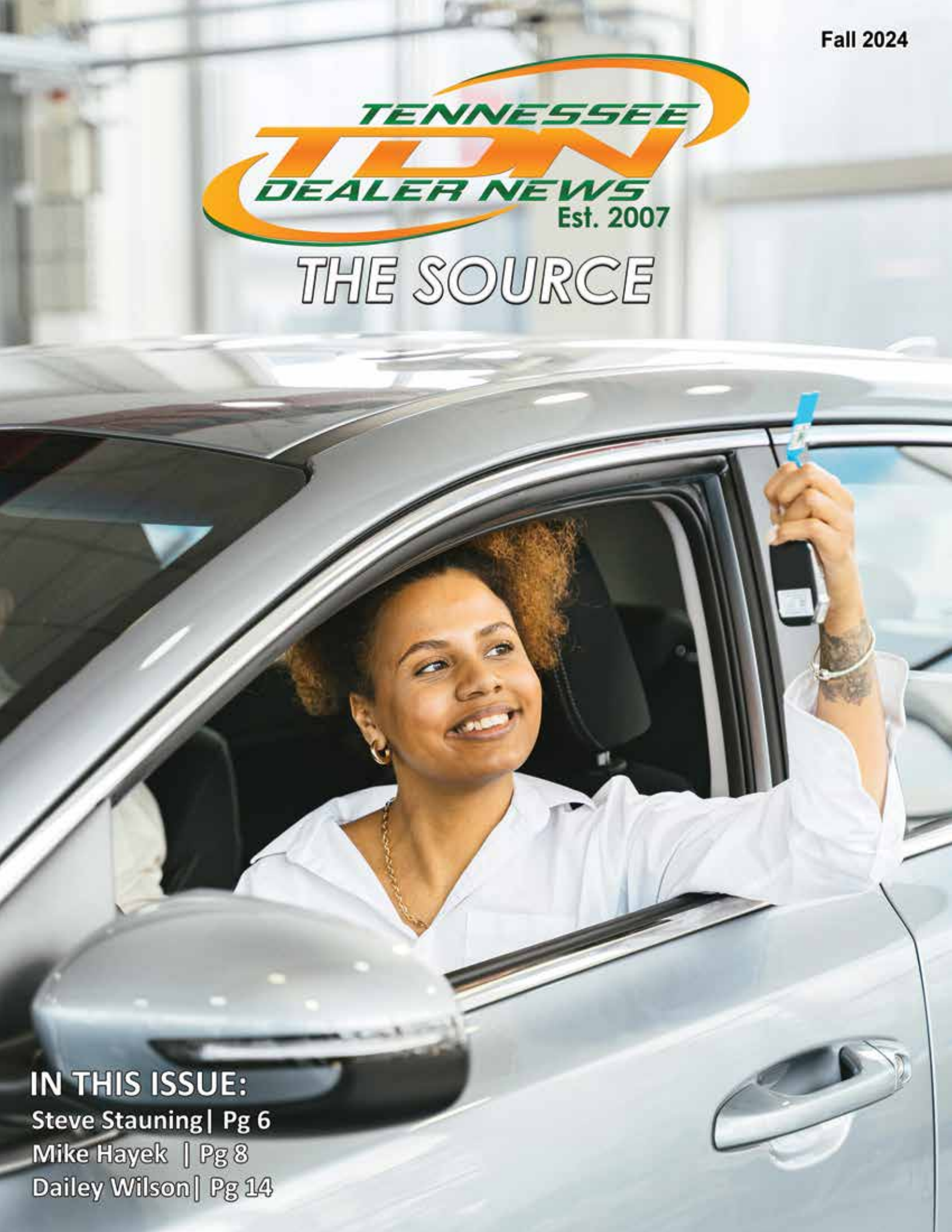
Fall 2024

TENNESSEE DEALER NEWS

Est. 2007

THE SOURCE



IN THIS ISSUE:

Find the cars you need and get the service you deserve at these locations:

ADESA Knoxville
1011 ADESA Pkwy
Lenoir City, TN 37771
865-988-8000
Sale on Friday

ADESA Memphis
5400 Getwell Rd.
Memphis, TN 38118
901-365-6300
Sale on Tuesday

ADESA Nashville
631 Burnett Road
Old Hickory, TN 37138
615-847-7400
Sale on Thursday

ADESA.COM

As dealers, you spend a lot of time selling customers on the cool technology features available in vehicles. Back-up cameras, rearview video mirrors, power liftgates – everyone wants them, but no one wants to get hit with the repair costs when these expensive components go bad. Explaining why they aren't covered is not a conversation anyone wants to have.

