

Carousel Epistles II
2020 -

These are memos that I have written over the years to all my clients.
I thought that I should package the important and still relevant ones into one place.
This is that place.
The memos are listed newest to oldest.
For memos dated before 2020, please see Carousel Epistles I.

Here are the titles of the documents to be found below.

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3/30/21 – scanned forms

I want to announce that we have created a new form, Deposit Receipt for Purchase with Forfeiture Provision, that is available to all our clients. It does the same thing as the WSIADA Deposit and Forfeiture Agreement. But that one is copyrighted, and I cannot just scan and deliver that form. I have created from scratch our form, and then had it blessed by our lawyer. If you would like to have this form available to your system, let us know.

Speaking of all that, I am not sure that everybody knows all the forms that we have available in scanned format. I update our web page (carouselsw.com) every time we modify or create a form, but somehow I believe that not all of our clients are looking at our web site daily to see what is new. We have scanned versions of all the public domain government forms (for Washington and Idaho, and title apps for Montana, Missouri, and Oregon). And we have created a lot of forms ourselves.

I wanted to make an arrangement with WSIADA to scan their forms, and they (three different executive directors) said it was a great idea, but once they talked to their lawyers or somebody I never heard from them again. So starting several years ago, I decided to create our own unique forms, and have (most of them) them blessed by our lawyer (at considerable expense). We now have pretty much every form that a small dealership would need, such that we are telling our new clients not to buy a hard copy printer any more, just a laser printer.

So, just to update you on what is available, here is a list of forms that Carousel has created:

- Purchase Order for Washington (both with and without financing information)
- Purchase Order for Idaho (both with and without financing information)
- Both of the above have two pages of lawyer stuff attached.
- Customer Recap
- Wholesale Purchase Order
- Dealer to Dealer (may be obsolete)
- Due Bill
- Loan Contract (for buy here pay here) for Washington
- Loan Contract (for buy here pay here) for Idaho
- & & & Both of the above have four pages of lawyer stuff attached

- Authorization for Credit Card Use
- Authorization for Payoff for a bought car
- Authorization for Payoff for a tradein
- Agreement and Acknowledgement of Goodwill Service
- Consignment form
- Disclaimer of Warranties / Implied Warranty (combined on one page)
- Disclosure Form for Recalled Autos
- Bill of Sale
- Customer Choice
- Deposit Receipt for Purchase with Forfeiture Provision

- Envelope for holding Deal Information
- Homeland Security statement
- Non Resident Affidavit (probably obsolete)
- Notice to CoSigner
- Promissory form to pay down/Insurance
- Promissory form to pay pickup payments
- Proof of Insurance
- Receipt for Down Payment
- Receipt for Total Payment
- Receipt for Pickup Payment
- Self Finance program generates a receipt for a payment made there
- Recondition Report
- Request for Payoff Information on a trade in
- Risk Based Pricing Notice(s)
- Salesman report on a Customer (3X5 card size)
- Salvage Title disclosure
- Various credit union membership applications

In addition to those, and to the government forms for Washington and Idaho, there are two forms that we have available from third parties that you would have to pay for:

- Washington Odometer Disclosure (about ten cents)
- R&R LAW Bank Contract (for both Washington and Idaho) (two bucks)

And R&R has a proof of insurance form that a lot of client use that is available in scanned form, but I have not yet done the work (mostly groveling) to get that form into my system.

If you are interested in using any of these forms, let us know and we will set you up. Future created forms will be announced both on our web site and with a gang email.

3/17/21 – Idaho form 3337

I have had several Washington dealers grump about the \$14 title fee that Idaho charges when they do the paperwork for an Idaho customer. I have been told that a) there is no such fee, and/or b) even if there is, the Dealership does not have to collect it.

My job is to do the paperwork correctly, according to what the States want, and not what a dealer that has been listening to rumors from other dealers at the auction seem to think is correct.

SOOOOÂ I called the great Gem State's Idaho Department of Transportation to see what the correct answer is.

And the answer is, a) the \$14 does still exist, and b) the dealership is supposed to collect it.

To be specific, if anybody wants to argue about it, don't yell at me, please call

208 334 8663 and ask for Connie in the title department.

(That is not my Connie, that is some other Connie. Who happens to do title stuff. Small world.)

SOOOOO relative to form ITD 3337 section 7, which just came out with an update dated 3/21, I am adding the total sales tax due to whatever you put into the Filing Fee box (just to the right of the License Fee box) in the Deal screen.

For Idaho customers of a Washington dealership, that value should be \$14. And That is what I default that value to.

If you put a zero in the filing Fee box, I will add that zero , but the bottom line on the form will be wrong, and it aint my fault when somebody complains about the math.

I asked if I could XXXX out the \$14 value hard wired into the Title Fee entry for Section 6, and I was told that the Dealership can cross that value out with a big red pen, but I, the software guy, cannot, because the customer needs to know that the Dealer is going to make the customer fork over the extra \$14 when he goes to get his title work done at the DMV.

2/22/21– Permits and Endorsements

Well, I just learned something last week that I suppose all of you know, or are supposed to know, but I didn't. I got this from WSIADA, who teaches the dealer intro courses.

Since it affects my software, I need to let you know that there will be minor changes to the Inventory, Dealer, and Admin programs. This does not really affect most of you, so there is no need to make a mad rush to upgrade your software at this time.

It has to do with Dealer Permits, or sometimes called Endorsements in Washington.

Carousel's software needs to know what permits you have, so that when you fill out certain government forms, it chooses the correct one from the seven different ones that are available in Washington. This information is entered into the Dealer table in the Admin program.

