Carousel Epistles VIII
2026

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 oldest to newest.
For memos dated before 2026, please see Carousel Epistles I, II,III,IV,V,VI and VII

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1/22/26 – Admin and Report 900 update

The new Admin updatecontains two items.
First, it creates some new fields in a database table named SalesTaxHistory.
Second, it uses those fields to fix a problem in Report 900 that comes up because of the various tax changes this month.

I am including in this email links to three different youtube videos that will help you accomplish this.

This first video shows how to receive a Carousel program update, and what to do with it.
Note that you only have three days to retrieve the file.

The next video will be specific to what to do with the Admin program itself, which I will send to you via yousend it.

The third video is needed if you have multiple computers on a local network.

I suggest when you read this, and see the yousendit message, that you follow those instructions to save the program onto your computer.

Please watch:
https://www.youtube.com/watch?v=M3ticufqqV4

After you have installed the updated Admin program, you need to do one thing one time.
This following video shows you what to do.

please watch
System -- Admin 2026 -- what you need to do only once when it is update
https://www.youtube.com/watch?v=ZeR49LGUI9k

For companies with more than one computer, they will need to do the following

System -- workstation installation
https://www.youtube.com/watch?v=IGLUVA8AuiQ

1/22/26 – Luxury Tax on Boats

I do not know how many of my dealers sell a boat every now and then.
If you do not, skip this memo.

The luxury tax thing that the gvmnt passed last year also includes boats.
Anything under 16 ft or without a motor is excepted. And commercial boats.

As with the other taxes starting this year, this one is also confusing.
As I read the law, boats subject to the tax do not have a base -- that is, the tax applies to the full price of the boat.
However, other people disagree and say boats, like vehciles, only are taxed above $100K.

So, as always, I leave it to you to figure this out.
I have here several links to sites that talk about this, and I have included a link to the actual text of the law.

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I got the following from some CPA guy
https://www.ballardspahr.com/insights/alerts-and-articles/2025/07/washington-state-new-luxury-taxes-on-aircraft-boats-and-vehicles
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Boats and Other Watercraft

Starting July 1, 2026, Washington implements a new 0.5% luxury tax on watercraft vessels, in addition to the state sales tax and the watercraft excise tax. The tax applies to "recreational vessels", meaning those vessels defined in RCW 88.02.310 that are also subject to the watercraft excise tax under Chapter 82.49 RCW. Under RCW 88.02.310, the definition of "vessel" is quite broad, including "every watercraft used or capable of being used as a means of transportation on the water, other than a seaplane." Beyond this broad definition, several types of vessels are exempt, including:

1. Vessels exempt from the registration requirements of Chapter 8802 RCW.
2. Vessels used exclusively for commercial fishing purposes.
3. Vessels owned by certain nonprofit organizations.
4. Vessels under 16 feet in overall length.
5. Vessels owned and held for sale by a dealer, but not rented on a regular commercial basis.

For vessels subject to the new tax, the measure is the selling price. For example, if a taxpayer purchases a boat for $750,000 and trades in a boat with a fair market value of $300,000, the tax applies to the full $750,000 selling price. Furthermore, in the case of a lease requiring periodic payments, the tax is imposed on the fair market value of the recreational vessel at the time the lease begins. Presumably, this "periodic payment" requirement for leases would limit the tax to those recreational vessels that are leased for longer periods of time.

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From another cpa site:
https://www.cbiz.com/insights/article/increased-washington-state-taxes-on-car-boat-and-airplane-sales-in-2026
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Those shopping for a new boat in Washington state should consider closing the purchase before next summer, because a new 0.5% tax will apply to certain watercraft beginning July 1, 2026, in addition to the regular sales tax. Generally, the tax applies to vessels defined as "every watercraft used or capable of being used as a means of transportation on the water, other than a seaplane" under RCW 88.02.310 and required to be registered to pay the state's annual excise tax imposed on the fair market value under RCW 82.49.010. Vessels that are not subject to this additional 0.5% tax because, under RCW 88.02.570, they are not required to be registered or subject to the annual excise tax, include government vessels, vessels without propulsion machinery (i.e., rowboats, canoes), vessels primarily engaged in commerce, vessels held for resale by a licensed dealer, and numerous other types. Additional types of boats not subject to this tax include those exclusively used for commercial fishing, owned by a

nonprofit organization, or under 16 feet in length. It appears the state has generally intended for this tax to apply to recreational vessels with any type of “propulsion system” other than human power.

