

FACT: There were 3.0 motorcycles in use for every 100 persons living in the U.S. in 2003.

California, Texas, Florida, Pennsylvania and New York represented almost one-third (33%) of the motorcycles in use in 2003. The South had the highest motorcycle population in 2003 with 30% of the total motorcycles in use.

Texas had 2.3 motorcycle in use for every 100

persons living in Texas.

Source: Motorcycle Industry Council, 2006 Statistical Annual

Visit www.txmda.org

A fresh new website created with your dealership in mind! Get the latest regulatory updates, access resources at the click of your mouse, download past issues of the newsletter and refer another dealership to the downloadable TMDA membership application. A searchable dealership database is coming soon. TMDA members ... we have the information you need. Find it now at www.txmda.org.

vehicle transfer notification form continued from page 4

the dealership or a copy of the Vehicle Transfer Notification Form sent in to mark the record. A request for a confirmation letter from the department may be made by calling the Customer Call Center at 512.465.7611 with the 17 digit VIN.

There is no fee for a confirmation letter and the letter will verify that the department has received and processed the Vehicle Transfer Notification. The letter may satisfy some agencies and businesses that are fining the former owner; some agencies/businesses will only accept the owner information recorded in the state's title record or may require some other proof.



Texas Motorcycle Dealers Association

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motorcycle DEALER news

SUMMER 2007

80th texas legislative session adjourns

TMDA successful in passing bill to eliminate TxDOT-issued registrations for off-highway ATVs, allow passengers on ATVs



It's official: The 80th Texas Legislature has adjourned sine die. And while there wasn't one glaring issue driving this session (like property tax relief, utility deregulation, etc.), there were a number of smaller issues of significant impact to you and your business. Over 6,000 bills were filed this legislative session -- a new record. Governor Rick Perry had until midnight on June 17 to veto bills passed in the final days of the session, sign them or let them become law without his signature. The Texas Motorcycle Dealers Association had a very successful session and your support made the difference.

TMDA worked in conjunction with the Motorcycle Industry Council in passing House Bill 3849. This bill amends Section 502.001(1) of the Transportation Code to make the definition of "all-terrain vehicle" consistent with the Parks and Wildlife Code by providing that a passenger may be carried if the vehicle is so designed by the manufacturer. The bill repeals Section 502.006(c) and (d) of the Transportation Code that provides for the issuance by the department of an off-highway vehicle registration certificate and decal, upon application by the owner, thereby relieving TxDOT of the administrative and cost burden of issuing a vehicle decal that is duplicative of that now issued by Texas Parks and Wildlife Department. The current TxDOT registration program, by its voluntary nature is revenue negative and should be eliminated. Section 502.169 that specifies all-terrain vehicle registration and safety fees is also repealed due to the voluntary nature of registration and that safety education and training delivery is conducted without state funding. Section 502.205, providing that all-terrain vehicles owned by state, county and municipal entities be exempt from paying a registration fee, is repealed as there will be no TxDOT registration. Similarly, Section 502.406 that makes it an offense to operate an all-terrain vehicle on public property without a registration decal is also repealed, as there will be no TxDOT registration. Section 29.005(a) of the Parks and Wildlife code is amended to provide for the department to issue an off-highway vehicle

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Perry signs license plate frames bill

On May 4, 2007, Governor Perry signed SB 369, amending Transportation Code Section 502.409, regarding license plates and frames and other material that impairs the readability of the plate.

Effective September 1, 2007, the license plate frame "or other apparatus" may not alter or obscure "one-half or more of the name of the state" or alter or obscure the letters or numbers of the license plate number or the color of the plate. In addition, there can be no blurring or reflective materials that significantly impairs the readability of the name of the state or the letters or numbers of the license plate at any time.

Excepted from the prohibition are a trailer hitch, wheelchair carrier or bicycle rack installed on a vehicle in a normal or customary manner; a transponder attached in the manner required by the issuing authority; or a trailer being towed by a vehicle.

The bill will allow the use of a license plate frame as long as it does not alter or obscure more than one-half of the name of the state and does not impact the license number.



State upholds constitutionality of "Blue Law" in CarMax lawsuit

As an update to the CarMax lawsuit regarding the "Blue Law", TxDOT initiated an administrative proceeding against CarMax alleging that CarMax had violated and was continuing to violate the "Blue Law" in August, 1998. CarMax subsequently filed a lawsuit against the State and the El Paso Officials that same month, challenging the constitutionality of the "Blue Law" and seeking injunctive relief.

