

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE.

The meeting was called to order by Chairperson Les Donovan at 8:30 a.m. on February 6, 2001 in Room 245-N of the Capitol.

All members were present except:

Committee staff present:     Hank Avila, Legislative Research Department  
                                  Bruce Kinzie, Revisor of Statutes  
                                  Marian F. Holeman, Committee Secretary

Conferees appearing before the committee: Faisal Hasan, Carfax

Others attending:        See attached list.

**Briefing on Carfax**

Chairman Donovan welcomed Faisal Hasan, Manager, Governmental Relations for Carfax. Mr. Hasan's presentation included the fact that Carfax originated in Kansas City and that Carfax provides vehicle history services to buyers and sellers of used cars. Their business depends on continued access to affordable vehicle information. They never violate consumer privacy. They provide information about cars and never reveal any name or address information. They are concerned that new privacy laws may inadvertently limit use of vehicle data.. Written testimony provides more in-depth information regarding their operation (Attachment 1). Also presented a video showing recent commercials shown on cable television.

Members questioned Mr. Hasan concerning Carfax data collection and the ways in which it is used. Guests at the meeting were asked for their comments. Sheila Walker, advised the Department of Motor Vehicles has had a very good relationship with Carfax and appreciates working with them. Don McNeely, Kansas Automobile Dealers Association described the value of Carfax services to the Association's membership.

**Approval of minutes**

Senator Gooch moved to approve minutes of the February 1, 2001 meeting. Senator Salmans seconded the motion. Motion carried.

The meeting adjourned at 9:20 a.m.

The next meeting is scheduled for February 7, 2001.

SENATE TRANSPORTATION COMMITTEE

GUEST LIST

DATE: February 6, 2001

NAME	REPRESENTING
John Pinezar	Car Fax
Fairal Huber	Carfax
Whitney Damron	KS Auto Dealers Assn.
Robert Knapp	Information Network Kansas
Aaron Drake	DoB
Sheila Walker	KDOR - DMV
Don L. McNEELY	KS AUTO DEALERS ASSN.

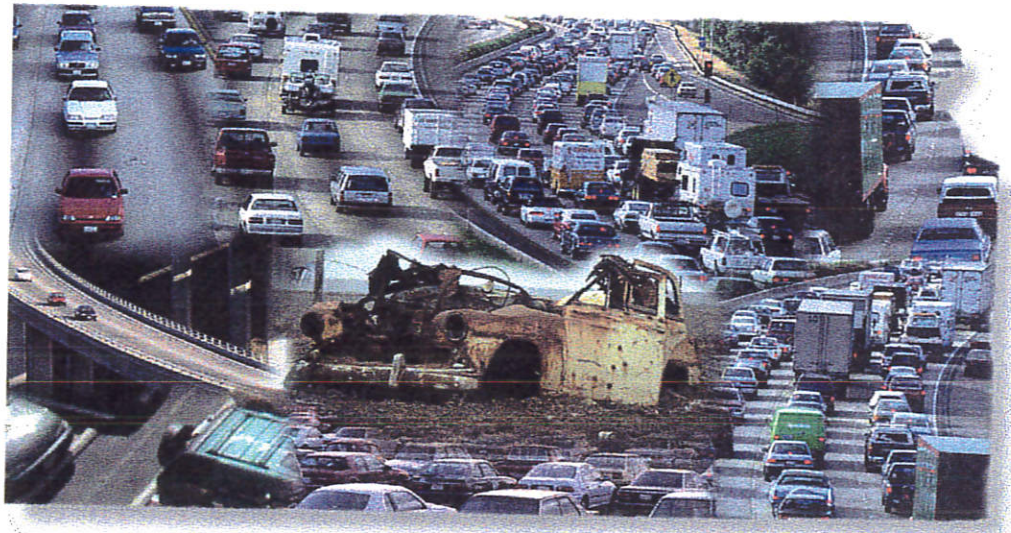


# CARFAX PROTECTS KANSAS CONSUMERS AND BUSINESS

More than 102,615 used cars in Kansas were checked by consumers, dealers, and law enforcement.

