

The UCDA Is Very Pleased To Announce A New Prime Lender For Your Auto Financing Needs: National Bank Of Canada!

National Bank has been present in the retail financing market for over 20 years. Their continued growth in the automotive segment is a testament to the partnerships they have established with auto dealers across Ontario and the country.

This new agreement between the UCDA and National Bank will allow UCDA Members to benefit from exclusive promotional offers.

If you are not signed up with National Bank as your financing partner and are thinking of doing so, now is the time!

We encourage you to sign up so you can start taking advantage of the National Bank Financing Program. Accreditation criteria apply (see below). As a UCDA Member, you will enjoy:

- exceptional support and strong ground presence from your local National Bank Business Development Manager.
- industry-leading auto-adjudication system allowing you to get around-the-clock credit decisions in minutes, 7 days a week.
- additional support through the Bank's Operations Centre where Customer Service Agents and Credit Analysts are available to discuss your clients' financing needs.
- easy paperwork ... the simplest loan documents in the industry.
- Quick & Easy Funding allowing you to have access to your funds within hours.

If you already deal with National Bank for your financing needs, you will now gain access to exclusive, promotional offers. To sign up or to find out how this new business relationship between the UCDA and National Bank will benefit

your dealership, you can contact UCDA Member Services at 1-800-268-2598 or email: memberservices@ucda.org. You can also contact your local National Bank representative or reach out to National Bank by submitting your request through Dealertrack. A National Bank representative will get back to you within 24 hours. The complete list of the National Bank's business development team can be found by clicking on the link below.

<https://tinyurl.com/tbyurxm>

Program Criteria:

The National Bank program is available for new and used car dealerships. For new car dealerships, the dealership is subject to due diligence that includes, but is not limited to, a satisfactory review of the information provided and referenced on the accreditation application form. Any reliable published information about the dealership is also considered.

For used car dealerships, in addition to the above, the dealership is subject to a satisfactory review of the UCDA Member's financial situation & operations.

This includes, but is not limited to, a review of the dealership's most recent financial statements and a review of their client-escalation process. As a guideline, used car dealerships should be in business for a minimum of 5 years and meet a minimum threshold of \$1 million in annual sales.

Note:

- National Bank does not offer sub-prime financing.
- National Bank's program is for retail customers and does not provide loans to businesses.

On The Horns Of A Dilemma

"May you live in interesting times."

Commonly considered an ancient Chinese curse of sorts, can anyone question that the saying certainly applies these days?

It's not news to dealers that the squeeze is on when it comes to used vehicle inventory. It's a global problem and not one that will be easily solved in the short term, although there is hope inventories will expand in 2022.

As with any supply/demand pressure, it creates hardships, but also opportunities. In response, dealers are having to look to sources for vehicles they did not traditionally consider.

For example, some dealers are finding leasing companies are not as willing as they once were to wholesale off-lease vehicles, preferring, given current market conditions, to keep the vehicles in their own inventory for re-lease or sale at retail prices.

One way dealers have found to get around this, so to speak, is to have the consumer exercise their lease buyout right (if the lease allows one) and then have the customer sell the vehicle to them. The downside, of course, is that the consumer has to pay HST to buyout the lease, and there is no way to recover this.

Having stated the obvious, this is an example of an opportunity in the face of a dilemma.

While it's true the HST has to be paid, the consumer is also getting top dollar for the vehicle when they sell it ... so the profit may exceed the HST on the table. In addition, the consumer who has exercised the right to purchase the lease, now has an asset they can trade against a new lease or purchase from you and thereby can reduce the HST payable in that way.

No one denies times are hard right now, but if you look around you will find some dealers are still thriving in this market ... maybe they know something about how to navigate "interesting times"?

Sign Of The Times

In another story, developing as the result of the present inventory crunch, we are getting calls from some dealers complaining that other dealers will not sell them vehicles.

Of course, no dealer is obliged to sell anyone a vehicle, but lately, it seems some dealers will not sell to other dealers, **for any price**. However, some of these same dealers are willing to sell to the dealer owner as an individual.