In June, 2006, the district court entered a judgment upholding the constitutionality of the "Blue Law" and dissolved the temporary injunction dated October 16, 1998.

CarMax appealed the Judgment to the Court of Appeals for the Eighth Judicial District on July 12, 2006.

On June 21, 2007, the Eighth District Court of Appeals, dismissed CarMax's appeal and ordered CarMax to pay all costs of the appeal, \$175,000 in settlement of claims to the Motor Vehicle Division. By dismissal of its Appeal, CarMax no longer contests the constitutionality of the "Blue Law" and agrees that the "Blue Law" applies to its retail motor vehicle dealerships located in Texas.

summary of 80th legislative session

continued from page 1

deal upon payment of a fee. An additional provision that was added at the last minute and prior to the bill passing will allow ATVs with bucket seats to obtain a title. At the time this newsletter went to press, TMDA was working with TxDOT and DPS to assure that these vehicles have franchise protection. The chart below lists the status of the notable bills filed this session. The TMDA Legislative committee consisting of Al Lamb, Bob Kee, Lisa Bliss, Morris Baker and Steve Littlefield carefully monitored these and other bills related to the motorcycle industry.

BILL	SUBJECT	STATUS
HB 586 (Gonzalez Toureilles)	eligibility for dismissal of certain speeding charges on completion of a driving safety course.	PASSED eff. 9/1/07
HB 706 (Thompson, Chavez)	equal access to places of public accommodation.	FAILED
HB 727 (Hopson)	wearing of protective headgear by certain motorcycle operators and passengers.	FAILED
HB 1183 (Otto)	liability of landowners who allow their land to be used for radio control flying and related activities.	PASSED eff. immediately
HB 1279 (Deshotel)	requirement that a detector for certain traffic-actuated electric traffic-control devices register the presence of a motorcycle.	PASSED eff. 9/1/07
HB 1836 (Geren)	collection of a fee from a person who sells a product over the Internet in violation of certain offenses involving theft or fraud.	FAILED
HB 1983 (Hopson)	number of people riding on a motorcycle; providing a penalty.	FAILED
HB 2127 (Murphy)	operation of all-terrain vehicles in connection with utility work.	PASSED eff. 9/1/07
HB 2216 (Turner)	regulation of the sale of certain mobility motor vehicles equipped to transport a person with a disability.	PASSED eff. immediately
HB 2559 (Otto)	authority of a dealer to conduct certain motor vehicle sales outside of a dealership.	PASSED eff. immediately
HB 2628 (Goolsby)	education and examination requirements for the issuance of a driver's license.	FAILED
HB 2651 (Harless)	issuance and renewal of certain motor vehicle dealer licenses, motor vehicle license plates, and general distinguishing numbers.	PASSED eff. 9/1/07
HB 2652 (Harless)	application of certain law relating to the regulation of certain motor vehicle manufacturers, converters, distributors, and dealers and enforcement of motor vehicle warranties.	FAILED
HB 2773 (Noriega, Rick)	motor vehicle title service licenses.	FAILED
HB 3096 (Darby)	dealer agreements regarding the purchase and sale of certain all-terrain vehicles or equipment or machinery used for agricultural, off-road construction, utility, industrial, mining, forestry, and landscaping purposes.	FAILED
HB 3849 (Hilderbran)	registration of ATVs by the Texas Department of Transportation; creating an offense.	PASSED eff. immediately
SB 174 (Shapiro)	regulation of the sale of certain mobility motor vehicles equipped to transport a person with a disability.	FAILED
SB 1171 (Harris)	regulation of drivers education and driving safety programs by the Texas Department of Licensing and Regulation.	FAILED
SB 1250 (Carona)	issuance of driver's licenses and identification cards.	FAILED
SB 1368 (Carona)	protective headgear requirements for motorcycle operators and passengers.	FAILED
SB 1448 (West, Royce)	reports on racial profiling in connection with motor vehicle stops; providing a penalty.	FAILED
SB 1148 (Hegar)	dealer agreements regarding the purchase and sale of certain all-terrain vehicles or equipment or machinery used for agricultural, off-road construction, utility, industrial, mining, forestry, and landscaping purposes.	FAILED
SB 1363 (Williams)	operation of all-terrain vehicles in connection with utility work.	FAILED
SB 1559 (Hinojosa)	registration and operation of certain off-highway vehicles.	FAILED

Minimum Wage

President Bush signed the new minimum wage legislation on May 25, 2007. Currently, the minimum wage is \$5.15 per hour; however, it will rise in three 70 cent steps:

Date	Increase
July 24, 2007	\$5.85 per hour
July 24, 3008	\$6.55 per hour
July 24, 2009	\$7.25 per hour

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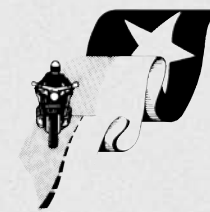
Since 1922, Universal Underwriters Insurance Company has demonstrated strength and stability as the leader in dealership insurance. We view your dealership through the lens of experience, focusing on your business. Our mission is clear -- know dealers' needs and become a partner in your success.