(Jan 1 - Dec 31, 2000)

The vast majority were checked for free through Carfax's Lemon and Record checks as well as through accounts provided at no cost to law enforcement.



Based on industry studies the average problem affects a used car's value by \$2,500.

(Jan 1 - Dec 31, 2000)

6,830 problem vehicles in Kansas were identified by Carfax.

(Jan 1 - Dec 31, 2000)

Potential savings to Kansas consumers and businesses thanks to Carfax:

## \$17,075,000

(Jan 1 - Dec 31, 2000)

/-/

**CARFAX**  
VEHICLE HISTORY REPORTS

SENATE TRANSPORTATION  
COMMITTEE -DATE: 2-6-01  
ATTACHMENT: 1

A **POK** Company

# Carfax Overview

---

## Dear Friend of Carfax:

We're proud of the role we play in protecting consumers, preventing fraud, and helping reputable businesses. Our mission is clear:

***The Carfax mission is to be the leader in vehicle history services that help buyers and sellers of used cars make better decisions.***

Every day we hear from hundreds of consumers we've served. Here's a typical message:

*"I just wanted to thank you...your service saved me from buying a \$6,000 lemon. Carfax was able to identify that the odometer was rolled back 70,000 miles. So, what looked like a great deal on the surface - wasn't. Thanks!"*

*Richard Praser  
Mon, 13 Dec. 1999*

In the past year alone, we delivered nearly 10 million Carfax Reports to consumers and businesses. We helped these customers avoid buying used cars with hidden problems:

- |                                    |                             |                               |
|------------------------------------|-----------------------------|-------------------------------|
| ✓ Was the car totaled and rebuilt? | ✓ Was there odometer fraud? | ✓ Was there a major accident? |
| ✓ Was the car flood damaged?       | ✓ Was the car a lemon?      | ✓ Was there title fraud?      |

We're proud of the consumer-friendly way we do business. For example:

- **We offer free information** to consumers on lemons (manufacturer buybacks) and other key consumer concerns.
- **We provide free access to our service** for law enforcement agencies and fraud investigators.
- **We offer an instant, online money-back guarantee.** If a consumer pays for a Carfax report and isn't satisfied, they receive a full refund.
- **We offer a \$5,000 Guarantee** that our title information is accurate. If we miss a title document that indicates a car was "totaled," we'll pay the consumer up to a \$5,000.

And, we're proud that our service **does not** violate consumer privacy.

***Carfax Reports never reveal any name or address information.  
We're in business to provide information about cars, not people.***

Protecting consumers, preventing fraud, helping reputable businesses... that's our mission. We're delivering on that mission every day. But, we depend on continued access to affordable vehicle information. Without that access, consumers and businesses would be deprived of the protection we offer. Implementation of new privacy laws may inadvertently limit our use of vehicle data.

Our best response to that unintentional threat is to make sure our story gets told. That's why we've put together this book on how Carfax helps people nationwide. Because we are confident that once the "Carfax Story" is understood, those who favor consumer protection and fraud prevention will want to ensure that access to vehicle history information becomes a consumer right.

Thank you for your consideration and support.

Richard Raines  
President

1-2



# SAMPLE REPORT

## Salvage Title & Odometer Discrepancy



VEHICLE HISTORY REPORTS

This Carfax report is intended for personal use only; resale and/or redistribution is strictly prohibited.

[www.carfax.com](http://www.carfax.com)

The Vehicle Identification Number submitted was checked against the Carfax(R) database of over 1 billion vehicle records. The Carfax database includes U.S. and Canadian title and registration activity, rental and lease usage, odometer readings from inspection stations, auto auctions and other sources. The results of this search are displayed below.