I had been doing the following selections:

Retail Dealer -- almost anything motorized

Wholesale -- no longer given out, but those who had one prior to 2012 can still have them

Motorcycle -- included ATV and Mopeds

Trailer -- anything not motorized

Vessel -- boats

ORV -- not implemented

Snowmobile -- not implemented

Well, it turns out I got a couple of them wrong.

What I called Motorcycle, but is in fact really called Miscellaneous, includes motorcycles, but also boat and horse trailers and utility trailers. These are NOT included in what I was calling Trailers. What I called Trailers, is really only Travel Trailers (like Airstreams and 5th wheels). Boat trailers, as noted above, go under Miscellaneous.

So, I will be renaming the permit names in the Dealer screen of Motorcycle to Miscellaneous, and Trailer to Travel Trailer.

I will move Boat Trailers to Miscellaneous.

And just Trailer to Miscellaneous.

And add a new class of Travel Trailer to the list of vehicle types.

So, if you are selling boats, you might want to be sure you have both a Vessel endorsement and a Miscellaneous endorsement. if you are selling RV Trailers, then you need the Travel Trailer endorsement.

And, of course, to make all this even more interesting, these classifications have nothing to do with the sales tax offset stuff.

In that case, all motorized vehicles are in one class, boats in another, trailers in another, and snowmobiles in another.

2/6/21 -- Leinholder Payoff for Bought Car

Lets assume somebody comes to your dealership with a car that he wants you to buy.
And it still has a payoff.

You need some sort of Leinholder Payoff form to present to the bank.
I have a number of payoff forms for tradeins, even a Carousel one (80056).
And now I have one for buying a vehicle off the street (80057).
However, entering the data for it is a little complex.
So, of course, I generated a video on how to do this:

https://www.youtube.com/watch?v=1YfcIGv_OSc

Let me know if you think you would need this form, and I will set it up for you.
You will need to have an InventoryS program dated 2/6/21 or later.

See the About box for this date.

2/3/21 Green Vehicles Tax Exemption

I have been informed by a client that in 2019, the State of Washington provided a sales tax exemption for certain Green Vehicles.

There are some rather interesting documents on the Washington gov web site about this:

The following is a short explanation about this exemption:

<https://dor.wa.gov/print/498860>

The following is a much longer document, which happens to be a PDF:

https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/SpecialNotices/2019/sn_19_CleanAltHybridExmpt.pdf

The following is a web site that tells you which makes and models of vehicles are eligible for this exemption:

<https://data.wa.gov/Transportation/Vehicle-Models-Eligible-for-the-Washington-State-T/aug9-4a7g>

For those eligible vehicles to claim the exemption, they must sell (before any trade ins) for \$30K or less.

You will get a maximum of \$16K exemption.

Which means that vehicles that sell for \$15K are exempt, for \$17K will pay tax on \$1K, and for \$31K will get zippo.

This exemption lasts till July of 2025.

So, if you have been selling electric, plug in hybrid, or some other clean alternative fuel vehicles, you can give your customers the advantage of this sales tax exemption.

I have made several modifications to the Carousel InventoryS, Deal, Quickquote, and Admin programs to honor this function.

It was rather complicated to implement, and for you to take advantage of.

So, of course, I have generated a video on how Carousel works with this:

<https://www.youtube.com/watch?v=fbjY1ckAQMA>

You will need copies of the InventoryS, Deal, QuickQuote, and Admin programs with build dates no earlier than Feb 3, 2021 for these features to work. If you let me know that you are interested, send me an email and I will get you set up.

If you have sold such vehicles already, and collected sales tax on them, the vehicle's owners can apply for a sales tax rebate.

I have made these changes to the best of my knowledge, but some of this was confusing.

So if you are going to have Carousel calculate this for you, you need to review the deal screen and any forms printed for such deals.

1/26/21 – Sales Tax and the 900 report

IF you are using our report 900 to fill out your Sales Tax and B&O report, there is an important issue that you need to be aware of.

And that is, the 900 report gets its sales tax information from the Sales Tax Database Table, NOT from the Sales Tax Defaults.

The Sales Tax Defaults provide the Deal program the sales tax information for this very instant when you are selling a vehicle.

The Sales Tax Database Table provides a chronological history of sales tax changes.

If you only wanted to run the 900 report for this month, for instance, then either source would be OK.

But lets say that the sales tax changed on Jan 1 of this year and went up by 0.1%.

If you do not change the Sales Tax Database Table, and you run report 900 in February for January's sales, the report 900 will continue to calculate based on the previous years values. But the Deal program did generate the correct numbers (since you probably did change the Sales Tax Default values).

The end result is, you collected the taxes based on the extra 0.1%, but you REPORTED the values based on the previous tax rate. (Or even worse, a rate previous to that maybe.)

April of 2019 was the last time that the sales tax changed in Spokane.

Such changes occur all the time, and the govmnt puts out a document each quarter listing those changes, if you did not already know about them from the newspaper. If anybody reads a newspaper any more.

Anyway, in March of 2019 I put out a memo to all our Washinton clients describing how to change your sales tax information in Carousel.

I am attaching that memo to this document. Note that the memo talks specifically about that tax change in Spokane, but the procedure is valid for any change in any county in Washington.

I urge you to make sure that the values in that table match up with the correct historical values, at least for the last few years.

Especially if you rely on our Report 900 to fill out the Sales Tax and B&O Report for Uncle Jay.

1/12/21 – DealScans

The Deal Scans utility has been around since 2013, but only two clients are using it. I think that is because our other 68 clients do not know about it.

