, is you cannot assume the customer

and the bank understand what is being done just because they “say” they understand. As the months and years pass by, people have a tendency to “forget” such understandings when it is convenient for them to do so.

If the customer or the lender become disenchanted with the deal they agreed to, then they may start questioning why the vehicle was so grossly in excess of fair market value, why so much HST was paid on the sale and why the vehicle is worth so much less today than what is actually owed (negative equity).

Our advice if you are doing a deal like this (and we don't recommend you do), is to spell out on the bill of sale exactly what is being done and why, so everyone is clear what is being agreed to and what is being financed by the bank.

Most contract disputes happen because of what is left unsaid in agreements. Try to avoid that fatal error.

Cautious About Leasing

Regular readers of Front Line will know that we have written plenty about leasing in the past. Often our articles are cautionary, not because we don't like leasing, but because many dealers don't fully consider the downsides and other pitfalls involved.

Leasing is an amazing way to put metal on the road for people who can't afford to buy a car outright, or don't qualify for purchase financing. Some simply don't want to own a car for years and years. There will always be a place for leasing in our market, because it is very popular with Canadians.

As noted, however, dealers who lease need to think about many things: lessor's insurance, liens, liability, end of lease safety hassles, and so on. Now, we can add insurance settlements to the list.

A dealer puts a vehicle on the road as an “in-house finance”, at the end of which the customer becomes the “owner”. Sounds like a “sale” right? Well the dealer kept the vehicle in their name “like a lease”, even though the contract is really a lease to own or conditional finance sale agreement.

So what?

Well, in our example, after making two payments the customer writes off the vehicle.

If it's a sale, the customer would be treated as the owner and receive a settlement from the insurance company that reflects what it would cost the consumer to replace the vehicle. In other words, they would get the retail replacement

value. If it's a lease, that vehicle is owned by the dealer and the settlement will reflect a wholesale replacement value.

In a case recently brought to our attention, the difference meant thousands of dollars; all because the vehicle was in the name of the dealer. It would have been better for our dealer in this instance to put the vehicle in the customer's name and secure his financing by registering a lien.

Leasing is great, as long as dealers go into that business model with their eyes wide open to both the benefits and the downsides.

A Timely Reminder

We have received enough calls and complaints on the subject of auto loan insurance to put out a reminder about marketing these products.

When we say auto loan insurance, we are referring to a grab bag of insurance-like products such as life, disability, replacement value, GAP and other similar products related to a consumer loan or lease of a motor vehicle. They are all, in one way or another, designed to offer full or partial payment of the balance owing on a vehicle loan in the event of an unforeseen event like loss of a job, accident or a total loss situation.

There is no doubt these products are good profit centres for dealers. Financial institutions like them too, for the extra security they bring to the loan, especially in the case of near-prime or sub-prime consumers.

The push by dealers and the pull by lenders has resulted in the need for this reminder ... it is illegal to describe these products as “required” or “mandatory” on any deal. For example, it's illegal to tell a customer their loan will not be approved unless they agree to also purchase one of these auto loan insurance products.

This practice, known as “tied-selling” is as illegal for the dealer to engage in, as it is for the lender. Avoid it at all costs.

It's not illegal to explain the very real benefits of these products to consumers, but there is a line between upselling and insisting ... make sure you know where that line is and don't cross it!

Annual General Meeting

The UCDA Annual General Meeting will take place at 4:00 p.m., Thursday June 13, 2019 in the Bennett Room at the Holiday Inn, Toronto International Airport, 970 Dixon Road in Toronto.

When The Energizer Bunny Stops Marching

In February, the UCDA received our first consumer complaint about a hybrid vehicle's battery reaching the end of its useful life.

The consumer, a 21 year old woman, bought the best used car she could afford, a 2008 Honda Civic Hybrid last summer for \$7,550.

By November, she started to experience strange problems with it. The radio wouldn't work, the windows stopped functioning properly and her power steering was malfunctioning more often than not. Her concerns went from being merely aggravating to alarming pretty quickly, as the vehicle started to look and feel unsafe to her.

The problem? Her Integrated Motor Assist ("IMA") battery was dying. Right on schedule it seems based on the 10 year life span predicted for IMAs. The real problem, of course, is these nickel metal hydride batteries don't come cheap, and that's never news a used car buyer wants to hear.

The cost to replace an IMA battery is in the thousands, not hundreds, of dollars. The customer could not afford this and wanted out of the vehicle entirely. Not exactly a "green choice" but one she may have to confront.

Since the dealer she bought the hybrid from offered no assistance, she made a complaint to OMVIC and is hoping they will be able to persuade the dealer that sold her the vehicle last summer to help her out. Honda Canada has already been contacted and has not had much to say beyond telling her the unit is out of warranty.

This is not a surprise. We expected an increase in problems like this when hybrids first came on to the scene. The concern is, of course, not restricted to Honda vehicles.

Most manufacturers offer hybrid and electric vehicles and they are now common in the used vehicle marketplace. There will be more instances like this and our industry needs to be prepared.

Does a dealer selling a used hybrid or electric vehicle that is likely reaching the end of useful working battery life, need to anticipate this and either address it by refurbishing it or by warning the buyer in writing of what is likely soon to come? Hybrid and electric trade-ins need to be appraised with this in mind ... same when bidding at auction.

We aren't aware of any case law in Ontario offering guidance as of the writing of this article ... but stay tuned ... it's likely to come soon.

Life After Death

Data and Your Vehicle

Have you noticed how much vehicles today know about you? Bluetooth enabled, bristling with tech and computer power, these vehicles know your email addresses, calendar, contacts, where you drive, how often you drive there, how many people you carry, how fast you drive, GPS locators, even video in some cases, and countless other data pieces as well.

We often joke that the car knows more about you than you do. But it stops being funny when you realize these vehicles don't unlearn any of this after you stop being the owner, or even after the vehicle gets sent to the scrapyards.

Although the CNBC report linked below focuses on Tesla (because it has as much tech as any car on the road today), it can apply to any modern vehicle:

<https://tinyurl.com/y2kv6emz>

All this data is stored on computers in the vehicle. Anyone who knows anything about computers knows they can be "hacked". Sometimes hackers do it for kicks, sometimes they are after useable data. The point is, you don't know what kind of hacker is poking around your once-upon-a-time best friend.

The best advice? It takes a tech to know a tech, maybe we should start asking questions of manufacturers about how to "wipe" this data from the vehicle's system prior to sale or scrap.

We certainly need to start thinking about this because plenty of other folks with potentially bad intentions sure are.

Certification Course Classes

We have several OMVIC certification classes coming up.

Thursday, May 16 – Best Western Plus Lamplighter Inn
& Conf. Centre, 591 Wellington Rd. S London

Thursday, May 23 – Wye Management, Woodbridge

Tuesday, June 4 – Wye Management, Woodbridge

Monday, June 10 – Wye Management, Woodbridge

Monday, June 24 – Wye Management, Woodbridge

Tuesday, June 25 – Barrie

For more information and to register, please contact Michelle, at m.prince@ucda.org or Val, at v.maclean@ucda.org