### 1 Vehicle Specifications

? Please Explain

Vehicle ID: WDBDA28D8MF800337  
Yr/Mfg: 1991 Mercedes-Benz  
Model: 190E 2.3  
Body: 4D Sedan Mid-size car  
Engine: 2.3L L4 FI  
Fuel: Gasoline  
Driveline: Rear-wheel drive  
Aspiration: Normal  
Country Mfg.: Germany



VEHICLE HISTORY REPORTS

10304 Eaton Place, Suite 500

Fairfax, VA 22030

Phone (703) 934-2664

Fax (703) 218-2853

[www.carfax.com](http://www.carfax.com)

### 2 Clean Title History Guarantee

? Please Explain

A **POK** Company

#### RESULT: CLEAN TITLE HISTORY GUARANTEED FOR THIS VEHICLE

The VIN submitted was checked against the Carfax database to determine if any title document for this 1991 Mercedes-Benz was designated or marked with any of the following types of problems:

Salvage/Junk Title	PROBLEM TITLE FOUND
Rebuilt/Reconstructed Title	Checked. No Problem Title Found.
Flood Damage Title	Checked. No Problem Title Found.
Damage Disclosure Title	Checked. No Problem Title Found.
Manufacturer Buyback (LEMON) Title	Checked. No Problem Title Found.
Exceeds Mechanical Limits Title	Checked. No Problem Title Found.
Not Actual Mileage Title	Checked. No Problem Title Found.

The Problem Summary section clearly identifies the salvage title history.

1-3

# SAMPLE REPORT

## Salvage Title & Odometer Discrepancy

### 3 Odometer Rollback Check

? Please Explain

RESULT: Potential ODOMETER ROLLBACK DETECTED in the Carfax database.

The VIN submitted for this 1991 Mercedes-Benz was checked against the Carfax database to determine if any reported odometer reading is less than a previous reading.

#### CALCULATION: POTENTIAL ODOMETER ROLLBACK

On 02/14/1996 the odometer reading was reported as: 122,693 miles  
On 03/30/1996 the odometer reading was reported as: 62,696 miles

This represents a mileage decrease of: 59,997 miles

The Odometer Rollback Check section identifies a potential rollback.

### 4 Vehicle History Details

? Please Explain

The Carfax database contains the following information about this 1991 Mercedes-Benz:

DATE REPORTED	ODOMETER READING	INFORMATION SOURCE	GENERAL COMMENTS
03/18/1991	10	Missouri Motor Vehicle Dept. Joplin, MO Title #TC169338	Title or registration issued
11/24/1993	62,390	Oklahoma Motor Vehicle Dept. Tulsa, OK Title #723193330014	Title or registration issued
01/19/1996	122,600	Oklahoma Motor Vehicle Dept. Roanoke, TX Title #723193330014	SALVAGE TITLE/CERTIFICATE ISSUED
02/14/1996	122,693	Auto Auction Southwest Region	Vehicle Sold
03/30/1996	62,696	Texas Motor Vehicle Dept. Dallas, TX Title #05733135144145512	POTENTIAL ODOMETER ROLLBACK
06/19/1996	61,513	Texas Motor Vehicle Dept. Dallas, TX Title #05731335221152539	First lien reported
10/04/1997	88,123	Indiana Motor Vehicle Dept. Indianapolis, IN Title #97532190005	Title or registration issued

Carfax detects prior salvage, junk and rebuilt title brands hidden in a vehicle's past.

Carfax detects odometer discrepancy hidden in a vehicle's past.

1-4



# SAMPLE REPORT

## Salvage Title & Odometer Discrepancy

---

### PROBLEM DEFINITIONS:

**Odometer Rollback** - If a more recent odometer reading is less than an older reading, then the odometer may have been "rolled back".

**Salvage/Junk Title** - States issue salvage titles when an insurance company takes possession of a vehicle as a result of a claim. This generally occurs after a vehicle has been declared a total loss. States issue junk titles to indicate that a vehicle is not road worthy and cannot be titled again in that state.

**NOTE:** Carfax has not inspected this vehicle. There could be other potential problems with this vehicle that have not been reported to Carfax.

