

ONTARIO BUDGET ... A FEW BRIGHT SPOTS

As expected, the recent Ontario Budget was full of announcements that will cost Ontario taxpayers more. However, there were a couple of items buried deep in the budget that could ultimately benefit dealers.

The one that has received the most attention in the media is the announcement that starting in 2017, the \$30 Drive Clean fee will be eliminated. Drive Clean test facilities will be reimbursed by the government for the lost revenue when a test is performed for a vehicle's owner.

We have asked for clarification that the fee elimination will also apply to tests done for dealers in preparation for selling a used vehicle. If it will apply, members that use third party test facilities will be able to have vehicles tested at no charge.

If it will not apply to dealer tests, the exemption will only reinforce the already existing double standard when it comes to Drive Clean tests.

Vehicles up to 7 years of age are exempt from testing on licence renewal, while vehicles as young as one model year old must be tested when being re-sold.

Even if the fee exemption will apply to re-sale tests, the needless test requirement for these newer vehicles when being sold still needs to be addressed.

It's also not known whether members that operate their own test facilities to test their own inventory will benefit. Presumably, these members will no longer need to

remit the test fee monies to the government, but this has not been confirmed.

Drive Clean officials have promised to keep us updated as implementation details are developed.

Buried even deeper in the budget was a small paragraph that said the government plans to amend the *Insurance Act* to "allow for regulations to be made to require insurers to provide claims and repair history information to motor vehicle dealers for disclosure to prospective used vehicle purchasers."

The UCDA, together with the Insurance Bureau of Canada, has been lobbying the government for the last three years for just such an amendment in order to provide members with affordable and guaranteed access to accident claims information to satisfy disclosure requirements.

The hope is that with such legislation in place, dealers will be assured that individual insurers will not be able to withhold access to claims data, as some have in the past. When passed, the legislation should also ensure a reasonable cost to access this data.

While details are not yet available about when and how this will work, it is a promising sign that the UCDA has been listened to on a matter of essential importance to members.

We're optimistic that this initiative will benefit members and expect to be able to report more details in future issues of Front Line.

MTO Safety Inspection Information Meetings

Starting in March and running through June, the Ministry of Transportation (MTO) is holding a series of information meetings across the province to discuss the changes coming to the light duty passenger safety inspection program that take effect July 1st.

The meetings are free of charge and open to anyone. The meeting schedule is being organized by the Automotive Aftermarket Retailers of Ontario (AARO) and presented by an MTO enforcement officer.

Here's a list of upcoming meetings in March and April. There are generally two sessions per date, each meeting is two hours long. Some will be held in the morning, some in the afternoon and some in the evening.

March 14	Stouffville /Markham	April 13	Owen Sound
March 15	Barrie	April 14	Guelph
March 16	Barrie	April 18	Ottawa
March 17	Newmarket	April 19	Ottawa (French)
April 4	London	April 20	Ottawa
April 5	London	April 21	Kingston
April 6	Windsor	April 22	Kingston (French)
April 7	Windsor (French)	April 25	Cornwall
April 11	Tillsonburg	April 26	Oshawa/Port Hope
April 12	Kitchener/Waterloo	April 27	Peterborough
		April 28	Belleville

UCDA members are encouraged to attend an information session near you. Meetings are being scheduled in the GTA, Hamilton/Burlington and Niagara in May and across Northern and Northwestern Ontario in June. We'll publish the May and June dates and locations in the April issue of Front Line.

For more information and to register to attend a session, please contact AARO at 1-800-268-5400.

New Vehicle Inspection Report

One of the requirements that will affect every Motor Vehicle Inspection Station (MVIS) when the new safety inspection standards come into force July 1st, is a mandatory Vehicle Inspection Report for light duty passenger vehicles.

In addition to providing a copy of the Safety Standards Certificate to the customer for whom the safety inspection was performed, each inspection will also require the technician to complete a report describing some of the important findings of the inspection.

The report must show:

- brake pad thickness
- brake rotor thickness
- tire tread depth
- brake drum diameter
- fuel tank level
- tire pressure readings

The report is not meant to describe what repairs were performed to make the vehicle pass the safety, but must show the measurements and readings resulting from the inspection.

MTO will NOT be supplying these forms, meaning each MVIS station will be responsible for coming up with a form that complies with the requirements of the regulation.

With input from MTO, the UCDA is developing a form for members who are also MVIS stations that will meet these requirements. We expect to have the form available in April. Look for more information on how to order in the April issue of Front Line.

Canada-Wide Lien Search

A How to Guide

Question:

How do you conduct a search for liens across all of Canada?

Answer:

By searching for liens in every Province and Territory ... that's how.

Dealers are often confused about the concept of a "Canada-wide" lien search.

Some companies advertise "a guaranteed cross Canada enforceable lien search." Let's break that down:

1. Guaranteed?
2. Cross Canada?
3. Enforceable Lien?

Cross-Canada?

The fact is, it would cost over \$100 to do a lien search in every Canadian Province and Territory, because every jurisdiction controls its own lien registry and expects to be paid when its registry is searched.

So how does a dealer proceed? Well, like the companies that offer so-called Canada-wide lien searches, dealers generally search for liens only in places where the vehicle has been or is currently registered.

For example, if a vehicle is currently registered in Ontario, but was previously registered in Manitoba, you might search for a lien in Manitoba and Ontario. You would probably not search in B.C. or Nova Scotia.

Is a lien search only where a vehicle is or has been registered a Canada-wide lien search?

Enforceable Lien?

Some may say that a lien is not “enforceable” unless the vehicle is (or was) registered in the jurisdiction where the lien is registered. This view is mistaken.