Recognizing the lack of coverage for these items, ProGuard developed the iQ Tech Package vehicle technology protection plan to cover OEM smart-tech components exclusively. Our standalone plan provides comprehensive protection affordably, driving customer confidence up while offering you a unique opportunity to generate additional revenue.

By adding the iQ Tech Package to your offering, you're protecting the tech for them.

877.474.9462
proguardwarranty.com

ProGuard℠
WARRANTY
Transparent. Accessible. Flexible.

Table of Contents

Sales Manager: Phil Sartin
Graphics Design Director: Caleb Sartin
In Memory of Barbara Reed 1934-2019
Magazine Cover: Antoni Shkraba - Pexels.com

PO Box 5036 | Bell Buckle, TN 37020
877-TDN-8320
www.TnDealerNews.com

THE MOST HANDS-ON TRAINING AVAILABLE ONLINE

VIRTUAL CLASSROOM

POWERED BY

CARQUEST Technical Institute | WTI WORLDPAC Training Institute

Meet the new standard for training with Virtual Classroom from CTI+WTI. Access a live, interactive experience just like your team is in front of the instructors, at a time and pace that fits your schedule.

Start today at my.advancepro.com/shoptraining.

CARQUEST AUTO PARTS | AUTOPART INTERNATIONAL | WORLDPAC | Advance Auto Parts

By: Steve Stauning

Are Your Deals Dying in the Trade Walk?

Let's be honest. Most of your salespeople aren't even doing a proper Trade Walk, are they? They're running out to the customer's vehicle alone and getting the VIN and mileage, right? Guess what? Your deals are dying in the Trade Walk.

Conducting a proper Trade Walk – one where the customer participates – accomplishes four important goals:

Gains important information

Sets up F&I for success

Reduces the customer's perceived value of their vehicle

Increases the customer's desire to own your vehicle

Let's quickly dive into these four goals.

Gains Important Information

With a mix of observation and questioning, your salespeople will discover common ground (by observing the contents of the trunk or behind the last row; the stickers on the bumper or back window; even a well-worn tow ball) and make the Vehicle Selection and Write-Up steps go more smoothly.

The questions they should be asking are basic, but critical; and these should be asked in a conversational manner while inspecting the customer's trade. Simple questions like "What is this vehicle missing that is a must-have on your next vehicle?" and "How much were you looking to get for it?" will make closing the deal easier – and without overpaying for their trade.

Sets Up F&I for Success

If you're interested in building your backend grosses, the Trade Walk presents a great opportunity for your salespeople to plant important seeds.

Asking questions like "Have you ever lost a key?" or "Did you happen to buy the extended warranty when you purchased this vehicle?" and then following these questions with brief, almost nonchalant explanations of the benefits of key loss insurance or extended warranties can build the customers desire to fully review these options with your F&I managers.

Reduces the Customer's Perceived Value of their Vehicle

Let's be clear: the Trade Walk should really be called the Trade Devaluation because with this name your salespeople will better understand its primary goal.

Every customer has a number in their mind of what they expect to get for their trade – they also know what's wrong with their vehicle, and why it's probably not worth the number they're considering. By conducting a proper Trade Walk, your salespeople can chip away at that number; devaluing the customer's trade while they conduct a semi-silent walkaround.

Touching the dents and dings while asking questions like "Did you get an estimate on repairing these/this dents/dings/wheel damage?" is one of the most tried and true methods for reducing the customer's expected trade-in value.

Increases the Customer's Desire to Own your Vehicle

Everything your salesperson does during a proper Trade Walk can remind the customer of exactly why they're here: they want/need a new vehicle, and the sooner they can get out of this one, the better.

The steps they take and the questions they ask that devalue the trade also increase the customer's desire to own your vehicle. Simple questions like these can accelerate a customer's desire to replace their current vehicle:

"Has anyone ever told you the tires were wearing unevenly?"

"What's the last major repair you've had done on the vehicle?"

"Are there any current problems with the vehicle?"

When to Conduct the Trade Walk

Your store's road-to-the-sale (RTTS) is likely different than mine, and it probably works for your team (if you're enforcing it, of course). Your team should follow your RTTS, unless you're putting the Trade Walk after the Demo Drive, that is.

Conducting the Trade Walk after the Demo Drive is likely how most of you were taught when you started in the business. In the old days, managers didn't want to appraise a customer's trade until everyone had agreed on the numbers for the new vehicle. That made sense back then.