**NOTE:** Not all titles issued represent a change in vehicle ownership. For example, a title could be issued to reflect an address change or correction.

## Clean Title History Guarantee Information

---

### ? Please Explain

Carfax agrees to pay to the holder of this report 10% of the retail value of the car, up to \$1,000, if Section 2 of this report indicates a Clean Title History and a Problem Title actually exists for this vehicle. A Problem Title is defined as a passenger motor vehicle ownership document issued by the state that bears the word or symbol signifying that the vehicle was salvaged or junked; rebuilt or reconstructed; flood damaged; disclosed as damaged; bought back by the manufacturer; odometer exceeds mechanical limits; odometer was not the actual mileage; or any other symbol or word of like kind. The individual or entity must have ownership of the vehicle in question at the time a claim is made. This offer is not valid with any other guarantee offered by Carfax.

For complete terms and conditions of the Carfax Clean Title History Guarantee ask your authorized Carfax subscriber for a Clean Title History Guarantee certificate, or a copy of "A Consumers Guide to Buying a Quality Used Vehicle." The terms and conditions also appear on the Carfax Web site at [www.carfax.com](http://www.carfax.com) or may be obtained by writing to Carfax.

## Warranty Disclaimer

---

CARFAX DEPENDS ON ITS SOURCES FOR THE ACCURACY AND RELIABILITY OF ITS INFORMATION. THEREFORE, NO RESPONSIBILITY IS ASSUMED BY CARFAX OR ITS AGENTS FOR ERRORS OR OMISSIONS IN THIS REPORT. CARFAX FURTHER EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CARFAX(R)

Report Sales: 1-888-4-CARFAX

Customer Service: [websupport@carfax.com](mailto:websupport@carfax.com)

[www.carfax.com](http://www.carfax.com)

## Carfax Terms and Definitions

---

**Auto Auction** - Auto auctions provide Carfax with odometer readings of vehicles brought to the auction for sale (and whether or not it sold). It is common practice for vehicles to be wholesaled at auctions.

**Damage Disclosure Title** - The title issued when the seller indicates that the vehicle has sustained damage as a result of one or more incidents. The amount of damage varies by state.

**Date Reported** - Refers to the date when the transaction occurred.

**Dealer Service Company** - Dealer Service Companies assist auto dealers manage their inventories. These companies offer data services in the areas of mass marketing, maintenance notification, unit labeling and advertising. Not all dealer service companies report information to Carfax.

**Exceeds Mechanical Limits** - When the seller certifies, under the Truth in Mileage Act, that the odometer reading EXCEEDS MECHANICAL LIMITS of the odometer, usually 99,999 miles.



# SAMPLE REPORT

## Salvage Title & Odometer Discrepancy

**Exempt Vehicle** - The vehicle is over 10 years old, was manufactured before 1986, and is exempt from odometer reporting requirements.

**Fleet Management Company** - Fleet Management Companies provide the management of financing, insurance, maintenance and repair of fleet vehicles owned by other businesses. Fleet companies are typically self-insured. Vehicles that have sustained varying degrees of damage have been reported to Carfax, however not all fleet management companies report information to Carfax.

**Flood Damage Title** - States issue flood titles when a vehicle has been in a flood or has received extensive water damage.

**General Comments** - Carfax reports display important information in the General Comment section, including potential problems for each transaction. Comments will vary, depending on the source of the information.

**Information Source** - Refers to the provider or origin of the transaction. There are several sources you may see on a report including Motor Vehicle Department, Auto Auctions, Salvage Auctions, and Inspection Stations.

**Inspections** - Many states or counties require annual or biennial inspections. Odometer readings are collected at the time of the inspection.

**Lemon Law** - Most states have a lemon law to protect consumers from having to keep a car that has recurring problems. If someone buys a new car with major problems, and the manufacturer fails to repair the defect in a certain amount of time, the manufacturer may be required to refund the consumer's money by buying the vehicle back.