Similar to their land-based counterparts, the tax is measured strictly by the selling price of the vessel; any vessels traded in as partial payment do not reduce the amount the tax applies to. Also, similar to motor vehicles that are leased, the 0.5% tax will apply to the fair market value of the vessel at the time the lease begins.

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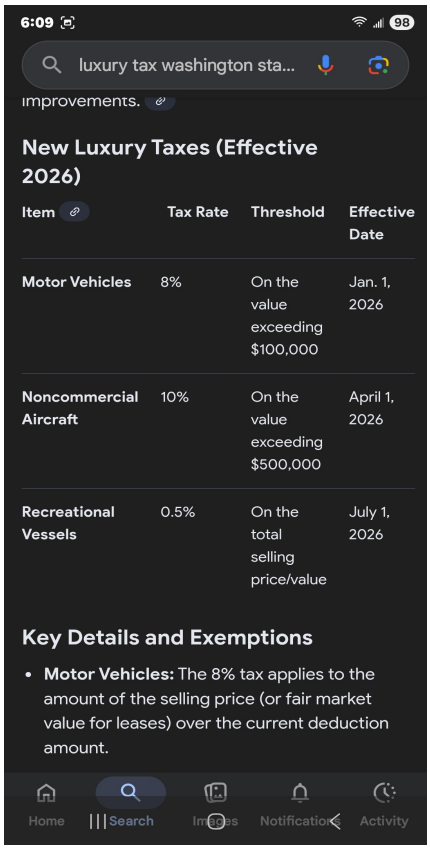
The actual law comes from

https://lawfilesext.leg.wa.gov/biennium/2025-26/Pdf/Bills/Session%20Laws/Senate/5801-S.SL.pdf?q=20250528102015

P 20

You will notice that there is no base price on boats for the tax to start.

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(4)(a) Beginning July 1, 2026, in addition to taxes required under this chapter and chapters 82.12 and 82.49 RCW, there is levied and collected an additional tax of five-tenths of one percent on the selling price, plus trade-in property of like kind, for purchased recreational vessels.(b) In the case of a lease requiring periodic payments, the tax is imposed on the fair market value of the recreational vessel at the inception of the lease.(c) The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.31(d) For purposes of this subsection, "recreational vessel" means a vessel as defined in RCW 88.02.310 that is subject to watercraft excise tax under chapter 82.49 RCW.34(5) .

1/31/26 – Smart App Control

I just found out about something awkward about Carousel and the latest Windows.

And that there is something new to windows 11 called Smart App Control (SAC).

This is sort of like an anti virus, except that it uses its own magical algorithm to figure out if a program you are running is a virus.
Most normal anti viruses allow you, the user, to state that a particular program is NOT a virus, but this thing will not let you do that.

So one of my clients got its Splash screen (the thing with all the horsies) tagged, and SAC would not let it run.
Strangely, all the other Carousel program were able to run, at least on this computer.
It does pop up an error message, of course rather cryptic, but the name Smart App Control is in the message.
And it supposedly does let you send your program to Microsoft to evaluate it with their tools, and after due consideration and a boatload of time, they will bless it.
I did not do that with this client, since I at the time still thought that SAC was a virus and did not want to make things worse. A little googling shows that it is really a new feature of Windows 11.

There seems to be only two ways to get around this thing, if it tags you:
1. Turn SAC off. You can do that in the Windows Settings.
2. Carousel has to add something called a Certificate to each of its programs. SAC looks for that and will let them run.

