

READING AND RESPONSE  
JANUARY 2006

# For Your Information

## Free Workshops Regarding Safety & Health Programs

Oregon OSHA (Oregon Occupational Safety & Health Association) has announced their January 2006-March 2006 schedule of workshops.

These classes are held at various locations throughout the state and cover topics such as: Safety Committee Training (4 hour class) Back Safety, Personal Protective Equipment and Violence in the Workplace (1-hour ea). There is also a session titled "Safety for Small Business" which is a two part workshop.

If you would like more detailed information about these workshops call Oregon OSHA at 1-888-292-5247 Option 2.

## Title & Registration Handbook Updated

The October 2005 revision of the Title and Registration Handbook is available online at DMV's Website [www.OregonDMV.com](http://www.OregonDMV.com). There will be another revision in January 2006 to incorporate further changes to statute, rule and DMV policy due to the 2005 legislative session.

The January 2006 will be reorganized and therefore you will need to reprint the entire Handbook once this version is available. If you would like a copy of this on a CD or printed format call the OIADA office and we will be happy to assist you in getting this book.

See the fall 2005 Dealer Details for more information about the changes in the October 2005 revision.

## Electronic Registration

OIADA has received several calls about the new law that allows dealers to charge up to \$75 when registering a car for their customer using electronic vehicle registration. Some dealers were under the impression they could charge the customer the original Title and Registration Processing Fee (of up to \$50) and then an additional \$75 if using electronic vehicle registration.

That's not the case. It's one or the other—not both.

## Broker Bill Form Available

With the recent passage of HB 2740 it will now be necessary for dealers to provide the customer with a written disclosure at the time of entering into a brokerage agreement. This bill becomes effective January 1, 2006. OIADA has the form(s) you will need to use to meet the requirements of this law. This form has been approved by attorneys of the industry so our dealers stay compliant with this new law.

Contact the OIADA office (1-800-447-0302) to request these forms or order from our online store at [www.oiada.com](http://www.oiada.com).

## Advertising Reminder—Could This Have Been You?

A used-car dealer has reached a settlement with the state's attorney general concerning deceptive trade practices.

Aufmuth Motors has agreed to a settlement for deceptively advertising "minimum" trade in amounts and falsely advertising "free" gifts with purchase.

The store's owners did not plead guilty to the charges. The consent judgment settles a lawsuit filed by the attorney general's office against the dealership. The settlement requires Aufmuth Motors to pay the attorney general's office \$50,000.

The money will be used to pay for consumer education, attorney's fees and investigation costs. The settlement also requires future Aufmuth Motors advertisements to be clear, truthful and non-misleading.

Aufmuth advertised free promotional items such as vacations and appliances for consumers who purchased a car.

However, the cost of each item was included in the price of the vehicle, and Aufmuth would negotiate the free items by allowing some consumers to waive their right to receive the item in exchange for reducing the price of the car.

Aufmuth has stopped both practices.

*Article from Used Car News 11/21/05*

## NIADA Convention Closer Than You Think!

Remember, as members of OIADA you are also members of the National Independent Automobile Dealers Association. Many of you come to the OIADA annual convention and are quick to let us know it was a great experience and you gained a lot from your time spent.

Well, the NIADA convention is being held in Las Vegas, NV June 6 – June 10 and is filled with hours of education, live television broadcasts and a **HUGE** trade show.

With the convention being held so close this year I encourage as many dealers as possible to take advantage of this great opportunity. Oregon has the chance to bring a strong delegation to the convention and express our ideas and concerns for the industry at the National level.

Dealers can also participate in the Certified Master Dealer program during the convention. OIADA is proud to have a CMD, Dan Woodruff, Oregon's Best Cars Grants Pass) amongst our membership. Maybe you could be the next.

The convention is being held at the Las Vegas Hilton and the room rates have been set at \$109 per night. Mark your calendars and plan to attend. You will not be disappointed. For more information call NIADA at 1-800-640-3838.

Hope to see you there!

## Why We Want Your E-Mail Address

Did you hear of the recent scam being done by a company called "Instant Funding Systems"? Well, as soon as OIADA learned of this we e-mailed every one of our members we had e-mail addresses for as this is the fastest method of getting the word out. If we don't have it you will have to rely on our other methods of communication, fax, website or monthly magazine.

Take a minute and e-mail us your address to [ladena@oiada.com](mailto:ladena@oiada.com). One timely e-mail could save you a lot of grief and money perhaps.

