

Some dealers keep clunkers program rolling

As lawmakers debated whether to refinance the program, area dealerships diverged on what to offer to customers.

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Photos by Kyle Green | The Roanoke Times

Daryl Keyes is a manager at Cycle Systems, where cars are being disposed of as part of the so-called clunker program.

A vehicle that is less than 25 years old with an mpg rating of 18 or below can be traded in under the program and then destroyed.

Consumers wanting federal assistance to buy a new car needed to call ahead Wednesday to see which dealers were participating in the so-called clunker program, which is struggling with cash and technological difficulties.

Many dealers continued uninterrupted dealmaking, offering up to \$4,500 off the purchase of a new vehicle to buyers who traded in a vehicle less than 25 years old with an mpg rating of 18 or below for one that gets at least 22 mpg.

A reading of 18 mpg is considered low now that the target for 2011 model vehicle has been raised to 27 mpg.

Other dealers suspended dealmaking until they felt certain the government, which has already said the \$1 billion allocated to the Car Allowance Rebate System had been spent, will reimburse dealers as promised if claims exceed that amount.

Mike Coyle, president and general manager of Woodson Honda in Roanoke, said his sales team made deals this past weekend under a federal pledge that U.S. dealers would be reimbursed for claims submitted electronically by midnight Tuesday.

He filed all his claims -- 33 -- by that deadline, taking advantage of improvements in a government Web site that was accused last week of being nearly impossible for dealers to operate.

But Wednesday, he was playing it safe to avoid extending cash incentives he might not get back. The U.S. House of Representatives approved an additional \$2 billion in funding Friday, but the bill's fate in the U.S. Senate was uncertain until late Wednesday.

"We're in a pause mode until the Senate votes because we don't know if there's any money left," Coyle said.

Just up the road, David Dillon of First Team Auto Mall was still making deals.

"FULL SPEED AHEAD!" Dillon wrote by e-mail. "We are encouraged by Senator [Harry] Reid's comments last night. Phone calls are very heavy, around 40 so far since 8 am!"

Reid, the Nevada Democrat who serves as Senate majority leader, predicted on Tuesday a cash infusion by the end of the week to replenish the program before it runs out of money.

Berglund Automotive Group, a regional dealership chain, was also participating in the program, president William Farrell said. Farrell said Wednesday he has made deals on several hundred vehicles as part of the program.

Magic City Ford Lincoln Mercury Isuzu in Roanoke was participating, too, although it declined to reveal the number of vehicles involved.

"Of the stimulus package, this has probably been the most stimulating part of it," owner Bill Johnson said.

Another participant was the Shelor Automotive Group in the New River Valley, according to executive Larry Shelor.

"We're relying on guidance from our government that it's still a viable plan and will continue," said Shelor, who noted that his sites have made deals on 150 to 200 vehicles under the program.

As dealmaking continued, the metals industry was cranking up to do its part.

Wednesday, 67 vehicles retired and disabled under the federal rebate program awaited processing at Cycle Systems in Roanoke, just one company performing vehicle disposal.

"The law requires that we depollute the vehicles prior to crushing them and recycling them for scrap," company official Jay Brenner said by e-mail.

"Depolluting requires removing the mercury switches, battery, all fluids, and filling out the appropriate paperwork to federal and state governments. As soon as these processes are complete, we will begin recycling the vehicles."

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