Why this should be is beyond us, but it poses a problem.

Can a private individual buy a vehicle, then sell it to their own dealership, so it can sell the vehicle retail?

Unfortunately, the answer is "No".

That would make that person a curbsider. It is illegal to buy and flip cars for business without a dealer licence. That is why you need a licence in the first place. Don't get on the wrong side of OMVIC and the law here.

The UCDA doesn't recommend that Members refuse to sell to other dealers. However, if you run into this problem when looking for inventory, it's best to simply move on and try to find a better source.

Nominees

No, we are not running an election here!

In this context, we are talking about dealers using an ordinary citizen to secretly act for the dealer in the purchase of a motor vehicle.

The role of the nominee is secret because, to the dealer they approach to buy the vehicle, they are just what they seem to be ... a normal consumer.

In fact, they are just a straw-man (or straw-woman) for the dealer who wants to obtain the vehicle. They will be paid a small fee and flip the vehicle to that dealer.

If the dealer approached the selling dealer directly to buy the vehicle they likely would refuse to sell to them because they do not sell wholesale. They may also be restricted by their franchise owner not to sell wholesale, or for possible export, or for resale, or just because vehicles are hard to come by these days.

A consumer buying vehicles in this manner is really acting as an unregistered dealer or salesperson for the end dealer, and this activity could get a dealership, and the consumer, charged by OMVIC.

We think the practice is wrong and quite likely illegal. And we don't think it's victimless either.

While it's true the selling dealer gets to sell a vehicle, and the consumer gets a small bird-dog or nominee fee, and of course the end dealer gets what they want, this is still not the end of the story.

Aside from concerns about OMVIC, the consumer buying such a vehicle usually agrees right on the contract

that they are not buying the unit for resale or export. Again, the selling dealer has to put this on their contract to satisfy the new vehicle manufacturer who holds their franchise.

The fact the consumer has every intention of flipping the vehicle despite agreeing not to do so leaves a very bad taste. The fact that the end dealer lies in the weeds waiting for their vehicle also smacks of dishonesty.

Aside from the unsavory optics of all of this, what happens if the selling dealer discovers the deception and sues the consumer for breach of contract? Is the end dealer going to indemnify the consumer for the cost of defending themselves, or pay any judgement that might arise?

None of this makes our industry look good and the practice should be avoided. If it continues, we would not be surprised to see swift action to stamp it out.

Lost Or Stolen Dealer Plates

Every dealer knows (or can imagine) the sinking feeling when you lose a dealer plate. It's a real pain in the neck, especially if you lose it while in transit because the bag fell off the back, or someone stole it, and you need someone to come out with another one so you can drive home!

There are other things you need to think about too and since we have had a couple of calls lately on this subject, let's run through them here:

1. Report the plate lost or stolen to your local licence office. They can replace the plate (for a fee of course) but the unused portion of your validation can still be used. The lost plate will be placed in "inactive" status.
2. Report the lost plate to your local police.
3. Report, preferably in writing, the fact this plate has been lost to the 407 ETR. You can probably guess why this is prudent.
4. Call your insurer. They will appreciate knowing you no longer have that plate and you can give them the new plate number should you choose to replace it at the same time.

If you are using a bag or pouch, make sure it is in good condition. These take quite a beating, and fabric and plastic can only take so much wear and tear. Where possible, take the plate with you or lock it in the trunk if you are leaving the vehicle for a short while, to dissuade thieves.

Dealer Quiz

1. The MVDA restricts false advertising in any publication relating to vehicle trading and this covers:
(HINT: There may be more than one right answer here. Choose all answers you think are correct.)
 - a) False statements
 - b) Misleading statements
 - c) Incorrect weather predictions
 - d) Deceptive statements
 - e) Incorrect skill testing questions

2. OMVIC have a number of tools to deal with false advertising, among which are:
 - a) OMVIC can require the dealer to pay money to all consumers who see the ad
 - b) Force the dealer to sell the vehicle on the terms advertised
 - c) OMVIC can require the dealer to publish a retraction
 - d) Close the dealer for 3 weeks
 - e) Allow OMVIC free advertising space

3. A dealer or salesperson can't use false or deceptive information (or documents), or counsel someone else to, even if they did not create the information.