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Benefits Benefits Benefits Update

TMDA offers discounted workers' compensation coverage through Service Lloyds

Service Lloyds Insurance Company is pleased to announce it is now the endorsed Workers' Compensation carrier for members of the Texas Motorcycle Dealers Association. This new purchase group offers many advantages to you as a member:

- 10% Premium Discount in lieu of your current Texas premium discount
 - Easy to use on-line Safety Training that allows you to monitor and control training for your employees
 - Service Lloyds has partnered with CorCare to provide a Workers' Compensation Medical Network to make sure your injured employees are treated with the best care possible while keeping your costs low.
 - Service Lloyds offers a Direct Bill payment option of 25% down and 10 monthly installments at 0% finance charge
 - This is an open program that allows you to work with your existing agent – they simply contact Service Lloyds for an appointment and reference Certificate #07003 on the submitted Accord Application
 - Service Lloyds is competitively priced and is the largest privately owned and operated Workers' Compensation carrier in the state
- If you would like additional information regarding your opportunities to participate in this purchase group, please call Mr. John Barclay at 512/476-6566.

Universal Underwriters Group Adopts Zurich as Brand Name

Beginning January 2, 2007, Universal Underwriters Group has adopted the brand name Zurich in a further step of its ongoing integration with Zurich North America Commercial (ZNAC).

For nearly 25 years, Universal Underwriters and ZNAC have maintained a tradition of great customer service as the leader in the automotive insurance industry. While aligning its market presence with the Zurich brand, Universal Underwriters will continue to evaluate actively its business practices to deliver more relevant and secure solutions to meet customers' needs.

Starting January 2, customers began seeing Universal Underwriters branded as Zurich in collateral, advertisements and day-to-day contacts. Universal Underwriters Group, now operating under the Zurich name, can support your success with an effective insurance package that helps protect your business. Their Unicover® policy offers a combination of benefits designed to meet your needs, including Auto Inventory, Property, Garage Liability, Umbrella and Pollution Liability.

Zurich's Major Loss Team is among the industry's best and typically responds within 48 hours of a disaster. Major Loss Team members have the authority to write a check immediately for covered claims. The Texas Regional Offices provide personalized sales, customer service and local claims handling. Zurich can also tailor risk management programs to your business exposures.



Choosing an additional motorsports line or a new dealer start up? Our product line will turn your business into a profit center.



KYMCO Xciting 500

KYMCO MXU 500 4x4



Since 1963, we have been dedicated to establishing KYMCO as a world-class performer in the motorsports industry. The impressive design, consistent quality, superior performance and warranty, a full two years on all 2-wheel products and one year on all ATVs, has attracted attention worldwide. We offer 50cc to 500cc scooters for zipping across campus, running errands around town or light touring for weekend getaways. Our ATVs currently range from 50cc models for the smallest motorsport enthusiast all the way up to 500cc heavy-duty and performance models that are as at home on the race track, in the woods camping, hunting and fishing as they are on the farm or construction site. With superior distributor support, outstanding margins with professional technical, sales and marketing training and support, selling the KYMCO product line means increased floor traffic and expanding your selling season and profits to year round. Call 1-864-327-4744 to become a KYMCO dealer today!



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Choose Your Own Path.

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2008
tmda annual conference
 February 23-24, 2008, Driskill Hotel, Austin, Texas

The TMDA Conference will be held at the Driskill Hotel in Austin, Texas. TMDA has reserved a block of rooms for conference attendees at a special rate of \$193.00 if reservations are made prior to February 1, 2008.

To make reservations, please call the hotel at 512/474-5911 or 800/252-9367 and mention "TMDA."