Today, it's critical that the Trade Walk occur at some point before the Demo Drive for three important reasons:

1. The contrast between the customer's trade and your vehicle could be stark. If this comparison is made after the Demo Drive, they could become defensive about the condition of their vehicle instead of elated at the thought of owning yours.

2. The more time that passes between the end of the Demo Drive and the customer seeing numbers, the greater chance they'll lose their New Car Fever.

3. If after the Demo Drive, they decide your vehicle is not for them, they can leave before you ever get a chance to see their trade. By doing the Trade Walk before the Demo Drive, they'll at least have to come inside to retrieve their keys and see the trade offer, giving your team an opportunity for additional Needs Analysis to help them find their perfect vehicle.

The Road-to-the-Sale

While many deals can still be won in the first third of the road-to-the-sale, in today's market, the biggest difference between deal and no deal often comes down to Trade Walk or no Trade Walk.

Good Selling!

Steve Stauning
Founder
Stauning Solutions Group

Steve is the author of Ridiculously Simple Car Selling and Ridiculously Simple Sales Management; as well as a respected automotive industry veteran and founder of Stauning Solutions Group – a leading training & consulting firm. Steve's consulting work puts him in dealerships nearly every week, working side-by-side with managers, salespeople, and internet teams to help them improve their sales, processes, and profits. Prior to this, Steve served in various automotive leadership roles, including as the Asbury Automotive Group's (NYSE: ABG) director of ecommerce, the director of the Web Solutions division of Reynolds & Reynolds, and as the general manager of Dealer Web Services for Dominion's Dealer Specialties. You may contact Steve directly by calling him at 888-318-6598 or via email at Steve@SteveStauning.comSteve@SteveStauning.com

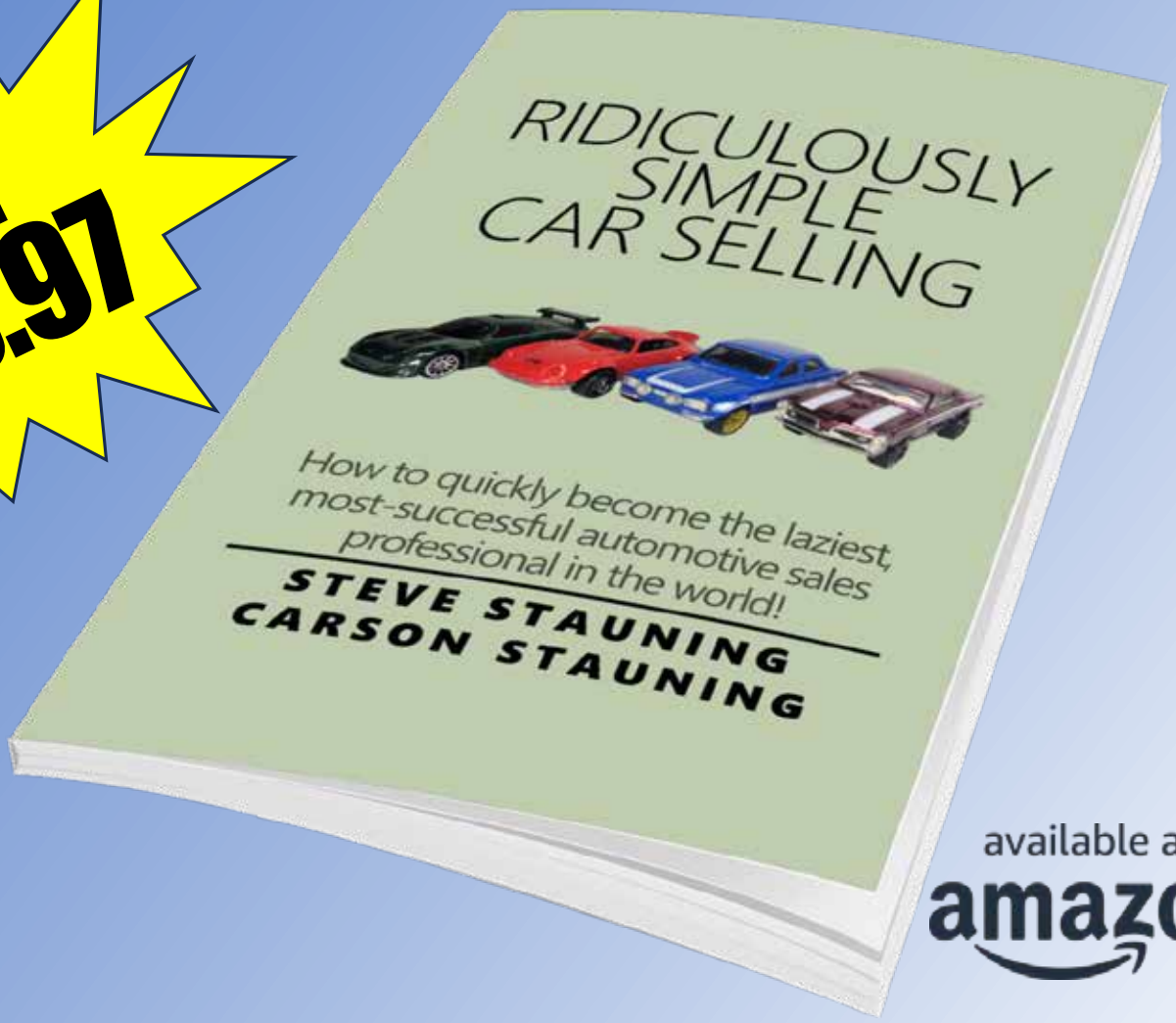
Got a Green Pea to train or a seasoned seller stuck in order-taker mode?