This program helps you scan all the documents, including forms, bills, driver's licenses and whatever else you want as long as it is in PDF format), save it away on your server, and easily retrieve these documents using the Deal program's Forms page. That way, once you put a sold car's deal jacket into your filing cabinet, you can forget about finding it there and pull up anything you need in the future using this tool.

The following short video will tell you more about it.

<https://www.youtube.com/watch?v=P1F4A0aFkJs>

1/11/21 – New Odometer Rules

I have had a question about the odometer changes that occurred Jan 1 of this year.

From <https://www.nhtsa.gov/press-releases/odometer-disclosure-requirements-change>

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The U.S. Department of Transportation’s National Highway Traffic Safety Administration is reminding consumers that, starting January 1, 2021, odometer disclosures will be required for every transfer of ownership for the first 20 years, beginning with Model Year 2011 vehicles. Model Year 2010 and older vehicles will continue to be subject to the previous 10-year disclosure requirements and thus are exempt from extended Federal odometer disclosure requirements.

The U.S. fleet of vehicles is, on average, older than ever, and NHTSA finalized this rule late last year to address an increase in odometer fraud involving older vehicles.

Model Year 2011 or newer vehicles will only be exempt from the odometer rules after 20 years. To comply with Federal law, anyone transferring ownership of a Model Year 2011 or newer vehicle will be required to provide an odometer disclosure to the new owner.

Model Year 2010 and older vehicles will continue to be exempt from federal odometer disclosure requirements. Sellers of Model Year 2011 vehicles must continue to disclose odometer readings until 2031.

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So, it is NOT true that as of this year you have to have an odo statement for all vehicles 20 years or older.

This year it remains at 10 years.

Next year it will be 11 years.

Then that keep bumping until 2031, when it flattens out to 20 years at that time.

So, the thing to keep in mind is: 2011 and newer, at least for the next 10 years.

For those of you that have only rarely used an odometer statement because your vehicles are mostly 10 years old or older, that means in the coming years you will have to use this document more and more. I want to remind you that WSIADA now has a laser printer version of the Washington odometer statement, so that you do not have to keep your clunky Okidata printer to print these things, or to do them by hand. Carousel can set you up to use these laser forms when you get them.

12/7/2020 – More on laser odometer forms

I hope you know that WSIADA does provide laser (or inkjet) printer ready odometer statements.

So, you do not have to do them by hand, or with an OkiDoky, or buy a hard copy printer if you do not have one.

To get them from WSIADA, you have to phone Auburn 253 735 0267, say you are a Carousel client, and ask specifically for the laser printer ready forms. They will not be found at the auction, or at a DMV. They are searialized and blessed by the DMV. One of my clients just bought a package, and it was \$25 ish for a pack of 100. HOWEVER, they really screw you over with shipping, in which which your only option is overnight.

Carousel can set up the printing of them.

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With the use of these forms, and the laser printer version of the Reynolds & Reynolds 553 bank contract, there is really no reason why most of you would need a clunky old hard copy printer. Modern Office, where I bought most of these in the first place, is willing to talk to you about buying them back. They would probably not be interested in Parallel Port only models. I do not know what they would be offering.

To look into this, please call Russ at Modern Office, 509 328-9872.

1/2/2021 – Inventory Display

The Inventory Display program, AKA the Yellow Horsey, has a lot of functionality that most of our clients are probably not aware of.

So, I have generated a 7 minute video to show off all those neat things.

Please see

<https://www.youtube.com/watch?v=JcvSInq-CbA>

Or, of course, you can always go to our web site
carouselsw.com/clients
and find a link to this video (and all our other videos) there.

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1/9/2021 – Inventory Display update

A client requested a couple of changes to the Inventory Display program after seeing my video of a week or so ago.

Specifically, the ability to print the reports in a bigger font, and to double space the printing. Those were fairly easy things to put in, and it is now available for download if you want it.

To see the changes, please see

<https://www.youtube.com/watch?v=otu3m72bTDs>

and go to the 6 minute 30 second mark.

12/13/2020 – Window Stretching / Inventory

For years, clients have asked for a way to make the primary programs (Deal, Inventory, Admin) stretch.

That is, to magnify them so that the fields and contents are larger on the screen.

We started writing this stuff when the typical screen was 600 X 480, and now you can get screens with resolutions of 3840 X 2160.

Which means that the Carousel programs look very tiny on newer screens.

I have fixed that for the Inventory program, and will be fixing it for the other major programs eventually.

Below is a link to a video that explains the problem.

<https://www.youtube.com/watch?v=0DWEDBBvJCg>

In order to do this, I had to make some significant changes to the Inventory program. These are described in the following video:

<https://www.youtube.com/watch?v=Xs9kKVgB13s>

If you would like this version of the Inventory installed, and also the other programs when they get modified, please respond to this email and I will contact you to install this feature.

For those clients with more than two computers, I have also updated the Sync Programs function. This will be necessary to get a program modification moved to workstations other than the server and maybe the finance office.

For a video on This, please see

<https://www.youtube.com/watch?v=CC4zOZOypLk>

For a list of other changes that I have worked on, please see our web site

carouselsw.com/clients

This includes a list of all the videos that I have been working on.

The Inventory set of videos is complete, except that it was based on the non stretchable version of the Inventory program.

11/2/2020 – Video Overview of Carousel System

As you should know, I have been working on generating videos of the Carousel system. The videos so far completed can be found on our web site at "carouselsw.com/clients".

Probably the biggest motivator of this was when some prospective clients wanted to see some sort of demo, and all I had was to dial in with Teamviewer and do the two hour Dog and Pony show. Secondly, people would ask for instructions on stuff that was documented in the online manuals, but of course, finding it is difficult even for me, and understanding it ... well, maybe not so much. So generally I would dial in and do whatever it was that they wanted.

