

CAMVAP'S LEMONS

Now, UCDA members can quickly identify CAMVAP's Lemons ... the vehicles that the manufacturers had to buy-back from a consumer because of complaints.

Every UCDA Lien Search, Auto Check™, CanCheck™ or Ontario Vehicle History Search will have checked CAMVAP's website for you. The reports will clearly state if the vehicle was a buy-back and is back in the market!

How you deal with them when you're considering a purchase will be up to you.

CAMVAP

It's an arbitration program for consumers who have recurring mechanical problems with vehicles of the current model and prior 4 model years that the dealer is unable to repair. CAMVAP was established as an alternative to a U.S. style "lemon law" and was patterned after Ontario's OMVAP arbitration program.

The majority of auto manufacturers participate in CAMVAP and pay 100% of its operating budget. It hires arbitrators throughout Canada to decide the claims of complaining purchasers. There is no cost for the consumer to participate but if they do file for arbitration, they cannot go to the courts if they are not satisfied with the decision.

What is a buyback vehicle?

Some people call this Canada's "Lemon" law. Since its inception, CAMVAP has collected a significant amount of information about vehicles that have had frequent repairs, numerous days in the shop, etc.

Vehicles that have been ordered to be bought back by the manufacturer are called "Buy-Backs" and are published on their website.

These CAMVAP buyback vehicles can often end up back in the market but dealers can now identify the vehicles before they consider buying them.

Your customer may have the right to know if the vehicle has been a "manufacturer buy back" as a result of having had numerous, recurring mechanical problems ... and you as a dealer may want to know this information before you buy it or take it in trade.

While Ontario does yet not have a "lemon law" and does not specifically require disclosure of lemons, Manitoba and Nova Scotia will require disclosure later this year and other provinces may follow.

Even without lemon legislation, Ontario dealers would almost certainly be expected by OMVIC, or a judge, to disclose whether a vehicle has been a CAMVAP lemon buyback, as this would undoubtedly be considered a "material fact".

When you do a Lien Search, Auto Check™, CanCheck™ or Ontario Vehicle History Search, the UCDA, on your behalf, will search the CAMVAP website to see if the vehicle has been a buy back.

This will further help dealers make the right buying decisions and selling declarations ... **all at no extra charge!**

TIME TO RE-VISIT YOUR APPRAISAL PROCESS?

We have now had two years working under the MVDA 2002 regulations and the industry continues to adjust to an appraisal process that must be accurate, consistent and compliant.

Background

The regulations require dealers to obtain a disclosure statement **from customers and dealers** about the vehicles they purchase or take in trade.

The statement is based on 22 specific disclosures regarding the vehicle's history, condition and origin and it is mandatory when obtaining a vehicle.

The accuracy, consistency and completeness of the statement ensure that when a disclosure is identified, that disclosure is passed on when the vehicle is sold.

Making sure your appraisal process is doing its job reduces purchaser complaints and compliance headaches.

Options for Compliance

There are any number of variations of appraisal tools available in the market. From expensive electronic web based systems to single page questionnaires that have had marginal success in achieving compliance.

All of them are presented as MVDA 2002 compliant, but the compliance requires the knowledge and consistent efforts of the appraiser.

The UCDA's Appraisal and Disclosure form is the industry's leading paper appraisal form and using it can help you achieve compliance.

The appraisal form consists of a complete appraisal process ... as well as the required disclosure statements to be given to the next customer, if any disclosures are required.

A Question to Ask Yourself

Does your current appraisal process, using the new disclosure requirements, accurately portray the true history, condition and value of vehicles you've taken as trade-ins? Are you confident that, when these vehicles were sold, ALL of the required disclosures were made?

The Appraisal Process

1. In accordance with the MVDA 2002, the customer must be asked the questions about their vehicle's history, origin and condition.
2. There must be a thorough inspection of the vehicle confirming that what the customer said was truthful and complete.