The Driskill is a world unto itself, a world which transcends time and place. Located in the heart of Texas, this was once the proud show place of a cattle baron. It now stands apart as a landmark of refined hospitality with a rich appreciation of the past and a new vision for the future.

vehicle transfer notification form

TxDOT adopted an amendment to its rule regarding motor vehicle certificates of title and the Motor Vehicle Transfer Notification form which allows a seller to notify the department when they sell their vehicle. The form (VTR-346) may be downloaded at http://www.dot.state.tx.us/forms/vehicle_titles.htm.

Upon receipt of the form, TxDOT updates the motor vehicle record to advise users of the record that the vehicle has been sold and the date of the sale. Once the record is marked, a rebuttable presumption is created that the transferee is the current owner of the vehicle and is subject to civil and criminal liability arising out of the use, operation, or abandonment of the vehicle. However, until a new vehicle title changing ownership is applied for through a county tax office, TxDOT's motor vehicle records remain in the name of the last recorded owner.

An increasing number of sellers are receiving notification of violations for vehicles they have sold resulting in an increased volume of inquiries and complaints to TxDOT. TxDOT is amending the rule to eliminate payment of the \$5 fee for submission of a vehicle transfer notification form. A certified copy costs \$3.30. TxDOT hopes that by eliminating the \$5 fee, that more sellers will notify TxDOT and processing time will be reduced.

The VTR Division of TxDOT also suggests that if a seller has completed the form and still receives notices of parking tickets/toll violations, to contact the agency that is sending the notice. Ask that agency what they will accept as proof that the customer is no longer the owner, such as copies of the paperwork from

what you should know before choosing a dms

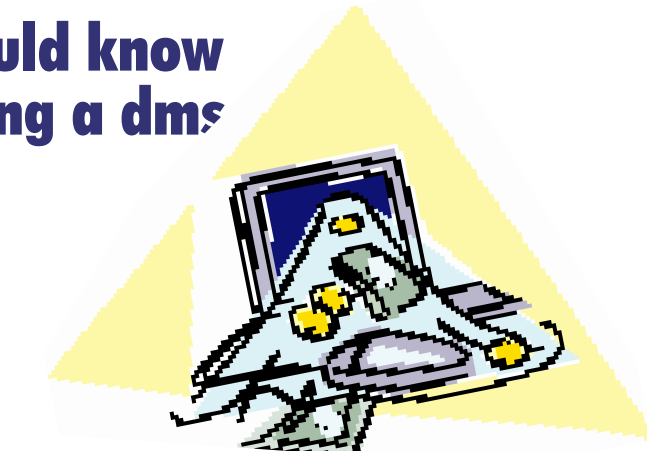
Selecting a Dealer Management System (DMS) can be hard when there are so many options out there to choose from. Should you save money by opting for a smaller, lesser known system, or should you pay more for a system from one of the larger market leaders? The answer depends on the specific needs of your dealership. Use the questions below to find out where DMS candidates stand on the policies that matter most to you.

What features does the DMS have? Do these features complement the way your dealership's business operates, or will they introduce significant or marginal process changes for your end users?

It's a good idea to get feedback from each department about which system functions are critical to the way they work and which ones are not. Features can be put into two camps, must have and would like to have. Bells and whistles are great, but they often cost more. So being knowledgeable about which features are absolutely necessary versus those that are negotiable will be useful when cost is an overriding consideration. In the course of making his decision, one dealer asked each department for their wish list of what they would want out of a computer system.

Does the system have e-contracting (electronic contracting) available?

E-contracting is fast approaching as more and more lenders approve it. It will eliminate the cost of paper contracts, provide faster submission of the contract to the lender, and facilitate faster funding to your dealership.



You should know whether any DMS you are considering will be able to provide you with this type of technology once you are ready for it.

Can forms programming be done by the dealer? Or are forms programmed by the DMS provider, and is there a fee for this service?

Some DMS providers will save you money by allowing you to program your own forms. Others will require that they do it for you and will charge you for it.

Does the data in the DMS I purchase belong to the dealership?

Most of the data stored in the DMS belongs to the dealer; however, some DMS providers have legally noted that the data in the DMS belongs to them. If this is the case, you may have to ask permission in order to extract any data from the DMS. For example, if you use a third-party vendor for a web reporting application, that vendor would need permission from the DMS provider.

Is the DMS compatible with other types of software or programs?

For instance, perhaps your service department wants to install software that would keep up with their parts inventory and pricing and provide quotes for the customer. You should know up front which

software the DMS is compatible with.

How well do all of the system's modules integrate with each other? Can modules be customized? Are there limitations in place for customization of modules?

Though it may sound like a negative feature, limitations on customization can help ensure that processes are done consistently and support to the system is manageable. Standardization can also protect the dealer from internal and external fraudulent behavior.