So my long term thought was to generate a whole bunch of short videos, and then for the Carousel Overview, package them all up and it is all of a sudden Show Time! But, my D&P runs two hours, and nobody is going to watch something that long, even if the production values were terrific and Oscar worthy.

I have been working on this stuff from two directions --

- 1) Somebody asks how to do that, and I create a video on it and send it to them.
- 2) Document all the functions in the system, with a bunch of short little videos. So far, the inventory program is about complete.

Last week, I decided to just generate a quick overall video, and if somebody wanted more information, point them to our web site to find a video on their specific issue. At least when they are all done.

So, the two hour presentation of Carousel has now been compressed down to a 19 minute video.

This video can have two audiences.

- 1) as an actual presentation, or at least an introduction to Carousel for a potential new client.
- 2) for existing clients, who are hiring a new salesman or F&I person, this would be a quick introduction to the Carousel system and how to use it.

So, Ta Da!! -- here it is, in all its glory, in living Technicolor:

<https://www.youtube.com/watch?v=eB6veh2nK1Y>

10/15/2020 -- Carousel, Backups, and Ransomware

I have heard reports that local businesses are getting hit with ransomware. And of course, your computers can always get stolen, or they can crash hard, a disk head can wreck a disk drive, your building can burn down, etc etc etc.

Ransomware is the situation where a nefarious group of generally Eastern European hackers manage to encrypt all your computer's data files (and databases) and ask for ransom to give you the decryption key. I saw a report recently that ransomware attacks are up 25% over last year.

For your Carousel data, at least, the simple answer is to do at least weekly backups, to a device that you can detach from your computer (like a memory stick, but not an always connected external hard drive) and store it away from your business. I prefer a father/son system, where you have two physical devices, which you rotate each week.

Carousel provides a fairly simple function to do these backups.

Then, if something happens to your computers, you can have somebody wipe the disks, and reload Windows (or buy a new computer), and I can reload Carousel, and we can get the last version of your database from your backup device. And at most, you will have to reenter one week's worth of inventory and deals.

BUT, if there is not a recent backup available, well, then, I hope you have the time to manually reenter all the data in your active deal jackets.

I have preached this gospel for years, and some of my clients do it, and some do not. Some of those that do not are possibly unsure exactly what to do, even though its use is documented in the Utilities document.

So, as I have mentioned before, I am starting to make videos of various Carousel functions. Today I generated a five minute video on how to do a Carousel backup, for either the Access or Sql Server databases. You can watch it at

<https://www.youtube.com/watch?v=CmhIbvc96E0>

In the future, if you need it, please check our web site at

carouselsw.com/clients

There are a few of you that actually use professional programs to back up your entire computer to the Cloud. If you are doing this, please be sure that the Carousel system is part of that backup, That is, if they are backing up a server, and Carousel is not on that server, make sure that Carousel somehow gets dealt with.

If you are uncomfortable dealing with all that, then Mario at Spokane Techs (who works with,

but is not part of, Carousel) now has set up a local backup server, sort of a local Cloud, and for a few shekels, will be happy to get you going.

If you are using the Sql Server database, make sure you run the SS Database Backup Creation function, since Microsoft has tied up the Sql Server data files so tight that I don't think a regular backup program can get to them.

Sept 28/29,2020 – WSIADA Education Fair Webinar

Every year, WSIADA has a day long Learning session downtown. For dealers, you get 5 brownie points. For software people (moi), you just get to learn some stuff. This fair is broken up into several one hour sequential sessions, with a different speaker for each session. This year, because of the Virus, it became a Webinar, using Zoom. It worked pretty well, once they got the correct login information to us.

Since most of my clients did not attend this webinar, I would like to send you my notes on what I found interesting.

Day 1, Monday Sept 28 2020

DOL Issues:

Wsiada Executive Director Todd asked the DOL what their main issues were that created dealership problems. This is his report on their answers. He mostly gave a lecture, but there was some (not enough) time for questions from the peanut gallery.

Late title transfers

You cannot (legally) even market, let alone sell a car without the having the title in your possession. Several things can trip you up if you do not wait to have the title.

- Make sure it is clean when you get the title, don't wait. If you only have a few days left when you get the title, and there is a problem, then you have a problem.
- If you bought the car from the auction – especially do not sell the car, because auctions take up to 30 days to get you the title for some reason.
- Complete all title prep work before selling the car. That is, read the title to see if there is a brand, make sure it is to the correct car, etc.

Temporary permit violations – 45 day temp

- All dealers are supposed to use the E-Permit system, and not use the hard copies except when the State computer systems are down, which I am told is very rare.
- If you do use a hard copy, you need to log then into the E-permit system when it comes back up.
- It is a really good idea to enter your hard copy permits into the E-permit system. Wsiada has an e-permit logbook that you can buy, but you can use your own (like a ledger).
- It is very rare that you can issue 2nd temp. One reason is if the bank does not deal with a lean quickly, especially if you use a check. Wsiada suggests paying liens electronically.
- If all of a sudden you decide to start doing E-Permits, it is suggested that you go back 30-90 days if you have not been doing it and enter them into the E-permit system. That shows good faith when the DI shows up to ask why you are still using the hard copies.
- You can skip this whole topic if you go directly to DMV and get plates right away. No temp is then necessary.
- Make sure you have enough hard copies available for 5 days selling in case the stae goes down.

Record keeping – incomplete transaction records

- This mostly happens when you are doing your paperwork and get interrupted.
- Monitor your process . Have a punchlist to make sure you do not forget to do something.