If defects are found the appraisal must be changed to make it accurate. Vehicle history searches are done and carefully reviewed to hopefully confirm what was determined from the customer and the vehicle inspection.

3. Since not all of the MVDA disclosure requirements show up on vehicle history reports ie: accidents not reported to insurance companies, a paint depth meter may be necessary to detect undisclosed paint and body repairs exceeding \$3,000.00 or changed body panels.
4. When the customer returns with the vehicle at delivery time, the trade has to be re-inspected to ensure that nothing has changed and the original appraisal is still accurate.
5. The disclosure documents must be complete and should be kept in the deal jacket so that the sales people know of any disclosures during the re-sale process.

If you are not sure that your process is achieving ALL of the MVDA 2002 requirements, call Bob Pierce at the UCDA 1-800-268-2598.

THE INDUSTRY STANDARD

UCDA Appraisal & Disclosure Form

The UCDA Appraisal Form and Process have become the industry standard for appraising vehicles and making disclosure.

Without such a process, the trade-in appraisal procedure becomes rushed, very little information is put in writing and important details can frequently be missed.

Customers are often given unreasonably high trade-in values and vehicles can be re-sold without proper disclosure of problems or past history.

The UCDA Appraisal & Disclosure Form eliminates these problems!

The UCDA Appraisal Form incorporates the 22 specific disclosures required by the MVDA ... and this one form provides a simple process for appraising trade-ins and dealer purchases while ensuring compliant disclosure.

Since its release, hundreds of thousands of forms have been used and the process has been proven effective time and time again.

How the Form Works

The UCDA's unique Appraisal and Disclosure Form is made up of 2 appraisal pages and 2 disclosure pages. When the vehicle is appraised, inspected and the form is fully completed the vehicle details are transferred to disclosure pages 3 and 4.

Page 1 is kept in the Deal Jacket of the vehicle being sold and shows that you did obtain a disclosure statement on the trade-in vehicle.

Page 2 is a copy of the appraisal and should be kept by the dealer in a separate file for future reference.

Page 3 contains the disclosure statements for the next sale. If it was determined that the vehicle was subject to one or more disclosures, page 3 is attached as a schedule to the dealer's bill of sale when the vehicle is re-sold.

Page 4 is attached to the next consumer's (yellow) bill of sale.

UCDA CUSTOMER INFORMATION, APPRAISAL & DISCLOSURE FOR TRADE-IN VEHICLES
 www.ucdashares.com or call: 416-599-7412 or 1-800-668-8265

APPRaisal DATE: _____ STOCK NO.: _____

APPRaised BY: _____

UCDA Lien Search & Kwik Check™ CAW
 Auto Check™ Ontario History Search
 Out-of-Province Lien Search CARFAX®

Last Name _____ First Name _____
 Address _____ City _____ Province _____ Postal Code _____
 Home Phone _____ Bus. Phone _____ Cell Phone _____ Email _____

VIN # _____ YEAR _____ MAKE _____ MODEL _____ TRIM LEVEL _____ COLOUR _____ # OF CYC _____

GAS DIESEL HYBRID REGISTRATION VIEWED Yes No ACCIDENT BRAND _____

ORIGINAL OWNER Yes No PURCHASED FROM _____
 VIN CHECKED (Dash & Door) Yes No HAS VEHICLE EVER BEEN DECLARED A TOTAL LOSS BY AN INSURER Yes No
 ORIGINAL MFR. VIN PLATE Yes No THEFT RECOVERY Yes No
 REGISTERED LIEN Yes No MANUFACTURER'S WARRANTY CANCELLED Yes No

ODOMETER (Exact # at time of Appraisal) Km or Miles IS ODOMETER FAULTY, BROKEN, REPLACED OR ROLLED BACK? Yes No
 IF YES, EXPLAIN: _____