That’s because the *Personal Property Security Act* concerns itself with where property is “situated” not where it is “registered”. In other words, if a vehicle is located in Ontario, you need to be concerned about liens in Ontario. It doesn’t matter if the vehicle is registered in Ontario or not.

In addition, for certain property that is commonly used in more than one jurisdiction (like motor vehicles), the governing law is the law of the jurisdiction in which the debtor is located at the time the security attaches.

It is quite conceivable, that motor vehicles may be registered in one province, and may have liens registered against them in another, because the debtor resides, or has its head office, in the other jurisdiction. The vehicle itself may never have been registered in the jurisdiction in which a lien is registered.

A dealer recently felt the sharp end of this stick when he took in a trade registered in Saskatchewan. The vehicle had actually been in Ontario for some time, but was not registered here. It would appear the debtor was living in Ontario.

The dealer didn’t know this, however, and was none the wiser after he did a “cross Canada enforceable lien search”. The search came back and told him “Ontario – no enforceable lien found”.

Why? Because no lien search was done in Ontario since the vehicle was not registered here. The only lien search that was done was in Saskatchewan. The bank that held the lien knew the vehicle was in Ontario and had registered its lien here, not in Saskatchewan.

Thinking there were no liens, the dealer proceeded to register the vehicle into their name here in Ontario and sell it to a consumer ... who later had it repossessed by the bank!

The loan is for \$40,000, the car is worth about \$20,000, so the dealer may have to pay as much as \$20,000 to get the lien off and the car returned to their customer.

Guarantee?

So what about the guarantee? Well, that answer is all tied up with this notion of “enforceable lien”. If the lien is enforceable, the guarantee states the company “will

reimburse the person or party who purchased the report and relied on it to their detriment, for either the value of the car, the value of the lien, or \$5,000 Canadian (whichever is lower).”

No news on the “lien guarantee” as of the writing of this article.

Compliance Quiz

Here’s this month’s compliance quiz. The answers are on page 4. Good Luck!

<p>1. If a dealer sells a car to another dealer with an LS badge, but it is really a base model, does the dealer have to declare that to the purchaser?</p> <p>Yes No</p>
<p>2. A car cannot be sold if the odometer is in miles.</p> <p>True False</p>
<p>3. A dealer cannot sell a car with a non-functioning catalytic converter if the car was equipped with one when it was sold as new.</p> <p>True False</p>
<p>4. A dealer sold a car for \$10,000, the consumer paid \$2,000 down, and the dealer put a lien on the car to secure payment of the rest.</p> <p>The purchaser paid monthly for over a year and managed to pay another \$6,000 of the purchase price, but the payments have stopped and the purchaser is in default. Is there any reason why the dealer can’t repossess the car?</p> <p>Yes No</p>
<p>5. Which of the following are part of the current safety standards inspection:</p> <p>(a) air bags (b) spare tire (c) working ABS (d) none of the above</p>

Certification Course Classes

Here's a list of upcoming MVDA certification classes through July.

Monday, March 21st – OTTAWA – Hilton Garden Inn
Thursday, March 24th – LONDON
– Best Western Lamplighter Inn
Thursday, March 31st – FULL
Tuesday, April 5th
Thursday, April 7th
Monday, April 18th – SUDBURY – Location TBA
Tuesday, April 26th
Friday, April 29th
Tuesday, May 3rd
Friday, May 6th
Tuesday, May 17th
Wednesday, May 25th
Thursday, June 2nd
Tuesday, June 7th
Tuesday, June 21st
Tuesday, June 28th
Tuesday, July 5th
Thursday, July 14th
Thursday, July 21st
Tuesday, July 26th

Classes are held at Wye Management's training facility, 55 Wings Road, Unit 5, in Woodbridge unless otherwise noted.

Wye Management – Basic Sales Techniques Class

Five Wye Management Basic Sales Training courses have been scheduled as well.

Students taking the in-class certification course, will receive discounted rates for the sales training course. These courses are also offered at Wye Management's training facility.

Friday, April 8th
Monday, May 2nd
Wednesday, June 1st
Wednesday, July 20th

Contact Valerie at v.maclean@ucda.org, to register.

Carpages.ca Offers 50% Discount

During the months of March and April, any dealer who moves their website to Carpages will also receive 50% off advertising for the first twelve months.

Carpages offers a dealer website solution called DealerSite+ which is a mobile-friendly, responsive website platform that gives dealers everything they need to present their company and generate leads for sales, service, and financing.

Some of the recent websites built by Carpages with DealerSite+ include these dealers:

- Empire Auto Sales (www.empireautosale.ca)
- Good Fellow's Auto Wholesalers (www.goodfellowsauto.com)
- Foster Auto Group (www.fosterautogroup.com)
- New Age Motors (www.newagemotors.ca)
- Timmins Honda (www.timminshonda.com)

To find out more about this offer, you can contact Carpages by calling 416-848-0710 or toll-free at 1-866-567-2437. You can also email them at sales@carpages.ca.

Quiz Answers

1. **Yes.** The proper trim level must be disclosed on the bill of sale.
2. **False.** The vehicle can be sold as long as the fact that the odometer reads in miles is disclosed on the bill of sale.
3. **True.** *The Environmental Protection Act* makes it illegal to sell a vehicle if originally installed pollution control equipment is not working.
4. **Yes.** Where a consumer has paid more than 2/3 of the total purchase price, a court order is required to repossess.
5. **None of the above.** None of these are part of the current safety inspection, however non-functional air bags and non-functional ABS brakes that detrimentally affect a vehicle's braking capability will be part of the new inspection that comes into effect July 1st.

UCDA VEHICLE INFORMATION SEARCHES

www.ucdasearches.com

Tel: 416-599-7412 or 1-800-668-8265 • Fax: 416-232-0775