## Where to find the forms you need

There are a couple of options when you need forms. The DMV offers several forms free of charge that can be ordered or even downloaded from the DMV site directly. For these forms you can go to [www.oregon.gov/ODOT/DMV/forms/index.shtml](http://www.oregon.gov/ODOT/DMV/forms/index.shtml). (Most DMV forms start with the #735-)

For a list of the forms that the Oregon Independent Auto Dealers Association offers you can go to [www.oiada.com](http://www.oiada.com) then click on "Store". You can order the forms online from the association. If you would like to see a picture of the form you can click on the actual form number and a picture will open for you.

If you have any questions regarding forms please feel free to call OIADA.

## HAPPY NEW YEAR – 2006 Hecht & Hecht Insurance

With every New Year it's out with the old and in with the new! Now is an excellent time to review your achievements and preview your goals. As with any New Year's resolution, you'll enhance your chance of successfully updating your finances by breaking your task into smaller more manageable steps. The following checklist will help guide you towards a more successful financial future.

- 1. CUT THE CLUTTER.** Any time a piece of paper crosses your desk, act upon it, file it or discard it. Allowing stacks of paper to pile up could lead to financial pitfalls. For example, if something happened to you and someone needed to find your financial records, would they be easily located? The IRS recommends that tax receipts and records be kept for at least three years. There may be other governmental agencies or other reasons that require you to keep records even longer. You should seek the advice of your CPA and attorney regarding how long you should maintain your records.
- 2. EXAMINE YOUR PORTFOLIO.** Periodic reviews of your investments are crucial for a number of reasons: your financial goals may have changed, market forces may have affected your original asset allocation or your financial goal (e.g. retirement) may be approaching.
- 3. REVIEW YOUR INSURANCE.** To protect your family and your property check your insurance policies to be sure that you have enough coverage against life's potential risks: illness, disability, property damage and liability, untimely death and lastly living to long (long term care). In addition be sure your beneficiary designation on all existing policies are the way you want them.
- 4. ESTABLISH AN ESTATE PLAN.** If you don't have an estate plan you need one. If you do have an estate plan, check it to be sure that it is not out of date. It may need revisions if any major life changes have occurred since its inception. A properly designed estate plan can help minimize estate taxes and insure that your assets pass to your designated beneficiaries.
- 5. GO AUTOMATIC.** Many of your financial questions may easily be answered by using your financial institution's automated phone line, searching the Internet or calling our office for assistance.

6. **INVEST REGULARLY.** Pay yourself first each month and make automatic contributions to your retirement plan. By investing regular amounts at set intervals, you can painlessly contribute to your future.
7. **DON'T LOSE SIGHT OF YOUR GOAL.** If you are investing for a long term goal, such as retirement, don't let short term fluctuations in the market dissuade you from your goals. Once you've set your sights on an achievement, make it the focal point of your fiscal fitness program.

#### LOOKING FOR A FISCAL FITNESS COACH?

When determining the course of your financial future, it can be helpful to hear the advice of someone whose best interests are your interests. As the OIADA Agent of Record, we're well versed in all areas of insurance and estate and retirement planning. Now may be the perfect time to get fiscally fit. We can help you review all of your current insurance policies or can help you set up new ones. Each of us at Hecht and Hecht Insurance Agency Inc. is ready to help you meet your goals and stay on track. Give us a call in Portland at 288-6371, toll free 800-285-1773 or email [info@hechtinsur.com](mailto:info@hechtinsur.com)

## The Rule of 78

by  
Jan Kelly

Q. Can you explain the Rule of 78 and when is it applicable?

A. The Rule of 78 is a sum-of-the-digits calculation. It is used to determine earned and unearned insurance premium amounts when, for example, a loan is prepaid or a customer no longer desires the coverage and requests policy cancellation.

The premium funds are always refunded in reverse cash flow order. In other words, since the lender paid the dealer for the insurance premium, refunds are returned to the lender and applied to the balance of the customer's loan.

Let's use a credit life insurance policy to illustrate the Rule of 78:

- The contract premium was \$400.00. (I made up the number.)
- The loan period was 60 months.
- The loan has been active for 28 months, 16 days.
- The customer comes into the dealership to request a cancellation since he is trading in the vehicle.

There are 4 steps we need to take to calculate the Rule of 78.

Step 1:  $[60 (60+1) / 2 = 1830]$

Step 2: Calculate the sum of the digits for the TIME REMAINING. 28 months, 16 days will be considered as 29 months.  $[60-29=31]$

Sum of the digits for the time remaining:  $[31(31+1) / 2 = 496]$

Step 3: The sum of the digits for the time remaining, divided by the sum of the digits for the original term, equals the percentage of unearned premium to refund to the lender and apply to the customer loan.  
 $[496/1830 = .2710]$

Step 4: Multiply the original premium (\$400) by the refund percentage (.2710) to determine the dollar amount to refund to the lender.