If you're a dealership owner of a large group, you should consider a DMS provider that offers complete standardization of the DMS for each location. Ensuring that all data entered into your DMS is consistent will allow you to generate comprehensive, accurate reports throughout your stores.

Are there integration options available with the vehicle manufacturer and third-party vendors?

One example of an integration option with the manufacturer would be access to service bulletins and recalls. Once the customer's vehicle information and complaints are entered into the system, your service department would be notified immediately of any recalls or bulletins associated with this vehicle. Integration to third-party vendors is needed as

dms, continued from page 4

well. For instance, software companies that provide additional F&I selling and reporting tools will have integration requirements. That third-party must be able to remotely access the DMS to retrieve and analyze data. These options could increase customer satisfaction and dealership profits.

What are the reporting options? Are the reports easy to access? Do you have to use a report generator or are they preformatted reports?

Reporting options should be available in every department. For instance, maybe you need a report of all customers who are in a loaner car. Or maybe you want real-time sales reports. Your DMS should be able to provide you with such reports fairly quickly. If the DMS requires that you set the criteria for reporting rather than preformatted reports, generating the report could be tedious and time-consuming. On the other hand, make sure the preformatted reports aren't limited so that you have access to exactly the type of reports you need to manage your dealership.

Does the DMS provider require mandatory version upgrades? Are there system down times associated with these upgrades? Is there a cost for the upgrades? How and when is maintenance on the system handled?

Upgrades and maintenance conducted by the DMS provider may require that you purchase a phone line dedicated just for them. So, you may have to have two separate phone lines, one for the DMS provider and one for the manufacturer or any other vendor that you allow to access your system. If the system must be shut down for upgrades, be sure to find out if this is done after dealership business hours.

Does the DMS provider offer training on the new system for dealership personnel?

DMS training may be offered at your dealership, at a remote location, or via the Web, so be sure to ask what your options are. If training is offered on site, ask how long the DMS trainers will be there. Also, make sure the department managers are involved in the planning process so that the dealership staff attends the training. Training must be mandatory for all dealership personnel in order to be effective.

How long will it take to install? Do I have a say in when the installation will be done?

Be sure to coordinate the installation with all parties involved: the DMS provider, the phone company, the Internet Service Provider, and the staff to get an accurate assessment of how long the entire installation will take. If you have a group of dealerships, be sure to get a time line for each dealership.

Whether you decide to switch to a different DMS or to upgrade to a newer release of your existing system, what will the migration requirements be for moving your existing data?

Your data is an invaluable asset to your business. Knowing how it will be handled in either scenario will go a long way toward protecting it. Be sure you know what the vendor's migration plan is and what support services they will provide before, during, and after the data migration process. They should also tell you what the possible risks are and what steps they will take to protect your data. Additional questions you should ask include how and when the migration will be performed. Does it need to be done outside of business hours? How long will it take? Will the migration be performed on site or remotely? What members of your staff should be included or will be required?

Have you checked references, or at least contacted other dealers for references?

It is always a good idea to get recommendations from your peers. Check out another dealership that has the system and get feedback.

When choosing your system, think long-term. You can always grow into a system, but one with limited capabilities now will only seem more limiting as your business grows and technology evolves. A good DMS will eliminate time consuming processes, give you more time to spend building a relationship with your customer, and provide you with the support and advanced technology you need in order to become a leader in the automotive industry.

Source: Service Group Insurance and Financial Services



4 tools for your business

TMDA Endorsed Service Providers

Contact the following TMDA endorsed companies for special member rates on services. Your participation in these programs also benefits TMDA by providing quarterly promotional allowances from the companies.

Discount Credit Card Processing First National Merchant Solutions

Contact: Chris Lynn
Phone: 866/778-4986

Property & Casualty Insurance Zurich (formerly Universal Underwriters)

Contact: Wayne Knippers
Phone: 281-405-5226
E-mail: wayne.knippers@zurichna.com

Energy Buyers Program Affiliated Power Purchasers Int'l

Contact: Bill Kuzmich
Phone: 832/225-1275
E-mail: wkuzmich@appienergy.com
Contact: Mandi Krack
Phone: 800/520-6685
E-mail: mkrack@appienergy.com

Motorcycle and Personal Watercraft Insurance, Motorcycle and Personal Watercraft Service Contracts

The McGraw Group
Contact: Jack Ward
Phone: 512/762-3570
E-mail: csmward@msn.com