I know very little about this certificate thing.
It will probably take a couple of months for me to figure it out and get one.
And it will probably cost me a bunch of Benjamines once I do figure it out to go through the strip search that appears to be required to get one.

SOOO -- If you find this happening, give me a call.
At the moment, my only choice is to turn of SAC.
The downside is, once it is turned off, it can never be turned back on for some reason.
The documentation says that this only comes with a brand new computer, but someday I am sure that it will show up in a Microsoft update.

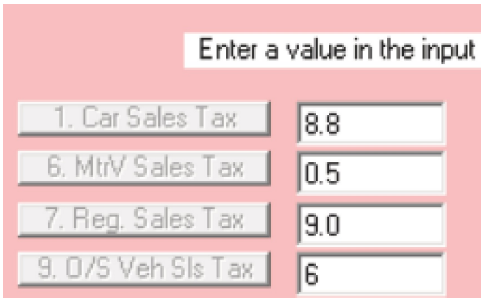
2/24/26 – Sales Taxes for Washington (again)

I have had some questions recently about sales tax rates.
Apparently I was not very clear in the memi that I sent out in the last couple of months about this topic.
And in at least one case, described below, I was a tiny bit wrong.

The definitive document for such things are at the DOR website.

Put "dor.wa.gov" into your browser address (aka URL)
Then select "find a sales and use tax rate"
Put in your dealership address, and it will give you three tabs:
Sales and Use (ie bubblegum)
Motor vehicle (you)
lodging (not you)

There are two places in the Admin Program where this information needs to be entered in Carousel.



First is in the Default tabs, first three rows of the first column.

The examples shown are for Spokane Valley, but all this is location dependent.
So your mileage will vary.

The **second row** as of January 1 2026 is 0.5 for everybody in Washington as of 2026.

The **third row** is found under Total Tax Rate in the Sales and Use tab.

The **last row** is for out of state, and I generally use Idaho's rate.

The **first row** is a bit complicated.

Below is an example for Spokane Valley, Motor Vehicle sales:

Location code (view map)	**3273**
City	Spokane Valley
County	Spokane
State Sales and Use Tax	.065
Local City/County Sales and Use Tax	.023
State Vehicle Sales Tax	.005
Total tax rate	**.093**

In the Motor Vehicle Sales tab, you will see
State Sales and Use tax, which should always be 0.065 (for now, anyway)

And you will see a Local City tax, in this example 0.023

When you add these two numbers together, you get 0.088 or 8.8%.
That is the value that should go into row 1.

The thing that confused me was -- that value of Local City used to be, for Spokane county, 0.1 less than the value shown for Retail sales.
In 2026 it is now 0.2 less.
I did not see that coming.

Note that other counties have different rates, and most counties use the same value of Local City tax for both Sales and Motor Vehicles.

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The **second place** in Carousel has to do with the Sales Tax History.
This area is where the report 900 gets its historical information.
That is needed, for instance, when the tax values changed on Jan 1, and you changed the default values on that date, but you needed to run the Report 900 for the previous December, when the tax rates were different than the date when you run the report -- anyway, that is why we have a Sales Tax History table.

To get to that in the Admin program, click the Tables tab, then Sales Tax button.
Assuming you have

a) the curernt admin program
b) updated the sales tax program with its new columns
You should see something like the following

Date	StdRte	CarRte	SVigRte	MVrate	LuxBas	LuxRte	Retail B	WhslBO
10/1/2004	8.40%	8.40%	6.50%	0.30%	0	0.00%	0.471%	0.484%
1/1/2005	8.50%	8.70%	6.50%	0.30%	0	0.00%	0.471%	0.484%
4/1/2006	8.60%	8.80%	6.50%	0.30%	0	0.00%	0.471%	0.484%
10/1/2008	8.70%	8.90%	6.50%	0.30%	0	0.00%	0.471%	0.484%
4/1/2017	8.80%	9.00%	6.50%	0.30%	0	0.00%	0.471%	0.484%
4/1/2019	8.90%	9.10%	6.50%	0.30%	0	0.00%	0.471%	0.484%
1/1/2026	9.00%	9.30%	6.50%	0.50%	100000	8.00%	0.471%	0.484%