[\$400 X .2710 = \$108.52]

Depending on the state, service contracts can be cancelled using Rule of 78 time. Service contracts can also use the “pro-rata” or “mileage method” to determine the refund amount.

In Oregon and California, accident and health insurance are cancelled according to the “Rule of Anticipation”. All other states use the Rule of 78 to calculate the refund.

Tire and rim protection (road hazard) and roadside assistance policies are typically cancelled according to “Pro-Rata” time.

In all cases, read your policies to identify which method the company utilizes to calculate refunds.

A cancellation fee may also apply to service contracts and road hazard products. Be sure to locate this information in the policy so that you can inform your customer. Cancellation fees do not apply to credit life policies.

Obtain the customer’s signature to authorize a policy cancellation. Send the refund to the lender unless the customer can verify that the loan is satisfied and the refund should go to the customer.

Refunds represent a loss of revenue to the dealership and to the insurance company. Accuracy and verification will count.

**Article written by: Jan Kelly, President of Kelly Enterprises. She is a sales trainer and consultant, convention speaker, and writes frequently for industry publications. For information about training opportunities telephone 800.336.4275 or contact Kelly Enterprises at [www.JLKelly.com](http://www.JLKelly.com).**

#### Kelly Enterprises Financial Center (F&I) 2006 Seminar Schedule

- |                   |                 |
|-------------------|-----------------|
| - Portland, OR    | January 9-13    |
| - Atlanta, GA     | February 20-24  |
| - Irvine, CA      | March 13-17     |
| - Portland, OR    | April 10-14     |
| - Minneapolis, MN | May 8-12        |
| - Tampa, FL       | June 12-16      |
| - Portland, OR    | July 10-14      |
| - Irvine, CA      | August 14-18    |
| - Baltimore, MD   | September 18-22 |
| - Portland, OR    | October 9-13    |
| - Dallas, TX      | November 13-17  |
| - Phoenix, AZ     | December 11-15  |

# Simple, Successful Selling

## By Michael York

Historically, great salespeople concentrate on the fundamentals. It's still that way today. Fundamentals.

The basics.

Champions do them extremely well whether in sports or business or selling. There are tons of training in the marketplace today on the "how to's" of selling.

Fact: There are really no new fundamentals.

The fundamentals are the basics and the A-B-C's and the building blocks that have been around for 100 years. Names like John Patterson and Napoleon Hill come to mind. Their selling and success principles are far from new. In fact, they're old. The top performers in selling do these fundamentals very well.

Everyone else seems to be looking for a trick play or short-cut or a way to win the sales lottery.

The problem with short cuts is that they often lead to detours and short-changing your success by neglecting to become really good at the basics of high-performance selling. In his book, "The Success Principles," Jack Canfield relates a study on selling done by the University of Notre Dame. It's a study that's been done before and the results are always consistent.

The conclusion? Most salespeople quit too soon. Or never really get started at all.

What do salespeople love to talk about? Their experience. The number of years they've been doing this or that. How they've seen it all. How if you can sell cars, you can sell insurance or hats or shoes or anything.

Hmmmm.

Let's think for just a moment what it means to be a selling professional. That's the thing most managers think they want...a professional.

Here is wisdom: Webster defines "professional" as, "One engaged in a specific activity as a means of livelihood...Behaving in such a way as to appear professional. Performance by person or persons receiving pay."

Fact is, I've had friends who played "professional" baseball. They were in Class A ball. They were professionals, but still a long way from the major leagues. And so it is with selling. You can appear to be professional, and even receive pay for what you do, but that alone doesn't get you into the major leagues of selling.

Think performance – not just professional.

It's the performance of any individual (in their field) that makes them known by the customer and their peers as one of the best at what they do. Is that how you want to be known?

Here's a short list on how to get to the majors.

1. Work harder on you than you do on selling. What does that mean? Read. Listen. Write. Those are all "fundamentals" confirmed by history as leading to big success.

2. Get In The Show! In today's marketplace, it's all about the show. It's about the buyer's emotional experience and feeling good about spending their money. Think Disney World. When I go there I always spend more than I'd planned but it feels so good I come back and do it over and over. Disney's "show" is worth it. Is yours?

3. Set Big Goals. Big is available, if you really believe it then why not just go for BIG? Big ideas lead to big success. Sometimes after big failures, but failing is part of the success equation. Just don't take too long to get back up and get on with it. Your audience is waiting.

4. Bring your commitment to your daily performance. Commitment is stronger than motivation. When you make a commitment to anything, you've decided to press on with your performance even on days when you might not feel very motivated. Get committed and the marketplace will pay you well for your performance.

