



Colorado Automobile Dealers Association

CASH FOR CLUNKERS - LATEST UPDATES

As expected, NHTSA released final rules last Friday, July 24th on the implementation of the CARS program, aka “Cash for clunkers”. NADA held a webinar on Monday of this week, presented by NHTSA staff. At the end of that session, there were over 2,600 submitted questions! Needless to say there are many unanswered questions. NADA is working on the key questions and is expected to provide a more in-depth set of Questions and Answers as soon as possible. Meanwhile, here are some key updates and points:

- Dealerships should ensure to access the CARS web site to the designed **Dealer Support** area – if you access the “Dealers” menu via the main www.cars.gov site, you do <not> see the “User Guide” and “Forms” menu options to access the dealer checklist, user guide, forms and other important resources for dealers. Use the link below to access the Dealer Support site:
<http://www.cars.gov/dealersupport>
- Fund Balance: At www.cars.gov this page now has three rotating messages; wait for the screen to change every few seconds—message #2 provides you with the amount of money left in the program. As of this writing, it shows 858 million dollars remaining.
- Salvage Value/ Fees: A key question that has been asked is how dealers should handle the salvage value and the stated, *allowable* \$50 administrative fee that may be retained.
 - While the new law CARS law/regulations and other materials *seem* to infer that the scrap value should be passed along to the consumer, NHTSA has said differently—NADA took this question directly back to NHTSA, and the NADA Q&A posted on their web site today confirms this. Below is from the [NADA website Q&A section](#) on the CARS program. What officials have indicated is that the program simply requires the dealership to disclose the “best estimate” of the salvage value (available at the time of the deal) to the consumer. It has been indicated that \$50 would be at least a *minimum amount* a dealer should expect and be allowed to retain—the actual trade-in value is then subject to negotiation based upon those parameters. Dealers may find it helpful to inform customers who want to negotiate specifically for credit on the salvage value of this stated \$50 minimum they are allowed to retain from the salvage value.

19. Q. Must dealers provide customers with a “best estimate of the scrappage value of the (clunker)”?

A. Yes. The CARS rule contains a “Summary of Sale or Lease” worksheet dealers must use for each transaction. See: <http://www.cars.gov/files/required-forms/Summary-of-Sale-Form.pdf>. Among other things, dealers must provide an estimate of the clunker’s scrap value on that form. Dealers typically may obtain such estimates from the recycler, processor, or salvage auction they intend to use. By law, dealers can keep \$50 of the scrap value toward administrative costs, in lieu of charging an additional CARS fee for the transaction. *Purchasers of the new vehicle are not entitled to the actual money dealers may receive for clunkers when they are disposed of.*

- Final Rules Table of Contents: To help navigate the [final 136-page rule document](#), we created a [Table of Contents](#) to help navigate this. Important certification documents are in the Appendix, starting on page 122 (these forms are also available on the Dealer Support area of the CARS web site under “Forms”).
- Support/NHTSA Hotline: NHTSA officials indicated they have added more staff to their support hotline, but many dealers report being unable to get through. (866) CAR-7891 [866-227-7891]
Approximate reported waiting to get through this morning was about 30 minutes.