**Lien** - A lien is an ownership right to a piece of property. When a financial institution loans money to someone purchasing a vehicle, the financial institution has a lien on the vehicle. Other types of liens include mechanics' liens and child support liens.

**Manufacturer Buyback (LEMON) Title** - The title issued when a vehicle with major problems has been repurchased by a manufacturer. State laws vary as to the requirements for a "buyback."

**Motor Vehicle Dept.** - Motor Vehicle Departments issue both titles and registrations to a vehicle's owner. Each title or registration record which appears on a Carfax report does not necessarily indicate a change in ownership. New titles and registrations can be created for name, address and lienholder changes; ownership changes; vehicle status changes; registration activity; title corrections; and lost titles.

**Not Actual Mileage** - When the seller certifies, under the Truth in Mileage Act, that the odometer reading is NOT ACTUAL MILEAGE. This may occur because the disclosed odometer reading was not accurate and verifiable.

**Odometer Rollback** - If a more recent odometer reading is less than an older reading, then the odometer may have been "rolled back".

**Rebuilt/Reconstructed Title** - The vehicle sustained damage and was rebuilt or reconstructed, then placed back on the road.

**Repossession** - When a repossession occurs a vehicle owner fails to make loan payments, and the financial institution holding the title takes possession of the vehicle.

**Salvage Auction Record** - Vehicles that are sold at salvage auctions. These vehicles have been declared a total loss by an insurance company, are recovered stolen vehicles, or have been repossessed.

**Salvage/Junk Title** - States issue salvage titles when an insurance company takes possession of a vehicle as a result of a claim. This generally occurs after a vehicle has been declared a total loss. States issue junk titles to indicate that a vehicle is not road worthy and cannot be titled again in that state.

**Service Plan Company** - Service Plan Companies market service plans to dealerships who then sell service contracts to buyers of both new and used cars as mechanical breakdown insurance. Information is collected on service plans when they are issued and when claims against the contract have been made. Not all service plan companies report information to Carfax.

**Title Issued** - A state issues a title to provide a vehicle owner with proof of ownership. Each title has a unique number. Each title or registration record which appears on a Carfax report does not necessarily indicate a change in ownership.

**Total Loss** - An insurance company declares a vehicle a total loss when paying a claim for the full value of the vehicle. Insurance companies typically take possession and obtain the title of such vehicles.

**Vehicle ID No.** - This 17 character number is unique to each vehicle. It identifies characteristics of the vehicle, including manufacturer, year, model, body, engine specifications, and serial number.

# Government and Consumer Partnerships

Carfax currently provides services state, local and federal agencies. Below is a representative list of just some of those organizations.

- ✓ National Highway Traffic Safety Administration
- ✓ National Odometer and Title Fraud Enforcement Association
- ✓ United States Department of Justice, Office of Consumer Litigation
- ✓ US Customs Service
- ✓ US Federal Bureau of Investigation
- ✓ Colorado Bureau of Investigation
- ✓ Detroit Police Department
- ✓ Florida Highway Patrol
- ✓ Kansas Attorney General
- ✓ Kansas Highway Patrol
- ✓ Maryland Motor Vehicle Administration
- ✓ Michigan Department of State
- ✓ Montgomery County Div of Consumer Affairs
- ✓ Nebraska State Patrol
- ✓ North Carolina Department of Transportation
- ✓ Texas Motor Vehicle Board, Enforcement Division
- ✓ Utah State Tax Commission
- ✓ West Virginia Consumer Protection Division
- ✓ West Virginia State Police
- ✓ And more.



## Consumer Stories

**Gary Bjork:** "This is the second time I've used Carfax. The first time was when I did research on a 1995 Nissan truck my son was trying to purchase a few months ago. He is in the Army and was back in Virginia and needed transportation. I needed to co-sign for him but when the paperwork arrived I was a little suspicious that a 4 year old vehicle only had 22,000 miles. From the Carfax report I learned that in 1996 the vehicle was reported with over 36,000 miles.