Rebuilt vehicle sales (and other forms of branding)

- It is a real bad idea to fail to list a vehicle as rebuilt or some other brand on the purchase order. (Note that if you are using the Carousel purchase orders, this information can be entered at Inventory time, and will appear on the purchase order automatically.)
- It appears that to sell a branded vehicle, the vehicle must already be in the dealer's name.
- You have to disclose it during negotiations, and not at the last minute.
- It might be a good idea to have a stamp made, but at least note it on the purchase order.
- It does not matter what kind of brand a vehicle has, as long as WSP says the vehicle is safe, you can sell it.
- Brand identification differs between states. It could be called Total, salvage, rebuilt, etc.

You can have one or more established place of business

However, if you are selling vehicle off site, customer has a 3 day rescision period.

Dealer plate usage

This caused a lot of discussion and Todd had to cut things off early to get on to more topics.

- The law does not allow you to use a Dealer plate for personal use, or outside normal business hour.
- When you do use it, you need to log it – time and odo reading, and why used. Wsiada just happens to have such log books for sale.
- Don't keep a dealer plate on the same car for an extended period – move it around to other cars on the lot. The law says a dealer plate can be on a vehicle for only 72 hours.
- The new dealer investigators are now asking for log books when they stop in to see you.
- You can use a dealer plate to transport a vehicle if dealer owns the vehicle (like pick up from auction).

It Must be on rear of vehicle, not on dashboard or someplace.

If you can't do that, it is ok on passenger seat but not visible from outside.

- You need a transport plate after the sale.

At this point Todd moved on to other topics, sadly.

Failure to refund overcharged fees

- The question was asked if you can just give the customer cash instead of a check, especially for small amounts. Yes, but receipt it.
- Must track all refunds. Keep receipts and checks in your dealer jacket.
- The majority of refunds are < \$25, but a lot are <\$10
- If you overcharge your customer for license fees, you must return the overcharge to the customer. The question was asked if a dealer can deduct a refund amount from money still owed by the customer? Yes, but record it, and receipt it.

Errors on title app

- If you have to make a correction, you must include a Certificate of fact explaining the correction.
- You must NEVER use colored markers on a title app, even to indicate where to sign. Only blue or black ink is acceptable. No highlighter or white out.
- Legal owner missing – mostly means the lienholder. Note that this has to be on the odometer as well. Along with the transfer date.
- Missing dealer to dealer documentation – need a wholesale order.

Ken Krouss: excise tax update – Assistant Director audit division, Wa

B&O taxes

- No B&O if a licensed dealer sells a car at an auction.
- If you wholesale a vehicle to another dealer – you need to pay wholesale B&O.
- If you have a non res sale but delivery in Washington – you need to pay the Sales B&O.
- The use of a 3 day temp to take the place of delivering a vehicle physically to an out of state location is still ambiguous, in my mind. A year ago it was the answer to a Spokane dealer's prayers. Now, maybe not. WSIADA says no this year, yes last year. I have sent an email to DOL to ask for a definitive statement.
- If the customer is a dual resident (eg has houses in Wa and some other state), you do have to pay B&O tax, even if the vehicle was delivered to his out of state address.
- "Moving to Idaho" – not yet a resident, pay the B&O tax.
- To document a non res sale, need driver license, evidence of Out of State address – utility bill, voter reg, state income tax return.
- Fill out a buyer affidavit, and seller affidavit for either In State or Out of State sales. Note that Carousel will print out these forms, but not check the boxes.
- You need documentation to show delivery to out of state. Photos are good.
- The customer must not drive the vehicle away from the dealership for it to be an out of state delivery.

Sales tax

- The seller is liable for the tax even if they did not collect it, or at the wrong rate.
- Sales tax is based on dealer location and rate even if you deliver the vehicle somewhere else. If sold in Spokane to a Seattle resident, use the Spokane tax rate.
- Parts that are shipped, however, are at the Customer's location rate
- WAC 458-20-177

trade ins (sales tax offset)

- Must be property of like kind. There are five different categories. Motor Homes appear in two of them, and I have always been confused about this. It turns out you can pick and choose which category you prefer for Motor Homes.
- Leased vehicles being traded in are not available for a sales tax offset because purchaser does not own the vehicle being traded in.

Native Americans

- In order to give them a sales tax deduction, you must deliver the vehicle to a recognized tribal member, and at his correct reservation.
- You have to fill out the Dealer to Native American form. (Note that this has changed its name in the last few years.)
- The dealership is exempt from B&O if your business is on the reservation (even if you are not Native American), or the sale is solicited while on res (such as an off site).

Deduction errors

- You cannot deduct more than the value of the tradein, even if Tradein > sale price.
- You cannot get a trade in sales tax deduction if the customer qualifies for a Native American Sales Tax deduction. No double dipping.

Use Tax – like the sales tax, but you have to report it.

- Must be collected for anything bought out of state, even if online.
- Applies to advertising, parts, supplies...
- There is a use tax when somebody in the dealership uses a dealership vehicle for personal use. This applies to demonstrator and executive vehicles. The tax due on one vehicle per year for each person who uses one. It is a little weird to calculate – it is based on something like 1/4 the average selling price of all vehicles sold in the dealership that year. (This is not Gospel, since I probably did not write it all down correctly.)
- There is also a use tax if you have Loner cars.

Nonresident sales tax exemption

- For everything BUT vehicle sales, an out of state resident can apply for a sales tax refund at the end of the year, but does not get not a sales tax deduction at the point of sale. In those cases, buyer pays sales tax and then applies for a refund. That would be for parts and stuff.

Keep records for 5 years (DOR, feds may be longer)

For more information you can contact people in this department at communications@dor.wa.gov

Todd Shepard – Insurance

Fewer insurance companies are insuring car dealerships. So there is less competition, so the prices are going higher.