21 Easy-to-Read Chapters complete with Key Learnings & Chapter Exercises

Overcoming Objections • The Road-to-the-Sale • Handling Internet Leads • Social Selling • Goal Setting • Negotiating • Setting Appointments that Show & Buy • Selling Phone Ups • Generating Referrals • Networking • Be-Backs

+ Everything else they need to know to start selling more vehicles for more money today!

JUST $15.97



available at amazon

By: Mike Hayek

Key Strategies to Increase Finance

Used auto dealers are faced with challenging times now more than ever. Higher interest rates, limited, more expensive inventories and an inflationary economy makes used auto dealers frustrated. You ask, how can I make a difference and make my finance department more efficient that will result in more profit? Below are a few key things to consider.

1- Improve your customer service skills. Having the very best customer service is the most important aspect to building long term sales and repeat customers. Used car buyers have multiple choices when considering buying a car, truck or SUV including buying online. If you can make your customer happy with great service, quality used cars to choose from and make them feel wanted and appreciated, you have a much better chance of making the sale and growing the business.

2- Build relationships with your auto lender. Let's face it, without solid auto lenders who will approve the financing for the cars you sell, your dealership suffers lower sales. Treat your lenders with courtesy and respect. Speak with them often and provide them the information needed to make the approvals as best as possible for all parties. Sell great autos and give top notch service after the sale. When auto lenders trust your dealership, they tend to approve the car buyers more often and with better terms. This helps your finance department sell more cars and more products.

3- Get organized. Nothing says professionalism more than working in a finance department that is clean, neat and organized. Customers will be more at ease when they feel invited, comfortable and relaxed when they sit down in a professional office setting. This will help you sell more products and make higher profits. Send complete and quality funding packages to your auto lenders. Having complete, clear and accurate funding packages is so important to faster funding.

4- Recruit and hire great, talented people. Your finance department will shine bright when you employ loyal, knowledgeable, hard working and honest people. Your customers will pick up on the quality of your team and will respond better. Treat your staff well and they will reward your dealership handsomely with quality work.

5- Have an online presence and have great technology. The good old days of advertising in the local paper are long gone. In order to stay competitive, investing in technology is paramount. Have a great computer system with high level software to help you manage every aspect of the dealership from inventory to printing loan docs. Achieve a larger customer reach by advertising online using platforms such as Facebook, Cargurus, Autotrader etc. Have a great website that you update often with fresh, new inventory.

Hopefully these tips will be helpful as you review your dealership's people and procedures. Finding ways to cut unnecessary expenses is also so important to improve the dealership's profit statement.

Mike Hayek,
Vice President of Operations,
First Consumers Financial, LLC

CUSTOM RESPONSIVE WEBSITES

TURN BROWSERS INTO BUYERS

Google Inventory Feed

Automated Messenger Bot

Automated Reply Email Module

Organic Search Engine Optimization (SEO)

JTZ Enterprise Website Design & Internet Marketing
540-286-0801 | www.jtzenterprise.com

Automotive Websites Made Easy

Let Us Help You Do What You Do Best... Sell cars!

Only $99 Per Month
Call Higher Turnover To Get Started!
540-286-0801 www.HigherTurnover.com

FCF | FirstConsumers FINANCIAL

- ✓ No Recourse
- ✓ No First Payment Default
- ✓ Rates As Low As 12.99%
- ✓ Terms Up To 72 Months
- ✓ No Year Limit on Vehicles
- ✓ Flexible With Proof Of Income
- ✓ Rehash Directly With Lender
- ✓ Fast Funding
- ✓ Personal Local Service

Founded in 1998

PROFESSIONAL SERVICE
With A Personal Touch

Contact First Consumers Financial @ 877-836-8320

Thoroughbred AUTO AUCTION JACKSON

SimCasts™ is Here!