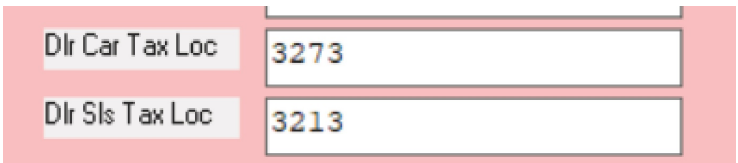
Note the last line shows
the date the sales tax changed (1/1/2026),
the standard (I call it the bubblegum) rate (9.0),
the actual vehicle rate (after adding the state vigorish to the local vigorish) (9.3),
the state rate, the extra Moror Vehicl rate (6.5),
[the local vigorish rate is not shown here]
the luxury base (100K),
the Luxury Rate (8.0),
and the retail and wholesale B&O rates.

These need to match up with what is in your default table we just talked about.
(Note that some of the other lines may not be correct, because, well, I do not run a dealership.)
If these values are not correct, then
a) report 900 will be wrong and
b) Carousel's calculation of sales tax on your bill will be wrong, because it uses these values also.

If something in this table is wrong,
a) click the bad line
b) click the Delete button
c) reenter the line with the correct values.

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By the way, there are two other numbers in the DOR display that should be of some interest.
If you go to the Dealer tab of the Admin program,
you will see the following on the right hand side of the page:



These are the location codes needed for when you fill out your quarterly or monthly state tax report.
The 73 one in this example is for when you are putting in information for cars sold
The 13 value is the standard bubblegum rate (maybe for doing service on a sold car).
These values can be found in the Tax Rate Lookup page under Location Code.
And they can be different between the two tabs (retail and motor vehicle)

8/10/26 – WIDCON Conference 2026

The attached report is my summary of the WSIADA annual conference, now called the WIDCON conference, held in Auburn this August 6th.

They expected about 200 people, and it looked to me that they came near that.

It was a 6 hour ride over, and we did not even hit any construction to speak of.
Rush Hour in Seattle was another matter.

The conference exceeded my expectations, but my expectations were rather low.
Not much new was announced.

The report is rather short this time, at least for me.
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WSIADA Annual Meeting, Seattle, Aug 6 2026
There were a number of changes this year to the meeting, and to WSIADA itself.

First, the previous Operation Director, Rick Olsen, has left the building. I do not know if he walked out or got kicked out. I was sad to see him go.

Coincidentally, WSIADA hired a new Executive Director, Jessi Roberts. She had experience at Idaho's version of WSIADA.

The venue moved from last year a hotel with a connection to SeaTac airport, to this year Mukelshoot Casino and Resort, in Auburn, which is no where near the airport and has no shuttle bus to it. So you have to drive or rent a car. In my opinion, a casino is a lousy place to have a convention. I have no issue with the gambling, but that gambling takes a lot of security, and that security gets in the way of the convention. This place is a casino with a hotel that happens to be attached, and I would rather be at a hotel with a convention area attached.

Somebody decided to rename the convention to WIDCON. It may not have even had a name before, but it does now.

The format of the convention was also different. In place of having a lot of talks, many by sales guys, sometimes with two sessions running simultaneously, this one was six sessions, sequentially, no salesmen (overtly, anyway). That actually worked out pretty well, The sessions were all very interesting, no sales pitches, and even things I personally was not concerned about, they were informative anyway.

The downside of this, and anybody who knows me will understand, is No Questions Were Allowed At Any Session!!!!! The alleged reason was to allow the presenters to have lots of time. Personally, I think it was to keep pests like me from interrupting.

