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February 28, 2011

To: Mike Linn and Keith Whann
From: Sante and Michael Esposito
Subject: February Monthly Report

112th Congress Issues

On February 3, Federal Advocates met with, NADA, to discuss upcoming issues for the 112th Congress and various pending matters. As we jointly see it, the issues for the 112th Congress are fuel economy/green gas within the context of energy legislation; the Consumer Financial Protection Bureau and their mandates; the Toyota Safety Bill which we both believe is dead; possible congressional oversight that may impact the industry; and, the National Highway Traffic Safety Administration reauthorization effort which is one of Senator Rockefeller's priorities (Chairman of the Senate Commerce Committee). Harrington also mentioned a GAO study/report (see separate heading) which Congressman Ed Towns, Chairman of the 111th Congress House Governmental Affairs Committee, requested on section 310 of the Senate Toyota bill which would have required dealers to provide info to buyers on the "history" of a vehicle. Lastly, we both agreed that it is important to continue monitoring relevant activity of the FTC.

Consumer Financial Protection Bureau Meetings

On March 4, Keith Whann and Federal Advocates will be meeting with Holly Petraeus, Director, Office of Service Member Affairs, Consumer Financial Protection Bureau, to introduce NIADA and to discuss various auto industry issues related to the newly-created CFPB. In addition, a meeting request is pending with Richard Cordray, General Counsel, CFPB, to discuss various consumer auto issues and the soon to be appointed Consumer Advisory Board.

SBA Floorplan Financing Program

The Federal government relaunched its suspended floorplan financing program for small dealerships – this time with loan limits of \$5 million rather than \$2 million. The Small Business Administration's new rules, which addressed nuts-and-bolts questions of how the financing will work, were published online in the Federal Register on February 8. The Obama administration began a pilot floorplan program in May 2009, during the depths of the recession, but it never got off the ground because of banks' reluctance to extend credit. A law enacted in September 2010 increased the loan limits, and in October, the SBA adopted a rule expanding eligibility for the program to the majority of dealerships. The SBA also suspended the program in October and has been working since with lenders in an attempt to increase their participation. The pilot program will continue through September 2013. To address various issues related to the program, a conference call was held with Keith Whann, Steven Smits, Associate Administrator, and Patrick Kelley, Senior Advisor, Office of Capital Access, United States SBA.

Department of Defense

Pam McClelland, Senior Program Analyst, has taken over for Dave Julian and Frank Emery in the Office of Military Community and Family Planning, Office of the Deputy Under Secretary of Defense. Per a conversation with her on February 15, at her request NIADA will be sending information to her on how the Association can assist service members in purchasing preowned vehicles. Pending her review, a meeting and/or conference call will be scheduled with Keith Whann.

GAO Study/Report

The GAO review was requested by Congressman Towns earlier last year, and it is focused on the auto safety recall process. As part of the review GAO is speaking with all of the stakeholders in that process, such as dealerships and dealership representatives. GAO's audit work is nearing its completion, and GAO is due to issue the report on June 15. Pending that, Jim Leonard, Analyst, Physical Infrastructure Team, GAO, has discussed with NIADA its views on the issue and the role of preowned vehicle dealerships. (Note: Mike Linn and Keith Whann discussed this issue with Jim Leonard and other analysts of the GAO earlier this month)

White House Meeting Scheduled

A March 4 meeting with Steve Croley, Special Assistant to the President for Justice and Regulatory Policy, Office of Domestic Policy, has been scheduled to introduce the Association to the Administration and to provide a briefing on its views on automobile consumer issues.