Bid Online and use our Dealer Mobile App!

Available on the App Store

GET IT ON Google Play

38 Graves Loop Rd. Medina, TN 38355 | Every Friday at 9:15 am (Licensed Dealers Only)

Thoroughbred AUTO AUCTION CLARKSVILLE

WHY CHOOSE US?

LOCATED 6 MINUTES FROM INTERSTATE 24!

For almost two decades we have been helping dealers buy or sell vehicles.

TRUSTWORTHY DEALERS

We protect our buyers and sellers and help guarantee fair and ethical sales.

LATEST SOFTWARE

We have the best software available to make the process of buying and selling vehicles as modern and handy as possible.

QUICK REGISTRATION

Save your time with our online registration form. You can attach all of the documents you need without leaving your home.

CONVENIENT LOCATION

For our clients' convenience and ease of travel we are located in Central TN, within easy reach.

247 Needmore Rd, Clarksville, TN 37040 | Every Thursday at 1:00pm

TENNESSEE DEALER NEWS Est. 2007

AUCTION PARTNERS

ADESA NASHVILLE

Sale Day: Thursday at
8:30 a.m.

631 Burnett Road
Old Hickory, TN 37138

Primary Phone: 615-847-7400

www.adesa.com/Nashville

Thoroughbred AUTO AUCTION

JACKSON

Sale Day: Every Friday at
9:30 a.m.

38 Graves Loop Rd
Medina, TN 38355

Primary Phone: 731-783-4500

www.jacksontennesseeautoauction.com

CLARKSVILLE

Sale Day: Every Thursday at
1:30 p.m.

247 Needmore Road,
Clarksville, TN 37043

Primary Phone: 931-647-5700

www.clarksvilleautoauction.com

UNITED AUTO EXCHANGE

Sale Day: Wednesday at
8:15 a.m.

3710 Prescott Rd.
Memphis, TN 38118

Primary Phone: 901-795-7634

www.uaxmemphis.com

ADESA MEMPHIS

Sale Day: Tuesday at
8:45 a.m.

5400 Getwell Rd, Memphis,
TN 38118

Primary Phone: 901-365-6300

www.adesa.com/memphis

AUCTION PARTNERS

Tennessee Dealer News
Est. 2007

1Click Auto Auction

Sale Day: Contact us for details

13785 Research Blvd #125,
Austin, TX 78750, USA

Primary Phone: 469-459-3222

www.1clickautoauction.com

Mid-South Classic Car Auction

Sale Day: Check website for schedule

50 Fiberglass Rd
Jackson, TN 38301

Primary Phone: 731-423-5551

www.midsouthclassiccarauction.com

ADESA Knoxville

Sale Day: Every Friday
IN-OP Sale at 9:15 a.m.

1011 Adesa Blvd
Lenoir City, TN 37771

Primary Phone: 865-988-8000

www.adesa.com/Knoxville

Manheim by Cox Automotive NASHVILLE

Sale Day: Tuesday / Wednesday / Thursday

8400 Eastgate Blvd
Mt. Juliet, TN 37122

Primary Phone: 615-773-3800

www.manheim.com

By: K. Dailey Wilson

CDK Data Breach: Lessons in Information Security and Third-Party Oversight

In late June, CDK Global, LLC, a well-known provider of software-based products and services to auto dealers across the country, suffered not one but two data breaches, resulting in the exposure of sensitive personal information belonging to customers of thousands of auto dealerships, including social security numbers, employment history, income, residential addresses, driver's license information, and financial account information. Hopefully, you know what to do if you experience a security event in your own internal systems (though even a run of the mill data breach can involve complex factual issues, so now is a great time to discuss data breach response with compliance counsel). But do you know what steps to take if a third-party service provider notifies you that there has been a data breach involving your customer information?

Unfortunately, you can't rely on your service provider to handle it without you. Even though your internal systems were not compromised by the security event, your customers' information has been compromised, triggering both legal and compliance obligations. This article outlines some of the steps you should take when a third-party service provider experiences a security event involving your customers' information.

1. Review the Service Provider Agreement. You should review the contractual agreement between you and your service provider to determine whether the agreement addresses who is responsible, and for what, when a data security event occurs. Ideally, the contractual agreement you have with your service provider will describe the steps the service provider must take regarding investigation and notification in the event the service provider experiences a breach involving your customers' information. Additionally, the contractual agreement may outline the service provider's obligation to indemnify the company or fund the company's investigation and response.