All of the sessions consisted of a Panel with a Moderator. No single speakers standing up and opining. Panels were usually 5-7 people, who worked in the area of the session topic, answering questions from the panel Moderator (but not us, of course). Previous conventions did have panels, but they were not every session. I personally think this new way worked pretty well. It would have worked a lot better if the sound system in the room worked well. It did not. The sound was very mushy, which is the best way I can express it. I could barely hear some of the panel people, especially the ladies, event though I had my hearing aid on.

One other thing was rather strange – a WSIADA Past President did all the session intros and things, and not the new ED. She was on a couple of panels, but left the spotlight to the past president. Who did a very good job, by the way.

This convention was attended by several heavies from NIADA, the national organization that kind of shepherds all the state ones. So the opening ceremonies introduced the new ED, had talks from incoming and past presidents of WSIADA, and talked about the future philosophy of WSIADA itself. Apparently the Board wants to make a lot of changes for the future of the organization. It was not clear to me just what that was gonna be. But probably a lot more digital.

Session 1 – Compliance and Washington Playbook

This had a panel that included the Washington State Assistant Attorney General for Consumer Protection. And the NIADA president. And people from DOL DOR, Washington State Patrol and others.

State regulations are more important than federal as far as dealers should be concerned (they said).

Mark Worthey, the AG who comes to these things quite regularly, indicated that they are interested in Advertising Transparency. If you are going to list a price on your ads, you better also indicate that the Doc Fee is Negotiable and Conspicuous. I know that dealers here have been tagged because of that.

There is an increase in license fraud, especially near the Oregon boarder, because Oregon does not have a sales tax, and Washington wants that vigorish. There is also fraud in getting dealer licenses. In addition to all the other stuff that dealers have to do to get started, they now have to prove that their location is zoned for car sales.

The whole Implied Warranty thing, which has been discussed for years, is still a big deal. When you sell somebody a car, the expectation is that it will in fact work for the purpose it was bought for. Which sort of means that the engine does not blow up a block from the dealership. No amount of As Is paperwork is going to get you out of something like that. They did not bring up that you can negotiate out of this, as they have mentioned in the past.

The ONE thing that I actually learned, new to me, in this whole convention, was that the Luxury Tax on Airplanes has been canceled. Sadly, none of my dealers sell airplanes. No mention of canceling that tax on RVs was mentioned, and of course, I did not get a chance to ask about it.

There was a discussion about National Titles. I am not sure how or why this is going to happen, but they think it will be a reality in the next few years. I guess this will fix title washing, and drowned cars not listed as salvage, and that sort of thing.

There was discussion on direct sales of new cars to customers, but that is not any of our problems.

They did make a big pitch for increased cooperation between dealers and regulators. These guys of course being the regulators. They seem to feel that a lot of problem could be prevented if everybody did not get hot headed right off the bat. They strongly suggest that dealers, if they have questions, should first go to the particular web site of the guys you have the issue with (DOR, DOL, etc) so that you know what their position legally is.

Session 2 – Digital Dealership

Panel consisted of a rep from BBB, Comcast, Cox automotive, and a big local dealership.

There are a couple of parts to this.

First, the expectation, at least of young customers, is that you have a web site. And it should be made

as professional as you can, since that will be the first, and maybe only, contact that customer may have with your dealership. It should clearly define your inventory, The web site should be very transparent, and you want it to move that buyer forward to contact your dealership. It is the main marketing tool you all have. There Must not be a disconnect between what is on the web site, and what is in the store. Technology should be there to Remove friction from the buyer. It should have a payment calculator, not just be there as a digital brochure.

Second, online buying will increase, especially because young buyers are doing everything on their phones and hate actually going to a store. (I am personally amazed a how much Doordash shopping is done for groceries and other stuff.) Anything that a buyer enters on a web site, should go directly to a salesman who can follow up. The web site should get credit information up front, which will directly flow to that salesman. Buyers want instantaneous response. If a buyer actually reaches out to you, 95% of your sales work is done. The web site should generate some follow up action. Maybe connect via zoom or a similar process.

