

CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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To: CAR Association New Car Dealer Members
From: CAR Association Office
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Car Allowance Rebate System (CARS) Update CASH FOR CLUNKERS PROGRAM

The National Highway Traffic Safety Administration (NHTSA) "CARS" Website <http://www.cars.gov/index.php/dealersupport> has gone live and there you will find published extensive information for your review as well as a quick guide to registration: [http://www.cars.gov/files/user-guide/CARS Quick Guide To Registration.pdf](http://www.cars.gov/files/user-guide/CARS_Quick_Guide_To_Registration.pdf)

Please Note: Pop-Up Blockers will interfere with Registration – make sure to turn off you Pop-Up Blockers.

The Registration portion of the site will be live at some point during the day on Friday July 24, 2009. While NHTSA has added server capability in anticipation of high volume traffic on the site, please realize you may need to try more than one time to access the registration system. Please keep trying until you get through.

Every dealer should follow this link and download the Cash for Clunkers Dealer User Guide: <http://www.cars.gov/files/user-guide/Completing-CARS-Processes.pdf>

The guide covers how to 1) Register in the CARS System; 2) Logon to CARS; and 3) Complete and submit an invoice.

This link will bring you to the Summary of Sale Form which will need to be completed and signed by the dealership and purchaser for each CARS transaction: <http://www.cars.gov/files/required-forms/Summary-of-Sale-Form.pdf>

For a list of eligible Disposal and Salvage facilities by state please visit <http://www.cars.gov/dealer/disposal-and-salvage>. The facility will have to complete registration and certification with NHTSA directly – there is instruction at this location to aid them in accomplishing this.

The FAQ section of the sight <http://www.cars.gov/dealer/faq> is extensive and will answer many of your questions.

You can obtain Advertising Guidelines for the program by visiting <http://www.cars.gov/dealer/marketing-material>.

Some additional questions we have received:

Q. How do you prove a years worth of insurance?

A. A certificate or statement from the customer's insurance company should be easy to obtain and prove length of insurance.

Q. Are the rules subject to change?

A. We don't expect the rules to change however as the program advances, the need for additional rules may arise. You can register for email updates by visiting: <http://www.cars.gov/dealer/faq> and selecting the "Sign Up For Updates" button on the right hand side.

Q. We did not receive our letter to register for the program, what should we do?

A. NHTSA received the information on who to send letters directly from the manufacturers. If you did not receive a letter by now, you should contact your manufacturer to have them notify NHTSA of your franchise.

Q. How do you determine salvage value?

A. The facility you select to work with can aid you with the estimate of scrap value you are required to give the customer.

Q. Who destroys the engine?

A. Engine Disablement is performed by the dealer (procedure attached) as part of the administrative duties and covered by the \$50 the dealer is allowed to retain from the scrap fee.

Q. Do we need to sign and/or mark the title?

A. The final rule requires that dealers mark the title "Junk Automobile, Cars.gov" on both sides – but not in a place which would obscure the owner's name and address. The title needs to be assigned free and clear to the dealer.

Q. How should we treat these transactions for sales tax purposes?

A. The Department of Revenue Services (DRS) legal division is reviewing the final rule and will issue an FAQ statement on the CARS program early next week. While we have been told they are leaning towards treating this as a simple trade-in which would be non-taxable, nothing is certain until their statement is published. If you have a CARS transaction prior to their policy statement, it is probably in your best interest to collect the tax which you would immediately refund to the customer if, in fact, DRS declares it a non-taxable transaction. The CAR Association will inform its members as soon as DRS publishes its ruling.

CARS PROGRAM WEBINAR

NADA will hold its second Webinar on the CARS Program Monday July 27, 2009 from 1:00 PM – 3:00 PM. Presenters will be Daniel Smith, Associate Administrator for Enforcement, NHTSA and Michael Harrington, Chief Legislative Counsel, NADA. *To register go to* http://eseries.nada.org/scriptcontent/events/eventdetail.cfm?product_major=SEM09SW25.

The Association will keep its members apprised of updates as they occur.

Appendix B to Part 599 - Engine Disablement Procedures for the CARS

Engine Disablement Procedures for the CARS Program
THIS PROCEDURE IS NOT TO BE USED BY THE VEHICLE OWNER

Perform the following procedure to disable the vehicle engine.

1. Obtain solution of 40% sodium silicate/60% water. (The Sodium Silicate (SiO₂/Na₂O) must have a weight ratio of 3.0 or greater.)
2. Drain engine oil for environmentally appropriate disposal.
3. Install the oil drain plug.
4. Since the procedure is intended to render the engine inoperative, drive or move the vehicle to the desired area for disablement.
5. Pour enough solution in the engine through the oil fill for the oil pump to circulate the solution throughout the engine. Start by adding 2 quarts of the solution, which should be sufficient in most cases.
CAUTION: Wear goggles and gloves. Appropriate protective clothing should be worn to prevent silicate solution from coming into contact with the skin.
6. Replace the oil fill cap.
7. Start the engine.
8. Run engine at approximately 2000 rpm (for safety reasons do not operate at high rpm) until the engine stops. (Typically the engine will operate for 3 to 7 minutes. As the solution starts to affect engine operation, the operator will have to apply more throttle to keep the engine at 2000 rpm.)
9. Allow the engine to cool for at least 1 hour.
10. With the battery at full charge or with auxiliary power to provide the power of a fully charged battery, attempt to start the engine.
11. If the engine will not operate at idle, the procedure is complete.
12. If the engine will operate at idle, repeat steps 7 through 11 until the engine will no longer idle.
13. Attach a label to the engine that legibly states the following:

This engine is from a vehicle that is part of the Car Allowance Rebate System (CARS). It has significant internal damage caused by operating the engine with a sodium silicate solution (liquid glass) instead of oil.

14. File this document in the file for the new vehicle purchase.

Please Note: *The association does not have a resource for the purchase of the Sodium Silicate Solution at this time. We will advise our members if we are able to procure a source.*