2. Review Your Written Incident Response Plan and Act Accordingly. Your company's written incident response plan should set forth the steps you and your company need to take when a data security event occurs. Upon receiving notification from a third-party service provider that a data security event involving their systems has occurred, you should follow the steps outlined in the written incident response plan, including determining the types of customer information compromised, identifying the period during which the data security event occurred, and determining the states in which the affected individuals reside.

3. Determine State and Federal Notification Obligations. You should determine whether the company has any notification obligations under state or federal law. Whether notification to consumers, law enforcement, and credit reporting agencies is necessary will depend upon the facts of the data security event, including the types of customer information compromised and the number of customers affected. You also must determine whether you need to file a notification with the FTC based on the recently effective amendment to the Safeguards Rule. Notification at both the federal and state level must be made within a certain timeframe, so it is important to quickly and efficiently identify the applicable notification obligations.

4. Consider Remedial Actions. Once you have dealt with the more time sensitive issues, you should consider the service provider's actions regarding the data security event in light of the company's third-party service provider oversight program and determine whether any remedial actions, including termination of the service provider relationship, are appropriate.

5. Evaluate Potential Changes to Policies and Procedures. Once the dust has settled, review the security event and how you responded to it and whether any changes are needed to your policies and procedures. Do you need to revise your written incident response plan to better address the steps you need to take when a third-party service provider experiences a security event? Do you need to revise third-party service provider agreements to clarify the service provider's responsibility to your company in the event of a data security event?

Customer information doesn't stop being your customer information just because it is housed in a third-party service provider's system. A third-party service provider's data security event may trigger legal and compliance obligations on your part. But don't panic – just take a deep breath, pull out your trusty written incident response plan, and contact outside counsel to confirm you are taking the right steps.

*** K. Dailey Wilson** is a partner in the Tennessee office of Hudson Cook, LLP. She can be reached at 423.490.7567 or by email at dwilson@hudco.com.

OPEN NEW DOORS FOR YOUR DEALERSHIP WITH THE PROTECTIVE DOWC

DISCOVER THE BENEFITS OF CONTROLLING YOUR F&I OPERATIONS BY WORKING WITH THE CREATOR OF THE DEALER OWNED WARRANTY COMPANY PROGRAM

DON'T MISS THE OPPORTUNITY TO START YOUR OWN WARRANTY COMPANY WITH THE LARGEST DOWC PROVIDER

Protective℠

Call Protective's Tennessee representative, at (877) 836-8320

Visit **protectiveassetprotection.com/DOWC**

USW UNITED STATES WARRANTY CORP.

A **Protective** Company

Vehicle Protection Plans | GAP Coverage | Credit Insurance | F&I Training
Limited Warranty Products | Dealer Participation Programs | Advanced F&I Technology

By: Eric Johnson

The CARLAWYER© Federal Developments

Continued on page 20

On October 1, the **Consumer Financial Protection Bureau issued an advisory opinion to remind debt collectors of their obligation to comply with the Fair Debt Collection Practices Act and Regulation F's prohibitions on false, deceptive, or misleading representations or means in connection with the collection of any medical debt and unfair or unconscionable means to collect or attempt to collect any medical debt.** The advisory opinion explains that debt collectors are strictly liable under the FDCPA and Reg. F for engaging in the following unlawful practices when collecting medical bills: (1) collecting an amount not owed because it was already paid; (2) collecting amounts not owed due to federal or state law; (3) collecting amounts above what can be charged under federal or state law; (4) collecting amounts for services not received; (5) misrepresenting the nature of legal obligations, including collecting on uncertain payment obligations that are presented to consumers as amounts that are certain, fully settled, or determined; and (6) collecting unsubstantiated medical bills.

On October 3, the **Consumer Financial Protection Bureau released a chart that summarizes how an entity may determine if it is required to register an order under the Bureau's nonbank registration final rule, which was issued on June 3, 2024.** Generally, according to the CFPB, an entity that is subject to an order must register the order with the nonbank registry if the order is a "covered order" and the entity is a "covered nonbank," as those terms are defined in the final rule. The CFPB's nonbank registration final rule - the "Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders Final Rule" - provides for the creation of a nonbank registry that will collect information about nonbank companies subject to certain publicly available agency and court orders that impose obligations on them based on alleged violations of specified consumer protection laws. Covered nonbank companies also generally must provide an annual attestation from a senior executive regarding the company's compliance with the order. The final rule provides covered nonbank companies certain timeframes to comply with its requirements, including submission of registrations. The webpage provides additional resources for covered nonbank companies when registering with the nonbank registry and complying with the nonbank registration final rule.