You should be happy to receive criticism, and reply back immediately to bad reviews. And it is the management of the dealership that should be doing this. Remember, that buyer is buying from the dealership, not from that particular salesman. That sales guy may be gone in two months, but the dealership will still be there. You own the customer. You want that customer to be your dealership's customer for life, and so the management people should be well indicated on the web site. It should identify all the staff people, the people in the office, the sales people, maybe even the mechanics. That web site is your dealership open 24 hours a day.

The expectation is that in the not too distant future, a buyer will expect to do everything from their home, have agent bots that will find the car that they want, will negotiate a price with the dealer agent bot, electronically sign all the paperwork, and have the car delivered to their home without ever seeing the dealership. (All of which puts Carousel out of business, I guess, but that is the price of progress….) If your web site cannot do transactions this way, the buyer bots will ignore it in the future.

Session 3 -- Legislators

There were several Washington state legislators on this panel, most of them on one or another transportation committee. No party was identified for them, but I gathered it was bipartisan. One of them was herself a car dealer. They were all probably well greased by our lobbyist towards WSIADA's points of view when it came to new legislation.

This session was kind of strange, because an hour before this session, we got a salad and dessert at our tables, and then nothing. The session started, and then the entree was served. Very bizarre, and also very hard to take notes when your hands are full of buffalo ribs.

Consumer Protection Act – dealers want a chance to present their side of the story when a customer contacts a state agency over an issue.

Why do different sub agencies have different policies? Agencies have no voice in policies but maybe there is not great communication between sub agencies so that not everybody is on the same page.

Electronic titles – many documents that are part of a sale can be signed electronically but not the title. But the technology exists to do that. The average doc fee in the US is $600. Washington State is capped at around $250. Dealers would like that raised.

Too many legislators and government workers have never run a business, have always worked for government. So funny taxes and regs get passed that have wild effects on a business, but the bureaucrats never see it.

Session 4 -- The Riches are in the Nitches.

This discussion was all about Electric vehicles

A NIADA guy from California made a short presentation. And that is about used EVs. I only have one dealer that seems happy to sell used Teslas. Everybody else avoids them like the plague. However, you should know, that in the next three years, there will be over a million EVs coming off lease and heading for an auction near you. They will come in three tranches of 600K, 300K and 300K over the next three years. So there needs to be some dealer education about these kinds of vehicles, and how to sell them, and how to service them.

The big issue for a buyer is battery life. There are tools that will tell you exactly how much battery lifetime is left on a used EV, and they are quite accurate. Batteries actually last a lot longer than people originally thought, so even a three year old EV may still have many years/hours/miles of life left in it.

The subject of EVs came up in several sessions during this conference. This was the only one devoted mostly to that topic.

Session 5 -- Inventory, the Hunt

This panel was made up of representatives from five different auction sites, including one online only one.

Auctions are getting more digital. A digital auction is way different than a physical one that you

actually attend. There are different rules on how things work at different digital auction sites, so you need to know what they are for the site you log into.

Auctions need to have consistency, fairness, trust and transparency. Probably true for lots of things, but if you are going to spend big bucks on a vehicle you have never seen or driven, you need for the auctions to tell you the actual facts of the vehicle. Auctions are doing more inspections now, and more thoroughly, and are documenting the results. AI is being used to inspect the vehicles now. Auctions are loading up for the flood of EVs expected over the next few years, including testing the all important battery life. Apparently it is important to know the condition of what is under the car in an EV, since that is where the battery is, so they are taking pictures of that too.

Some auctions are set up to teach dealers about EV cars, and guide you in other parts of selling an EV, since this will be a bigger part of what will be available down the road.

Session 6 -- Money behind the Metal

This session was composed of bankers and flooring people.

We all agree that holding inventory too long is a bad thing.

If it sticks around, the auctions will be happy to take it off your hands.

You really want to recondition your cars to the best of your ability, because you want it to break down in somebody else's garage, not yours.

You need full integration between your DMS (thats Carousel) and accounting software (Quickbooks) so you know what your costs are in real time.