IF DISTANCE TRAVELLED UNKNOWN, EXPLAIN: _____

DAILY RENTAL Yes No POLICE CRUISER Yes No ANTI-LOCK BRAKES INOPERABLE Yes No N/A
 FIRE DAMAGED Yes No EMERG. SERVICES VEHICLE Yes No AIR BAGS MISSING INOPERABLE Yes No N/A
 IMMERSed IN WATER Yes No TAXI OR LIMO Yes No POLLUTION CONTROL INOPERABLE Yes No N/A
 ANY BODY PANELS PAINTED OR REPLACED Yes No IF YES TO ANY, EXPLAIN: _____

EQUIPMENT: POWER WINDOWS AIR BAGS AIR CONDITIONING CD/CASSETTE/ENTERTAINMENT CENTRE
 CRUISE CONTROL ABS WHEELS (ALLOY) AUTO TRANSMISSION
 SUNROOF KEYSLESS ENTRY LEATHER INTERIOR MANUAL TRANSMISSION

DOES VEHICLE REQUIRE REPAIRS TO: ENGINE Yes No COMPUTER Yes No
 SUSPENSION/SUBFRAME Yes No ELECTRICAL SYSTEM Yes No
 TRANSMISSION Yes No AIR CONDITIONING Yes No
 FUEL SYSTEM Yes No STRUCTURAL PARTS DAMAGED Yes No
 POWER TRAIN Yes No ALTERED OR REPAIRED Yes No
 ANY PREVIOUS DAMAGE REPAIRED EXCEEDING \$3,000? Yes No
 HAVE THE MANUFACTURER'S BADGES OR DECALS BEEN CHANGED OR HAVE THE ORIGINAL PRODUCTION SPECIFICATIONS BEEN CHANGED? Yes No
 ANY OTHER DISCLOSURES? _____

Other than disclosed herein:
 1. I declare that my trade-in has not been accident damaged, nor was such information disclosed when purchased or leased.
 2. My trade-in does not have any mechanical defects.

SIGNATURE OF REGISTERED OWNER, LESSEE OR BONA FIDE DRIVER: _____

INSPECTION AT APPRAISAL: ENGINE STARTS & RUNS
 TRANSMISSION FORWARD & REVERSE
 ENGINE LIGHT ON & OFF
 ANTI-LOCK BRAKES ON & OFF
 AIRBAGS ON & OFF
 AIR CONDITIONING OPERATING
 AWD / 4 WD OPERATING
 WINDSHIELD - NO CRACKS
 CD, CASSETTE, ENTERTAINMENT CENTRE
 DISTANCE TRAVELLED AT APPRAISAL: _____

INSPECTION AT DELIVERY: ENGINE STARTS & RUNS
 TRANSMISSION FORWARD & REVERSE
 ENGINE LIGHT ON & OFF
 ANTI-LOCK BRAKES ON & OFF
 AIRBAGS ON & OFF
 AIR CONDITIONING OPERATING
 AWD / 4 WD OPERATING
 WINDSHIELD - NO CRACKS
 CD, CASSETTE, ENTERTAINMENT CENTRE
 DISTANCE TRAVELLED AT DELIVERY: _____

REPAIRS REQUIRED: PAINT
 BRAKES
 TIRES
 ENGINE
 TRANSMISSION
 BODY WORK / DENTS
 GLASS
 OTHER _____

VALUE OF TRADE-IN: \$ _____

Please be advised that the trade-in value may be adjusted if the vehicle is not in the same condition at time of delivery. Customer Initials: _____

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If the vehicle is re-sold "clean", with no disclosures, nothing is required to be attached to the bill of sale. Both pages 3 and 4 should be kept in the Deal Jacket.

Dealers appraise vehicles to determine their real dollar value based on condition, history/origin, and cost of reconditioning. The UCDA process has been proven to achieve that result. Making disclosure is the natural outcome of an accurate and consistent vehicle appraisal... it's not just a good business practice ... it's an MVDA 2002 requirement.