Unaccompanied test drives

- Get copies of driver license and a 2nd id
- Compare photo on the ID to the person
- Get copy of their insurance card
- Sign a test drive agreement (Wsiada has one)
- Ask your agent about False Pretense Coverage to protect you from all this. You are liable if the test driver has an accident, or just disappears with the car. Your normal dealership

- insurance does not cover this sort of thing.
- Conversion (what that all is) is not auto theft and not covered under dealer policy, since you gave the person the keys.
 - If somebody stole your key rack and then left with one of your cars, stolen keys is auto theft, and not property damage.

Employee fraud

- Former employees using former employer's insurance card, and get in a wreck.
- Report all terminated employees to your insurance agent. That means that the employee is guilty of fraud and maybe gets you off the hook.
- Report all new hires so make sure they are covered.

Employee practices liability insurance

- This means discrimination and harassment in the work place. If somebody complains about this and you do not deal with it, you could get sued.
- The dealership should have a no tolerance policy of political or sexual comments or jokes.
- Document all complaints.

Cyber liability

- You are more likely to experience a cyber crime than property loss. This can take several forms: fake phone calls looking for private information, ransomware, loss of customer data, which can lead to Business Reputation damage
- Note that I am aware of one incidence of Ransomware in the last few years.
- BACKUP everything, to the cloud if possible, to external disk or thumbdrive if not.
- Control physical access to your computers.
- Make sure your wifi network has a password.
- You can buy a Cyber Liability Policy that will help you if one of these things happens to you.

More Topics on Day 1

Actually, they were pretty boring, at least to a software guy, so I tuned them out and did not take any notes.

Day 2 – Tuesday Sept 29, 2020

Mark Worthey, Assistant AG for Washington – Consumer Protection Division

This guy talked faster than an auctioneer that had to go to the bathroom. And his almost 60 slides were mostly full of lawyer stuff that only persisted a few seconds before you went to the next one. So, I am going to give you here my impressions of what he had to say, but it is a long way from a transcript.

He first talked about Advertizing, and then later about Consumer Protections, and finally, one of his most favorite topics, his hatred of As Is buyer's guides.

Biggest Auto Advertising complaints

- deceptive – a practice likely to mislead a reasonable consumer
- failure to honor the advertised price
- the advertised vehicle not available
- selling above advertised price
- WAC 308 66 152 – defines examples of false advertising

False Reference Price –

- item must have been on sale at full price before advertising a reduced price.

Don't advertise low monthly payments unless you can actually offer the vehicle for that amount

Bait and Switch –

- must advertise only products that you intend to sell.
- cannot discourage someone buying an item that was advertised.
- If it was advertised at a price, must sell at or below that price.
- Put an end date on your ad.

Disclosure with rebuilt title – WAC 308 66 152

- Must disclose branded titles in writing – dealer license could be suspended for violation.
- The closer (in an ad) a disclosure is to the claim to which it relates, the better.
- Disclosures Must be clear and conspicuous.
- Place disclosure in an ad where a consumer will look.
- Disclosures should stand out so consumer will notice and read them.
- Essential information should not be disclosed in a hyperlink.
- Repeat disclosures as needed if you have created a lengthy website.
- don't require a lot of scrolling to get to the disclosure.

Advertising on the internet and social media – getting it right

- same laws about radio and tv also apply to Facebook or Google advertising.
- dealer does not need to intend to deceive if on the face of it an ad is deceptive.
- An ad may be deceptive if there is an omission or misrepresentation in the ad.
- Don't use industry jargon that may be ambiguous.
- *Advertising checklist:*
 - disclose the number of vehicles available at specified price
 - disclose vins in the ad.
 - disclose what your document fee is.
 - cannot use fine print to contradict something in the ad.
 - it is deceptive to declare that everybody is financed, if not everybody is.

Free offers

- Cannot be free if money must be spent to receive the item.
- RCW 19.179.030(6)
- Can't use "give", "bonus" or other words to imply free.

Implied warranty of merchantability

This took up a lot of discussion, as it has in previous meetings.

The questions centered around As Is buyers guides vs Implied Warranty buyers guides.

Mr Worthey clearly hates the As Is buyers guide, although it is legal, but would really prefer that dealers only use the Implied Warranty buyers guide. In Washington State, any sale has a presumption that what is sold will work and will perform the task that it was sold to do.

- If you use As Is buyers guide, do you indicate As Is-ness in your advertizing?
- car must be fit for ordinary driving purposes
- Reasonably safe without major defects.
- Of average quality of other cars in same price range.
- Can only be sold without an implied warranty if customer knowing agreed to waive the warranty and was provided with a statement of the parts that are not covered.
- As is sticker on the car is not good enough to waive the customer's rights.
- Keep everything in writing – have paper trail that the information was disclosed
- Buyers guide – if you are going to only use As Is buyers guide, you should advertized that the price is contingent on that as opposed to the Implied Warranty buyers guide.
- Mr Worthey said he personally does not know how somebody could advertize a car As Is under the laws of Washington. They have taken action on some egregious dealers.
- But it is not (yet) mandated to use the Implied Warranty.
- implied warranty is generally presumed to be 90 days, but the longer away from the sale, the less you are responsible.
- If you try to sell a warranty, and customer declines it, use the Implied Warranty buyers guide and write on it, No Warranty.
- Customer needs to give you an opportunity to fix an issue before they just run off and get it done and hand you the bill.