You have to run a dealership like a business, not a sales lot. Monitor, monitor everything about what is going on, or else a lot of money will fall off the table.

Conclusion

So, only six session, but I thought very interesting.
Lousy location, but not my choice.
No questions allowed, a real downer for me.

9/15/26 – Test Drives
Only about a quarter of Carousel's clients belong to WSIADA.
I belong so that I can get information abut changing state laws that will affect how Carousel's software

needs to be changed.
This month's issue (September 2026) of the WSIADA Front Row newsletter has an article that does not affect Carousel, but which dealers should be aware of.

Specifically, paperwork for when you let a customer test drive your vehicles without a member of your dealership being in the vehicle with them.

I was shocked when I was buying a car in 1999 and the dealer just tossed me the keys and said bring it back in a couple of hours or so. I know a lot of dealers do not do that, but some do.

This article describes two forms you really need to fill out before you let some customer drive off in your rig. Since these are pre-sales forms, I do not have them, but WSIADA does sell them, and they can be easily filled out by hand in a couple of minutes.

These are

· **Dealer's Permit for Demonstration** -- I have seen this form in some dealer's form basket. It is a tiny little thing with very little information on it except name and address of the customer, and a description of the vehicle, and a customer signature.

· **Demonstration Agreement** -- I have never seen this thing but it sounds really useful. It contains the date and time, and odo value for when the vehicle leaves the dealership, and when it comes back. That way if the vehicle gets a ticket during that time, it is documented that it is on the customer, not you.

·

I could probably throw something together for Carousel to print out, but you will have needed to start a deal, meaning entering customer name and address, for Carousel to be able to print this stuff, and most dealers do not want to do that until the customer unlocks the suitcase and shows a bunch of Benjamins.

Sadly, I cannot send you a copy of the article ("The Missing Paperwork") because of copyright issues, but maybe if you called WSIADA ans asked real nicely, they may send a copy of the article to you.

9/16/26 – Disclaimer of Warranties

There have been discussions of what Dealers' legal obligations are regarding the reliability of the vehicles you sell, since before we started Carousel Software 25 years ago. I was told back then that as soon as the vehicle's tires hit the road, the vehicle maintenance was the customer's problem. If the engine falls out of the car, so sad. The Washington AG office begs to differ.

Over the last 10 years or so, when now Governor Fergusen was the Attorney General of Washington, the AG's office has taken the position that all the paper forms you fill out regarding this issue (Buyer's Guide, Disclaimer of Warranties, Due Bill or We Owe forms, etc) are not worth the paper they are written on. The customer has to be made aware of his rights (Implied Warranty) , and what he is giving up and what You the dealer did to persuade the customer to give up those rights (Disclaimer of Warranty). This thing has ebbed and flowed within the AG office over the years, and now it seems to be hot again.

The current Deputy AG, Marc Worthy, has written a letter to WSIADA (May 2026 Front Row page 10) about this, which I think is important for everybody to read. Normally I do not reprint anything directly from the Front Row magazine because of copyright issues, but in this case Mr Worthy sent me permission to include his letter, with a couple of amendments. So that letter followes this article.

The emphasis is on what Negotiations you have with your customer. Just saying you are giving the customer a cheaper price does not seem to cut it. The AG wants to know what you negotiated, what the customer gave up, what you gave the customer. I have not ever heard the definitive answer to just what does it takes to satisfy this. I have heard things like a couple of free car washes. Maybe a Dealership mug. I don't know.

I don't even know who Does know.

But, it is important that you document that such a negotiation was held, and what the result of the negotiation actually is.

WSIADA had always had two small half page forms dealing with this.
Implied Warranty -- which lays out what the customer's rights are.
Disclaimer of Warranty -- which the customer got to sign away these rights.

Over the years, these two half page forms evolved into two full page forms, with the bottom half of the form devoted to the Dealer's description of the negotiations.