The new regulations require you to get a disclosure statement from your customer when taking a vehicle on trade so that you can make any necessary disclosures when you resell the vehicle. Even if no disclosures exist, you still need to obtain the written statement. Failure to comply could result in serious consequences.

Supplying Curbsiders

Hard to believe, but some dealers continue to be part of the problem when it comes to curbsiders in Ontario.

Given everything that has been said and done over the years against curbsiding by the UCDA and OMVIC, it is surprising that certain dealers still knowingly supply vehicles to unregistered people who are buying for the express purpose of reselling the vehicle for profit ie. curbsiding.

What is new now, of course, is the Motor Vehicle Dealers Act, 2002, which has, since January 1, 2010 made it expressly illegal to do this. This formalized a rule which had existed for years before in OMVIC's Standards of Business Practice.

Recently, the UCDA learned that OMVIC prosecuted what we believe to be the first dealer charged under this new section. The dealer was supplying vehicles to a known (and previously convicted) curbsider. OMVIC even warned the dealership to stop supplying him with vehicles **BUT THEY CONTINUED TO DO SO.**

In September, the dealership entered a guilty Plea and a fine of \$10,000.00 plus a Victim Fine Surcharge (\$2,500) was imposed. They were given 90 days to pay.

Let's hope this sends a much needed message to any dealer considering this as an option to move inventory!

Curbsider Collects HST

Just when we think we've seen it all ...

... comes this story about a curbsider, who managed to get into an Ontario Dealer Auction claiming to represent a Quebec dealer. Acting in that role, he bought a car from one of our Members and then turned around and sold it directly to an Ontario consumer. The vehicle was never registered to him or the Quebec dealer, here or in Quebec.

That might have been bad enough, as he is not registered in Ontario to sell vehicles, and will likely face action by OMVIC in that regard.

But it's not the end of the story ...

The consumer had expensive repair complaints shortly after the purchase; had already spent over \$1,000 fixing the car and was facing the prospect of thousands more when he called our Member (the dealer who sold the car to the Quebec dealer at the auction) to complain.

Naturally, our Member was confused about why

the consumer was calling him and even more confused when the customer sent him a bill of sale that was made out AND SIGNED as if it was a sale by his dealership!

Of course, the bill of sale was fake and the signature forged (the UCDA prints this dealer's bills of sale so we knew it was a fake right away)! In Ontario, on paper, it looked like a sale by our Member to this consumer ... **it wasn't.**

To add insult to injury the curbsider had collected HST from the consumer!!! Any bets as to whether the Canada Revenue Agency will ever see any of that money?

Regulatory and other authorities have been informed and are investigating ... and the Quebec dealer will not be doing business at that Auction any longer!

Poaching

We use this term to describe one dealer interfering in the sale by another dealer. Usually this is done because the dealer wants the customer to buy a car from them instead. Whatever the reason, it is unseemly and unprofessional.

As this practice affects consumers, OMVIC has taken notice and will take action when it is apparent that a dealer, knowing that another dealer has an agreement with a customer, proceeds to either try to talk them out of the first deal or to encourage them into another agreement with them before the customer has dealt with the first contract one way or the other.

Not only does this look bad for the industry, it leaves the consumer exposed to potential lawsuits by one and possibly two dealers for breach of contract.

OMVIC's Standards of Business Practice, which can be viewed at: http://www.ucda.org/OpenPDF1.aspx?fileName=DealerInfo/PDF_Files/practices.pdf

have this to say about the practice:

PROFESSIONALISM

Section 9.17 Registrants do not encourage or counsel anyone to break a contract already made with another Registrant.

It's important to note that OMVIC could view a breach of the Standards as a failure to abide by s. 6 of the *Motor Vehicle Dealers Act, 2002*, which require dealers and salespeople to conduct business with honesty, integrity and financial responsibility. The consequence for this could involve fines, discipline and, in the worst case, loss of registration.

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