



*Executive Summary of Findings*

Prepared for:

**The Washington State Auto  
Dealers Association (WSADA)**

Prepared by,

**Hebert Research, Inc.**  
13629 NE Bel-Red Rd  
Bellevue, WA 98005

## Summary of Findings for the WSADA

---

### Objectives

1. Determine how many CARS transactions the WSADA dealers have contracted and delivered.
2. Determine how many transactions have been submitted to the NHTSA and have been approved.
3. Determine how many of the transactions have been submitted to the NHTSA, but have been rejected.
4. Of those rejected, determine how many will not be resubmitted.
5. Determine how many transactions have been submitted to the NHTSA but are under review.
6. Identify the number of clunker deals that have been delivered.
7. Identify the number of clunker deals that have been submitted successfully for review.
8. Determine the number of clunker deals that have not been submitted as of 14<sup>th</sup> of August.
9. Determine the forecast of the availability of funds within the NHTSA.

### Methodology

The methodology involved a net sample of 295 automotive dealers in the state of Washington. The original sample of 308 included duplicate numbers and dealers that were no longer in business. There were 142 completed interviews with a response rate of 93.7%.

## Summary of Key Findings

### Findings

The following are the key findings discovered in the research:

1. The average number of CARS transactions *completed and delivered* for customers per individual dealership was 29.73 as of August 14, 2009. Due to the large variance and the size of the dealership, the standard deviation was 36.7 vehicles.
2. Of those transactions that were submitted to NHTSA, 12.98% *were approved* with an average of 3.86 cars per dealership. This compares to the 15.64% that were rejected or 4.65 transactions per dealership. Of those that were rejected, 1.14 vehicles will not be resubmitted or 3.83% of the total transactions in the sampling period.
3. Those transactions that have been *submitted* to the NHTSA and are *still under review* represent 22.28%. It is important to note that the NHTSA has these in their processing queue and will either be accepted or rejected.
4. The average total amount of exposure per dealership as of August 14, 2009 was \$130,893. The median value for this finding was \$75,500. At the conclusion of the rebate period, Hebert Research estimates that this amount will increase to \$220,669 (\$110,000 median) in exposure per dealership. There is obviously a high standard deviation for this variable which is represented by a coefficient of variation of 1.34. This is largely a function of dealership size.
5. There are an estimated 19.4% of the clunker transactions that have not been submitted by the dealer in which the Federal Government is not aware of this existing review queue of potential clunker transactions. Furthermore, it does not include potential transactions which have been rejected by the NHSTA which could be further resubmitted by the individual dealer.
6. The final research finding is a forecast for the remaining term based on the funds available in the CARS program:
  - a. There was \$3 billion in total funds for the CARS program which reflected the increased congressional appropriation.
  - b. The Federal Government estimated that they would spend \$50 million for the first \$1 billion to include processing and administration costs. Hebert Research estimates that this will increase to \$140 million approximately resulting in \$2.86 billion available for CARS transactions.
  - c. \$1.66 billion is the number of claims that have already been processed and results in a balance of \$1.14 billion as of August 14, 2009. When adjusted for estimated sales over the August 15<sup>th</sup> and 16<sup>th</sup> 2009 weekend, they represented

\$400 million which results in a net balance of \$1.14 billion as of August 14, 2009.

**Based on the utilization rate and the remaining funds available as of August 14, 2009, the expected forecast for completion will occur between Thursday, August 20, 2009 and Friday, August 21, 2009. This of course is dependent on the approval rate remaining constant as well as the high level of continuation of car buying interest.**