Years ago, since WSIADA would not let me buy the rights to use their forms, I and my late lawyer (Steve Jolley) put together a bunch of forms that I could legally distribute to my clients without violating WSIADA's copyrights. I decided that there was no need to have these short forms on two different pieces of paper, so I combined them into the one form 80077.

Then all this negotiation stuff hit the fan. So my latest form on this issue is 80078, which gives you One Line to enter the content of the negotiations. At that time, I did not know how extensive the AG wanted this documentation to be. So now that one line may not be enough to let you tell the whole story. After all, WSIADA is now giving you half a page now.

So I have a few suggestions about this, if you really want to play the game according to the AG's rules.

- 1) use the back of the existing Carousel form to document by hand what the content of the negotiations were. Don't forget to make copies of that side of the form when you copy everything else.
- 2) use the WSIADA forms and fill everything out by hand, unless you have an Okidata printer. Carousel can fill in these forms with vehicle and customer data. You still have to fill out the negotiation stuff by hand, according to what I have been told.
- 3) use the Carousel Due Bill form to fill in the negotiation content. The AG would prefer this be done by hand, but if your hand writing looks like mine, that would be worthless. I think the essence is that each negotiation should be unique, and they might give you some leeway to use the Due Bill and have Carousel print this stuff out so that it can be read, as long as every Due Bill does not look the same. At least, this method memorializes what was written down by including it in the Carousel database.

· 4) If some clients want me go back to generating two separate forms which will give you lots of space to enter the negotiation data, I would be happy to do this.

So please read over what Mr Worthy says is what is necessary. That may save you some serious court time later on.

Letter from Mr Worthy

Mr Worthy asked that this disclaimer be added to his letter:

The views expressed by Mr. Worthy in this letter are his own and are not necessarily those of the Office of the Attorney General. This letter is not intended as an exhaustive list of applicable state and federal law; it is meant as a general guide to the implied warranty of merchantability. Please consult your attorney for legal advice.

As an Assistant Attorney General in the Consumer Protection Division of the Attorney General's Office whose practice focuses mainly on vehicle advertising and sales, I can tell you that the number one complaint we receive year after year is the sale of poor quality used vehicles. This generally means that these used cars have serious mechanical difficulties or simply stop running shortly after purchase.

Because the purchase of a vehicle is one of the largest expenses many consumers will undertake, I am grateful to be invited to remind dealers of the law in Washington regarding the sale of vehicles. Under RCW 62A.2-314 and associated caselaw, every used motor vehicle sold by a dealer includes an implied warranty of merchantability. This legal standard requires that a used vehicle be in reasonably safe condition and substantially free of defects that would render it inoperable. At a minimum, a used vehicle must be of the average quality of similar cars available for sale within the same price range.

The implied warranty of merchantability remains in effect regardless of the "As Is" window sticker required by the Federal Trade Commission. A dealer can only disclaim this warranty if the disclaimer is explicitly negotiated with the buyer and the waiver clearly sets forth the specific qualities and characteristics being waived. General discussions regarding price, style, or equipment do not constitute an explicit negotiation of a warranty waiver.

Attempts to circumvent this warranty through pre-printed negotiation forms are generally invalid without a detailed and contemporaneous account of the actual negotiation. A waiver will not be upheld unless the dealer can prove the buyer agreed to be bound by it with the same level of detail and explicitness used for other vital conditions of the purchase. If a dealer fails to provide correct information regarding the characteristics intended to be excluded, the disclaimer is void.

Also, a dealer cannot disclaim the implied warranty if a service contract is sold to the consumer within ninety days of the purchase date. Any attempt to disclaim a warranty after the sale is complete is also ineffective, as it was not part of the original bargain. In all cases, the burden of proof rests on the dealer to demonstrate that a waiver was effectively negotiated and disclosed.

Remember, the best way to avoid this problem, and to have happy and loyal customers, is to sell mechanically sound vehicles that have been inspected by your mechanic. The implied warranty of merchantability will continue to be a point of emphasis of the Consumer Protection Division.