On October 7, the **Consumer Financial Protection Bureau published a special edition of Supervisory Highlights that focuses on auto financing.** The report highlights CFPB examiner findings of unfair, deceptive, and abusive acts or practices in the auto financing market for examinations completed between November 1, 2023, and August 30, 2024. According to the report, examiners found that "loan originators engaged in deceptive acts or practices through service providers when the service providers mailed prescreened advertisements marketing rates 'as low as' specified APR rates to consumers who in fact had no reasonable chance of qualifying for or being offered rates at or near that level." Examiners also found that "auto-loan originators violated ... Regulation Z because their disclosures did not accurately reflect the terms of the prepayment penalty. ... The TILA disclosure states 'Prepayment - if you pay early, you may have to pay a penalty.' In contrast, the associated retail installment sales contract stated that there was no finance charge if the loan is paid early." Next, the report details examiners' findings with respect to vehicle repossession activities. Examiners found that "servicers engaged in unfair acts or practices when they erroneously repossessed consumers' vehicles (a) when their representatives or service providers failed to cancel orders to repossess vehicles, or act on those cancellations, when consumers had made payments or obtained extensions that should have prevented repossessions; and (b) when consumers had requested, or the servicer had approved, a COVID-19 related loan deferment or loan modification, consumers had otherwise made timely payments, or consumers made arrangements to pay an amount sufficient to cancel the repossession." Examiners also found that "servicers engaged in unfair acts or practices when they failed to record liens and then repossessed vehicles without a valid lien. When assigning vehicles for repossession, servicers did not verify that they had a valid lien. As a result, they repossessed vehicles from consumers who did not have any prior affiliation with the servicers." The report goes on to address other general issues related to servicing practices, including "applying borrowers' auto-loan payments to post-maturity loans in a different order than that disclosed to consumers on their websites, which resulted in borrowers having to pay late fees," and failing to timely provide consumers with the title to a vehicle after a payoff or when consumers requested the title in connection with transferring vehicle registrations to a different state. CFPB examiners also found multiple law violations in connection with add-on products. Examiners found that auto finance companies, among other things, charged consumers for optional add-on products that consumers did not agree to purchase, failed to provide refunds of unearned premiums after early termination of a contract, financed certain add-on products for vehicles that were not eligible because they had salvage titles, imposed onerous requirements on consumers to cancel contracts for add-on products, and failed to honor consumers' cancellation requests. Finally, CFPB examiners found that auto finance companies and servicers furnished inaccurate information to credit reporting agencies.

On October 10, the **Consumer Financial Protection Bureau announced that it issued a consent order against a private dispute resolution company, resolving allegations that the company engaged in deceptive and unfair acts and practices in violation of the Consumer Financial Protection Act of 2010 and permanently banning the company from arbitrating disputes that concern a consumer financial product or service.** The dispute resolution company provided an online dispute resolution platform. This platform was used by a vocational training company that operated an online vocational training program and provided "income share" loans to students in that program. In 2023, the vocational training company was shut down by the CFPB and state attorneys general for its alleged illegal lending practices. The current consent order alleges that the dispute resolution company had commenced arbitrations with consumers who had allegedly defaulted on income share loans from the vocational training company. Specifically, the CFPB alleged that the dispute resolution company did not have the ability to arbitrate the vocational training company's claims against consumers because none of the income share loan agreements contained an arbitration clause permitting arbitration on its platform. The CFPB also alleged that the dispute resolution company misrepresented itself as a neutral and impartial arbitrator for consumer debt arbitrations and failed to disclose that it had a financial interest in consumers settling with the vocational training company where the vocational training company promised to pay the dispute resolution company contingency fees for each claim that it settled. Finally, the CFPB alleged that the dispute resolution company required consumers to agree to its terms of service, which purported to bind consumers to the dispute resolution process, before they could view or respond to the vocational training company's claims that they defaulted on income share loans, thereby infringing on consumers' ability to "obtain information," "engage in live testimony," and "contest jurisdiction."

WHO'S BEHIND YOUR COMPLIANCE ?

we are.

CARLAW®

CounselorLibrary®

POWERED BY:
HUDSON COOK

counselorlibrary.com
877-464-8326

Established 1989

NEW PARTS CARS ARRIVING DAILY

LATE MODEL AUT0 PARTS

OVER 40 ACRES OF LATE MODEL SALVAGE

Tennessee Auto Salvage has been a family owned business for over 30 years! Located right outside of Nashville, we provide a full service yard for all your repair needs. Our Service includes delivery routes running daily from Nashville to the entire Middle Tennessee area.