Civil Investigative Demand

Here he talked about their departments investigative authorities, and the lesser options that they can use when an issue comes up. They generally start an inquiry with a CID

- The request must be within authority of agency
- Not too indefinite of a time period
- Documents requested must be reasonably relevant
- If you do not respond, then they go to court to get a response the hard way.
- 4th amendment allows the AG more leeway when it comes to requesting documents than asking you questions.
- Often, all this will result in an Assurance of Discontinuance. This does not mean a dealer admits that he did something. But don't do it again, or else.

AG Complaint Department and Consumer Services unit

This is an even less formal way to interact with a dealer than the CID. It may lead to that.

- This is the department that gets phone calls or letters from the public.
- They can provide an informal resolution service
- They will monitor consumer complaints for violations that may warrant further review by AGO

- This department is a neutral party – do not have enforcement powers themselves.
- Everything is informal and voluntary
- Nobody is required to participate

Dave Blake, DAA Seattle

All about renaming DAA to MAG.

(Yawn..)

Jack Klempf, Selly Automotive CRM

Selling Online in the Covid marketplace.

This guy runs a CRM company, and gave a talk last year.

This year he does talk about CRM, but he also expanded his talk to other online things that a dealership should be thinking about.

SellyAutomotive.com – lots of podcasts and other information about car stuff

Auto E-Commerce players

- Carvana, Vroom, Shift
- Carvana – great photos, great marketing of their brand, nationwide.
- Works with customer in their preferred digital environment.

95% of buyers start looking online.

- Roadster – provides start to finish online for a dealer.
- Modal – add-on to your website to connect customers to the dealership online.

Why a digital retail tool may work for you.

- Does your website get a lot of hits? If you use a 3rd party web site, not so good.
- If you sell a lot out of state or long distance away vehicles – this way customers can work with you without traveling a long distance.

Might not work well with your dealership --

- Will not work well for Buy Here Pay Here.
- Might not integrate with a desktop based DMS.
- You need a high end web site of your own.
- Expensive
- Built for franchise dealers at this time.

Calendly is a free and easy to use appointment tool.

Customer uses it as part of your web site.

Texting vs chat

- 90% of people will look at a text, vs 25% will look at an email.
- But you can get into mucho trouble if the person you are texting has not given you permission to text them (eg Opt In).
- Chat widgets need to be constantly monitored, and so some people outsource this to

somebody that does not know anything about your dealership.

A great way to really display a vehicle at its best is to use YouTube. Instead of still photos, you can make a video, which will correctly display on either a monitor or a cell phone. And, it is free.

Facebook Marketplace

- Seems to be a replacement for Craigslist.
- Do not use your personal facebook, since your user profile may urn of some customers.
- Set up a Facebook business page.

CRM...

- That is what this guy sells.
- Smaller dealers need crm the most, he says.
- Crm (his, at least) can handle texting chores
- Keep all your contacts and contact history online, so if somebody leaves the dealership, you still have all your data.

Online auctions

- Backlot Cars
- Manheim Express
- TradeRev

We are in a bubble in terms of wholesale prices being at an all time high.
Sell your inventory quickly since prices will be going down.

10/13/2020 – Followup on 3 day trip and B&O

This is a followup to my notes that I sent all of you on the recent WSIADA educational fair, held at the end of this September.

So, as noted in my message to DOR, I have had conflicting statements about if the 3 day trip permit constitutes an out of state delivery for B&O tax purposes. So I asked the DOR guy (actually, an auditor) who presented at this conference.

The short answer is: it does NOT.

Please see the part in bold (my bolding) in the answer below.

I understood the opposite in the past, because that is what I was told in WSIADA presentations. Now even they agree that this does not get you off the hook.

----- Forwarded Message -----

Subject: B&O question

Date: Tue, 13 Oct 2020 20:41:48 +0000

From: Rulings DOR (DOR) <RulingsDOR@DOR.WA.GOV>

To: demattia@mailforce.net <demattia@mailforce.net>

Dear Dennis DeMattia:

Thank you for your inquiry dated Sept. 29, 2020 regarding out of state deliveries of vehicles.

Answer

A vehicle must be delivered by the auto dealer to their customer outside Washington in order for the sale to be considered an interstate sale exempt from B&O tax and retail sales tax (WAC 458-20-193).

If a vehicle is sold to a nonresident of Washington and removed from the state under a trip permit, then the sale is subject to B&O tax but exempt from retail sales tax (RCW 82.08.0264).

Please see our Auto Dealers guide for more information.

This ruling is binding on the Department of Revenue and the business named above. If you disagree with this ruling, you can request an administrative review. You must request an administrative review within 30 days of this ruling. See WAC 458-20-100.

If you have further questions, please write again.

We're always looking for ways to improve. Please take our 2-minute survey to help us serve you better.

Quinn D.

Tax Information Specialist | Washington State Department of Revenue | Rulings@dor.wa.gov

9/25/2020 – Videos, and License Express

For five years now, i have been wanting to generate some videos of the various Carousel functions. I have not done it, because there was always something more important to do, or so it seemed.

I finally bit the bullet, bought some video editing software (and a new computer to run it on) and started production.

I have about 75 videos planned, and in the last few weeks I have cranked out about five of them. Hollywood productions they are not. I am still fiddling with learning the editing functions, and the narrator (moi) needs to not give up his day job.

In my opinion, the video most needed by existing clients, is a video on the License Express system for Washington dealers.

It is a very useful tool, but many if not most of my clients seem to avoid it, or at least seem to avoid using my interface to it.

So, I have made this video early in this process.

I am putting all my videos on YouTube, because it is easy for my clients to view them, and Google seems happy to store them for free.

A lot of you apparently do not know that Carousel has a web site

carouselsw.com

When you first open this site, you get a choice of seeing propaganda for Carousel if you are just considering using our software, or actually finding stuff out if you are an existing client. These are the two **HERE** buttons to choose from.