True or False?

4. OMVIC can deal with false advertising by requiring
(HINT: There may be more than one right answer here. Choose all answers you think are correct.)
 - a) That the dealer stop
 - b) That the dealer publish a retraction in the next 10 issues of their local paper
 - c) The dealer publish a retraction
 - d) The dealer publish a correction
 - e) The dealer to stop and publish a retraction

5. Everyone knows a dealer or salesperson cannot create fake information or documents, but it is not an OMVIC matter if they explain to someone else how to do it.

True or False?

Ignoring Complaints

Let's face it. None of us like confrontation and unpleasantness so the natural reaction when someone calls to complain about a problem with a car they just bought might be to hope it just goes away. Fight that impulse! Don't ignore complaints.

You work hard to obtain your used vehicles. You are careful about reconditioning, certifying and marketing them, so it is not surprising to get your back up when a problem arises shortly after a sale.

Resist the urge to 'kill the messenger' and remember, these are used vehicles and problems can arise despite your best efforts. What separates dealers from curbsiders or private sellers is how you respond to those problems when they come up.

Most people (not all, but most) don't like to complain. If matters have gotten to the point where the customer feels obliged to talk to you about it, it likely warrants a look-see. Ask them to bring the vehicle in so you can discuss the issue. Even if it turns out to be nothing, the customer will be reassured that they made the right decision buying from you because you showed you cared and provided after sale support.

On the other hand, an ignored complaint can be like a small cut; minor at first, but if left to fester, it can become more serious. And we all know customers have many routes available to them to complain if they don't feel they are being treated fairly.

Turn a negative into a positive at every opportunity.

And, don't ignore OMVIC!

No one likes to get a call from OMVIC about a complaint, concern or problem. It is like getting a call from the police, or CRA or your doctor with concerning test results ... again, some may feel the best first reaction is to not respond. Do not do that.

OMVIC has a job to do. They are contacting you for a reason, and while you can usually reply and swiftly nip things in the bud, if you ignore them, the problem starts to get bigger for both you and OMVIC.

A recent discipline decision shows how costly it can be for a dealer to stick their head in the sand and remain unresponsive when dealing with the regulator. Don't make a mountain out of what should be a molehill. Face the concern head-on and if you need advice, contact the UCDA legal department:

<https://tinyurl.com/dajsmpec>

Answers

- 1. The correct answers are a), b) and d).**
No registrant shall make false, misleading or deceptive statements in any advertisement, circular, pamphlet or material published by any means relating to trading in motor vehicles.
- 2. The answer is c).** If the registrar believes on reasonable grounds that a registrant is making a false, misleading or deceptive statement in any advertisement, circular, pamphlet or material published by any means, the registrar may,
 - (a) order the cessation of the use of such material;
 - (b) order the registrant to retract the statement or publish a correction of equal prominence to the original publication; or
 - (c) order both a cessation described in clause (a) and a retraction or correction described in clause (b).
- 3. The answer is True.** No registrant shall furnish, assist in furnishing or induce or counsel another person to furnish or assist in furnishing any false or deceptive information or documents relating to a trade in a motor vehicle.
- 4. The correct answers are a), c), d) and e).** If the registrar believes on reasonable grounds that a registrant is making a false, misleading or deceptive statement in any advertisement, circular, pamphlet or material published by any means, the registrar may,
 - (a) order the cessation of the use of such material;
 - (b) order the registrant to retract the statement or publish a correction of equal prominence to the original publication; or
 - (c) order both a cessation described in clause (a) and a retraction or correction described in clause (b).
- 5. The answer is False.** No registrant shall falsify, assist in falsifying or induce or counsel another person to falsify or assist in falsifying any information or document relating to a trade in motor vehicles.

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