



COMMONWEALTH of VIRGINIA

Motor Vehicle Dealer Board

Guidance Memorandum to All Virginia Motor Vehicle Dealers March 15, 2012

At its January 9, 2012 meeting, the Virginia Motor Vehicle Dealer Board determined that dealers paying fees to TrueCar based on TrueCar's pricing model in effect at that time, are in violation of Virginia Law. The MVDB January 11, 2012 Memorandum to All Virginia Motor Vehicle Dealers stated:

At the January 9, 2012 Board Meeting, TrueCar indicated that it would reassess its dealer pricing/fee model utilized in Virginia in an attempt to come into compliance with Virginia law. Please note that the next opportunity for the Board to review formally an alternative pricing/fee model would be at the Board's next meeting scheduled for March 12, 2012

At its March 12, 2012 Meeting, the Board discussed and analyzed TrueCar's current model. (Put into effect after the January 9, 2012 meeting.) Based on that discussion and testimony from TrueCar representatives present at the meeting, the Board adopted the following resolution:

The Motor Vehicle Dealer Board believes that TrueCar's current pricing model is not consistent with Virginia Law as the model is adjusted quarterly based on seasonality and other value factors and that dealers paying fees to TrueCar could be in violation of Virginia Code Section 46.2-1537.

The Board did determine that enforcement action on Virginia dealers will be based on usage of this pricing/fee model going forward -- i.e., from the date of this memorandum, and not based on actions prior to that date.

Please be reminded that it is the motor vehicle dealer's responsibility to scrutinize its agreements with unlicensed third party entities, as it is the motor vehicle dealer that is held responsible for compliance with Virginia law. Dealers may not pay a third party on a per sale or per lead basis including any variation where a "flat fee" is adjusted periodically and that adjustment is based on past performance.

Dealers are also reminded that you are responsible for all advertisements for your motor vehicles including all internet advertising. Internet advertisements including videos and YouTube postings must adhere to the same advertising guidelines as print or television. We urge all dealers that advertise on the internet to review these advertisements very carefully as we are finding many that are not in keeping with Virginia law and regulations.

Lastly – employees who quote prices, discuss features and otherwise engage in the solicitation of a motor vehicle with a potential customer must have a salesperson's license. This includes internet "team" members. If your "internet" employees are quoting prices to consumers who have submitted an inquiry over the internet – that employee must be licensed. If the employee is merely "greeting" the potential customer and offering to set-up an appointment or forward the customer's information to a licensed salesperson, that "greeter" is not required to be licensed.