

Department of Transportation Announces Orderly Wind Down of Successful CARS Program

Nearly a month into operation, the CARS program—commonly known as ‘Cash for Clunkers’—has been a wild success. It has not only helped tens of thousands of consumers purchase new more fuel efficient vehicles, but has provided a boost to our economy and is helping create jobs at dealers and automakers across the country. Because of the sales already completed, automakers including Ford and General Motors have announced increases in their North American production, putting more people to work building more fuel-efficient vehicles. And the program has provided a lift to America’s automakers by not only helping clear inventory from CARS transactions but also driving up showroom traffic to levels not seen in well over a year. The Department of Transportation is committing enormous resources to meet the overwhelming and unexpected success of this program.

In order to ensure that this program continues to be a success, DOT is today announcing an orderly wind down of the CARS program:

- ***The CARS program will remain open until the close of business on Monday, August 24 (8:00pm EST).*** This period provides ample opportunity for dealers to complete and submit all outstanding transactions into the DOT system. As of 6 AM on Thursday, more than 450,000 transactions have been submitted by dealers, representing a total of about \$1.9 billion. This represents approximately 2/3rds of the \$3 billion allocated to the Department of Transportation to operate the CARS program. Based on conservative estimates of valid deals transacted under the program, DOT has projected that the program will be able to continue to accept new submissions until the Monday deadline, consistent with the statutory authority of the program.
- ***After the program closes, DOT will not allow dealers to submit additional applications. Therefore, in order to ensure an orderly wind down, the Department of Transportation urges dealers to focus today on getting pending deals completed and submitted.*** Dealers are strongly encouraged to follow the checklist provided on the cars.gov website and submit the completed checklist with their deal to ensure that all required information is present.
- ***Dealers are also advised not to agree to any more sales in the coming days unless the dealer has received from the consumer all necessary paperwork, so that the dealer can submit the transaction immediately.***
- ***Dealers are strongly advised not to submit applications with incomplete information.*** Any submitted applications with significant missing or incomplete information will risk rejection.

BACKGROUND ON THE CARS PROGRAM OPERATION

- **DOT has already reviewed and processed more than 150,000 CARS applications (approximately 30% of all applications received), and has approved \$140 million in payments to dealers.** In response to the overwhelming volume of transactions, DOT has moved quickly to implement a system to process the high volume of applications both efficiently and responsibly while getting rebates paid for complete and valid deals. A significant number of reviewed applications have been passed back to the dealers because they did not include all of the information required under law to make a payment. Dealers will have the opportunity to make the necessary corrections to these applications and resubmit them for further review even after the deadline for new submissions. However, we urge dealers to complete this work very soon and to be very thorough in making corrections so that the application can be approved.
- **DOT held a webinar with about 2,000 dealers yesterday as part of its ongoing effort to educate dealers on how to avoid common but important mistakes and to emphasize the importance of submitting fully complete applications.** Dealers that have submitted complete applications are already receiving payment. As more applications come in fully complete, the pace of payment to dealers will increase.
- **By week's end, DOT will have at least 1,100 public and private sector employees who will be reviewing CARS transactions so they can be approved and dealers can be paid in a timely manner.** This represents more than tripling of staffing in only a few days, and is intended to substantially increase the processing speed in the program. DOT is taking a private sector – public sector approach to getting these vouchers processed and approved and getting payments to dealers.
- **DOT has also worked to be responsive to concerns from consumers, dealers and automakers, and has made important program modifications to ensure the program continues to be a success.** In an effort to ensure that everyone who wants to participate in the CARS program has the opportunity to do so, DOT has clarified the CARS program and the rebate can now be applied to a vehicle order if the car a buyer wants hasn't made it to the lot yet. DOT amended its rule to allow dealers to wait to receive approval for their transactions before disabling the trade-in's engine, which helps dealers avoid taking unnecessary financial risks to participate in the program.