2082 DUNCAN LN
GREENBRIER, TN 37073

Tel: 615-384-5033
Sales@TnAuto.net

Continued from page 16

The CARLAWYER© Case(s) of the Month

By: Eric Johnson

Debtor's Claims Against Vehicle-Secured Creditor Based on Allegedly Unlawful Repossession Were Subject to Arbitration Provision in Finance Contract, Despite Fact that Creditor Repossessed Debtor's Vehicle Three Months After He Paid Remaining Balance on Contract: In January 2018, an individual financed the purchase of a vehicle. In May 2023, the individual paid off the remaining balance on the finance contract. In August 2023, the finance company hired a third-party repossession company to repossess the individual's vehicle. The finance company contended that the repossession was in response to the individual's prior failure to make all required monthly payments under the contract in a timely manner. The individual sued the finance company, alleging several claims in connection with the repossession. The finance company moved to compel arbitration pursuant to the arbitration provision in the finance contract. The U.S. District Court for the Northern District of Mississippi granted the motion. The individual argued that the arbitration provision was not enforceable because the finance contract containing that provision expired three months before the finance company repossessed his vehicle, when he paid off the remaining balance on the contract. The court disagreed, noting that the termination of an agreement containing an arbitration provision does not automatically extinguish the parties' duty to arbitrate disputes. The court found that the individual's claims - based on the allegedly unlawful repossession - arose under the finance contract because they involved facts that occurred prior to the expiration of the contract, i.e., the individual's default on monthly payments under the contract prior to his payment of the entire outstanding balance. See Mitchell v. Mercedes-Benz Financial Services USA LLC, 2024 U.S. Dist. LEXIS 185330 (N.D. Miss. October 9, 2024).

This Month's CARLAWYER© Compliance Tip

The case above illustrates the importance of two items: (i) ensuring that your contract(s) with the buyer contains an arbitration provision that you can use to compel arbitration of claims raised by your buyer; and (ii) reviewing your arbitration provision to ensure that it may apply to claims raised under the financing contract and/or whether the terms of the arbitration provision may survive the termination or cancellation of the financing contract in the event of payoff. In either situation, it is vitally important that you have an arbitration provision as a sensible protection against class actions and possible reduction of costs. Maybe it's time to have a conversation with your counsel on these points.

So, there's this month's roundup! Stay legal, and we'll see you next month.

Eric L. Johnson
Partner of Hudson Cook, LLP

Eric (ejohnson@hudco.com) is a Partner in the law firm of Hudson Cook, LLP, Editor in Chief of CounselorLibrary.com's Spot Delivery®, a monthly legal newsletter for auto dealers, and a contributing author and editor of the F&I Legal Desk Book. For information, visit www.counselorlibrary.com.

ACE Group Leads

Company Est. 1999

New Car

Acquire new customers, brand your dealership and own your market

Used Car

Put your inventory on the auto network with 35+ million visits each month.

Subprime

Premiere special finance auto leads from Buyers who need a car right now.

Spanish

Tap into this highly motivated, social media savvy buyers market.

Call 877-836-8320 for more information

ShopOnlineCars.com

Shop Click Buy

THE affordable online classified listing site.

877-836-8320

TnDealer.com

JOIN THE ALLIANCE! **877-836-8320**

Legislative Updates

Lobbying Support

Training & Events

Digital Auction Pass

Dealer Rewards

Compliance Alerts

Availability

16 Publications

MANHEIM NASHVILLE

CARVEST

EVENT SALE

Find your Inventory Cornucopia

TUE. NOVEMBER 19 | 9:30 AM CT
WED. NOVEMBER 20 | 9:00 AM CT

3500+ UNITS

As we gather to celebrate Thanksgiving, we invite you to our Carvest Event Sale. Join us during this season of thankfulness as we show our appreciation for your business and partnership.

END OF SALE DRAWINGS IN EVERY LANE ON TUESDAY & FIVE PRIZE PACKAGES TUESDAY AND WEDNESDAY

PURCHASE IN-LANE TUESDAY FOR YOUR CHANE TO WIN
THE ULTIMATE FEAST END OF SALE DRAWING IN EVERY LANE

PURCHASE 2+ TUESDAY OR WEDNESDAY FOR YOUR CHANCE TO WIN
ONE OF FIVE ULTIMATE ENTERTAINER PACKAGES

Manheim by Cox Automotive | NASHVILLE

Tired of chasing cars?
We've got you!