Pay attention to the fundamentals of your selling performance.

Somewhere, a buyer is waiting to see your show.

*Michael York is a consultant and professional speaker. He is author of "Becoming Uncommon and The 10 Commitments," and is host of NIADA.TV's "Driving Business!"*

# Experian Offers Consumers Free Online Service to Identify Storm Damaged Vehicles

## AutoCheck Storm Scan Offers Consumers Access to Clearinghouse of Hurricane Damage Information, including Dealer-Reported Data

SCHAUMBURG, Ill., Oct. 25 -- Experian Automotive, a division of global business solutions company Experian(R), today began offering free storm damage [vehicle](#) information to consumers through a new AutoCheck Storm Scan feature at <http://www.autocheck.com/storm> .

AutoCheck Storm Scan provides consumers with information regarding storm- damaged vehicles in the wake of Hurricanes Katrina and Rita. Using this Web site, consumers can enter a [vehicle identification](#) number to determine if a vehicle was reported titled or registered within the last 12 months in Louisiana, Mississippi, Alabama or Texas, reported as storm damaged by a dealer or manufacturer, or branded as salvage or flood damaged in a state affected by the hurricanes.

"Our data tells us that storm-related damage to vehicles isn't limited to just flooding. We have found that states brand up to ten times as many cars 'salvage' as they do 'water damage' after a hurricane," said Scott Waldron, president of Experian Automotive. "Potential [used car](#) buyers need to safeguard themselves from purchasing storm damaged vehicles from unscrupulous sellers and should be sure that their check includes salvage vehicles."

In addition to this precaution, Experian Automotive recommends a thorough vehicle inspection. The [National Automobile Dealers Association \(NADA\)](#) and Experian Automotive offer consumers ten inspection tips to help detect significant water damage:

- Check** the vehicle's title history, it may state whether it has sustained flood damage;
- Examine** the interior and the engine compartment for evidence of water and grit from suspected submersion;
- Check** for recently shampooed carpet;
- Check** under the floorboard carpet for water residue or stain marks from evaporated water not related to air-conditioning pan leaks;
- Look** for rust on the inside of the car and under interior carpeting and visually inspect all interior upholstery and door panels for any evidence of fading;
- Check** under the dashboard for dried mud and residue, and note any evidence of mold or a musty odor in the upholstery, carpet or trunk;
- Check** for rust on screws in the console or other areas where the water would normally not reach unless submerged;
- Check** for mud or grit in alternator crevices, behind wiring harnesses and around the small recesses of starter motors, power steering pumps and relays;
- Complete** a detailed inspection of the electrical wiring system, looking for rusted components, water residue or suspicious corrosion;
- Inspect** the undercarriage of other components for evidence of rust and flaking metal that would not normally be associated with late model vehicles.

While it's too early to know exact numbers, some experts estimate more than 500,000 cars were significantly damaged by Hurricanes Katrina and Rita. Consumers can access the AutoCheck Storm Scan feature by visiting <http://www.autocheck.com/storm> .

**READING & RESPONSE FORM**  
**OIADA CONTINUING EDUCATION PROGRAM**  
**January 2006**

| ARTICLE:                   | QUESTION   |
|----------------------------|--|
| FYI                        | With the recent passage of HB 2740 it will now be necessary for dealers to provide the customer with a written disclosure at the time of entering into a brokerage agreement.<br>True _____ False _____  |
| Hecht & Hecht              | The IRS recommends that tax receipts and records be kept for at least three years.<br>True _____ False _____   |
| Jan Kelly                  | The Rule of 78 is used to determine your monthly insurance premiums.<br>True _____ False _____   |
| Simple, Successful Selling | The fundamentals of selling have drastically changed.<br>True _____ False _____  |
| Experian                   | AutoCheck Storm Scan website allows consumers to enter a vin to determine if a vehicle was reported titled or registered in the last 12 months in LA, MS, AL or TX and reported as storm damaged by a dealer or manufacturer or branded as salvage or flood damaged.<br>True _____ False _____ |
| FYI                        | The new law states that dealers can charge up to \$75 for registering a car for their customer using electronic vehicle registration.<br>True _____ False _____  |
| Simple, Successful Selling | Studies show on selling, that most salespeople quit to soon, or never really get started at all.<br>True _____ False _____   |

I certify to OIADA that I have personally read these articles in: Squeaky Wheel Magazine issue January  
January 2006

**NOW DROP DOWN AND SEE HOW YOU DID!**

**READING & RESPONSE FORM**  
**OIADA CONTINUING EDUCATION PROGRAM**  
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