If you click the Existing Client "here" button, or just go to carouselsw.com/clients, then you will get a big page of information that contains a list of all changes made to Carousel in the last two years, current documentation, and what I am calling "Helpful Videos".

In that section, I am listing out all the videos that I plan (or hope) to make over the next few months (or years).

Scrolling down that list, you will find headings for the major topics, and blue links to the YouTube videos where one has been made.

At the moment, the only one done for the Deal program is the License Express video. Click the link, and it will take you to the YouTube video for this topic.

You can click any of the other blue links to view those topics also.

8/7/2020 – Laser LAW forms

I now have the ability to generate the LAW 553 bank contract using your laser (or inkjet) printer, rather than messing with the 30 inch long paper form and the crappy Okidata printer.

If you are interested in getting this installed, please let me know.

You will have to sign a license with Reynolds and Reynolds, who owns the copyright to that form, and each vehicle that sells using that form will cost an additional \$1.91. But, compare that to the \$2.50 that the paper one costs, plus the fact that you can print as many as you like, for as many customers as you like, per vehicle, and you only pay for one form. And, you can't screw it up, or jam the printer and throw it away, or ...

My goal is, at least for small dealers, to let you toss your Okidata printers in the nearest lake.

We also have available a laser version of the odometer form.

And we will soon have the LAW 228ru form for Proof of Insurance.

4/16/2020 – ITD 3204 (Titles Transmittal)

Idaho dealers have to fill out the ITD 3204 form "Titles Transmittal for Dealer/Financial Agency".

Carousel now has this form in a scanned format.
It is Admin report 1242.
It has a date range of your choice.

This needs to be set up by me to work properly.
Just contact me and i will dial in and get it going.

For an item to appear on this form,

- 1) You must be an idaho dealer
- 2) the customer must live in Idaho
- 3) you must have charged the \$14 funny fee
- 4) you must have filled out a 502
- 5) you must put the control number of the 502 into the 3 day temp entry box on the complete screen of the Deal program.

It has been pointed out to me that

- a) sometimes you sell a car and do not have the title. While I could check the Have Title box, nobody wants to set that, so I will print that vehicle regardless of the status of the title. You will just have to scratch that out on the form.
- b) in A) above, when you do get the title in a subsequent month, you will have to manually enter it onto the form.
- c) so I do NOT sum up the amount collected for the vehicles on the form precisely because of these issues. You will have to do that.

Note that this form can be run at any period you want. Just do it at the end of a day, because if you run the form, and then sell another vehicle that day, it will not show up on a subsequent report.

So, if this would be helpful to you, please let me know and we will get it working.

1/10/2020 -- Forms Printing Update

In the beginning, or at least in 2001, all forms that Carousel printed were on preprinted paper forms that you could only print on with a hard copy printer (eg Okidata).

About 2010, Carousel started to develop a method to scan forms into a windows picture format (BMP to be exact) and then generate both the background (scanned portion) and foreground (fill in the blanks portion) on a single piece of paper using a laser or inkjet printer. This has the advantages that :

- A) You do not have to stock or even buy these forms.
- B) Carousel could develop forms (blessed by our lawyer) or use public domain forms (on government web sites) or a user generated form at no cost to our clients.
- C) Once set up, you can't screw it up. You can't put the paper in wrong so that the printout does not hit the blank spots, for instance.
- D) Microsoft generally will not break everything when they do an update to your computer.
- E) You can spool up a bunch of forms to the printer without having to wait for each form to finish printing.

The disadvantage is mostly that everything has to fit on an 8.5x11 inch piece of paper, and if you need multiple copies, you either have to copy the form generated, or generate the form multiple times.

Most forms I get start out as a PDF format document. I then print that off, scan it, complete the process to fill in the blanks, and then ship it to you. But soon there will be an important form (LAW 553 contract) where I am not allowed to do this. I must in that case use the original PDF form itself. (For Legal, not technical reasons.)

So Carousel had to develop a method to do this. Sounds simple, but it took a lot of work to get done. But now that we have this method available, I will be using that technology for most all future forms that Carousel generates, and in fact, we will go back and redo some existing forms to use the original PDF, rather than the scanned version of the PDF.

This new method will be referred to as CS2PDF. A new program by that name has been written to accomplish that. When it is installed, you will see an icon on your desktop with that name. Generally, you will not have to run the program yourself. When the Deal (or Inventory) programs need to use it, they will start up the CS2PDF program. You will see this program appear on your desktop as a window with that name. It logs what is happening in that window. You mostly do not care about any of that, unless something does not work, so you can minimize that window.

When you use the Deal program to print one of these PDF Direct forms, you really will not do anything different than you do now. Select the form, select the printer, and the form will print.

What is happening under the covers is, the Deal program communicates to the CS2PDF program

what form has to be printed, and where to print it, and now That program physically prints the form on your printer. At the moment, you will get a message saying that the data has been sent over, but we will eliminate that message in a future revision.

I know that this seems an odd thing to do, but the Deal program is created with a 20 year old tool that did not know anything about PDF files, and so Carousel had to use a newer set of tools to do this job. We are actually converting all of Carousel to the new tools, but that will take a lot of time. Having this intermediary program handle these functions allowed us to provide the function without converting everything else first.

The end result of all this is:

- 1) Carousel can now give you a cleaner form, since we do not generate a BMP form as an intermediate.
- 2) We will eventually be able to convert the LAW 553 form to run on a laser printer.
- 3) Carousel can develop or modify forms much quicker than the old method, since there are fewer steps to hop through.

This new technology will be installed on your systems as we get around to updating your systems for any other reason, or installing any new forms.