



Special Update
To VADA Dealers
23 July 2009

Update on “Cash For Clunkers” Program

Thursday, July 23, 2009

Advertising: We wanted to remind dealers that an advertisement of up to \$4500 for a vehicle that qualifies under the Cash for Clunkers program is permitted. However, if you advertise that you will guarantee a customer \$4500 for a trade-in even if it doesn't qualify you will violate Virginia's advertising rules against guaranteed trade-in allowances.

Taxes: For purposes of showing this amount on a Retail Installment Sale Contract, you should clear this with the lender as to whether this should be shown as trade value or cash downpayment. However, you should know the following information from DMV and the Tax Department.

Sales and Use Tax should be calculated on the selling price of the new vehicle without any deduction for the Cash for Clunkers payment.

Business License (Gross Receipts) Tax should be calculated on the selling price of the new vehicle without any deduction for the Cash for Clunkers payment. If you list this payment on the trade-in line on your Buyers Order and RISC you may need to reprogram your computer to correctly calculate the Business License Tax.

DMV and the Tax Department do not expect any change to this interpretation but they will review it based upon the final NHTSA rules.

Lastly, we have reproduced below and have attached some information from the cars.gov website providing some preliminary information about what consumers should be prepared to provide to dealers.

As we have told you, we expect the final rules to be issued at some point tomorrow. It may be late in the day. We will provide guidance based on those rules as soon as possible.

Thank you.

From the cars.gov website:

What to bring to the Dealer to qualify:

- 1 Year Proof of Insurance. If your insurance card does not cover the entire year preceding the trade in, you will need other proof of insurance. Contact your insurance company to get evidence of 1 year worth of insurance. The form must include, at a minimum, the insurance company, policy number, VIN, start and end date of insurance (showing at least 1 year).
- Proof of Registration going back at least 1 year.
- "Clear" title. This means the title must be free of any liens or other encumbrances. If you have liens, you need to get these cleared before going to the dealer. This may include evidence on the face of the title showing no lien; that the title has been cleared (signed and stamped accordingly), or with an attached lien release from the lien holder.
- The vehicle manufacturer date found on the driver's door or door jamb is less than 25 years old when you trade it in.

If you do not have any of the above items in your possession, you may do the following:

- Call your insurance company and have them provide evidence of 1 year's worth of insurance on the trade-in vehicle. Make sure it includes the minimum requirements noted above.
- Contact your DMV for copies of prior registration certificates to show proof of ownership of the trade-in vehicle for at least the past year. The name on the registration must be the same as the name on the title and the same as the purchaser of the new vehicle.
- Clear your title by paying-off any loans outstanding and receive either a newly issued title from the DMV that is free of all liens and other encumbrances, or have the lien release document from the lien holder (signed and stamped accordingly), or your title signed and stamped accordingly (showing it is clear)

Once you are at the dealer you be asked to certify to the following under penalty of law. The above documents will provide proof to the dealer to assist in this certification process.

- The trade-in car is in drivable condition
- You are the registered owner, and have been for at least the last year
- The car has been continuously insured for the last year
- The car is titled in your name and has been for the last year
- You have not previously participated in the CARS program

Next section on documents for certification

- The trade-in is in drivable condition.
- You are the registered owner, and have been for the least the last year.
- The trade-in has been continuously insured for the last year.
- The trade-in is titled in your name and has been for the last year.
- You have not previously participated in the CARS program.

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