Needless to say, when I contacted the dealer about this they stammered with all kinds of lame excuses. My son returned the truck and later found a better deal from a private party. Thanks to Carfax we avoided a potential disaster and the Virginia State Attorney General's Office is gladly taking up the investigation!"

**R. Hill:** "I was set on purchasing a minivan from a reputable dealership for \$14,000. I didn't sign the agreement because I wanted my husband to see the car first, although I had put a \$50 deposit. I came home and checked the bluebook value and I was happy to know I got a very good deal on it.

It was a late model minivan with very low miles. My husband suggested that I subscribe to Carfax and I am so very glad I did. It so happened that there is an odometer rollback of 20,000 miles on this minivan. Thank you, thank you, thank you for this great and wonderful service! I will highly recommend this to my family and friends. It's well worth the \$20."

**Paul DiGiacinto:** "I was planning to purchase a 1996 Nissan Maxima. Since the price sounded "too good to be true" I decided to run a Carfax report. I'm glad I did! The car had a Salvage title issued not once, but twice!! This was the best \$19.95 I have ever spent! You saved me money and many future headaches. Thanks again Carfax, you're #1 in my book!"

**Bob Cerra:** "A quick note of thanks. I was very close to sealing a deal on a 1994 Mercedes SL500 when a little voice in my head echoed my mothers insightful words 'if it seems too good to be true, it probably is.' So, I checked your site and ran a report. The report disclosed that the vehicle had changed hands 6 times and was issued a junk title with only 8k miles. It looks like several people have made money on it since then. Suddenly, 37,000 doesn't seem like such a deal anymore. Thanks for your help!"



## Consumer Stories

**Steve Van Rickley:** "I saw a Ford Explorer for sale and went to see it. The owner told me it is his son's car and it had low mileage. I drove it and it ran smooth, was very clean and considered the purchase. I did a search on Carfax and found it had a salvage title and the mileage was over 100k. I did not return his call."

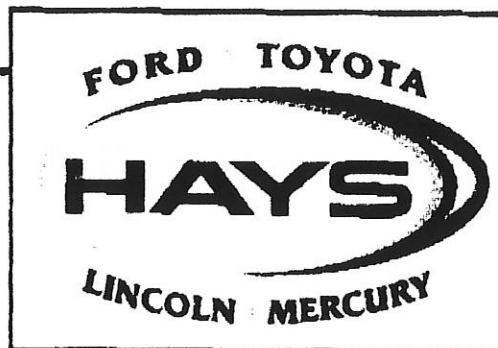
**Steven McIntire Kojima-Allen:** "Recently, I was shopping for a used car. I was looking at a 1996 Toyota Camry and it was a great deal. The seller claimed the title was clean, but I could not figure out why it was such a deal. The DMV told me I would need a month or so to get information back on the car, and even then they may not release the information due to privacy concerns. I did a web search, and sure enough, your company saved me from buying a piece of salvaged junk. You are providing a great service. Thanks!"

**Morri & Brenda Dickinson:** "I just ordered your report and I love it. It tells me so much about my car not only by what is there but what is left out. I bought my '91 Honda CRX in '95 and was told it had one owner and had never been wrecked. The dealer had the "previous" owner call me herself to tell me what a great car it was. I have always thought I could spot the tell tale signs of a secondary paint job on the front half of the car but never thought much about it since the car has been wonderful.

Thanks again for your service. Someone should have done this years ago! I can hear the car dealers howling with frustration now that consumers can more easily get the skinny on a car's history. Thanks again."

**Rich Cannella:** "My parents got burned last year by purchasing a 1997 Oldsmobile Achieva they did not know was flooded. The car looked immaculate and had no signs of flood until the electrical system and transmission failed. This was a horrible experience and cost my parents a lot of money. Who says lightning doesn't strike twice? I was looking for another car for my parents and found a 1999 Oldsmobile 88 that looked brand new. The seller told me the car was perfect and was never hit, flooded or salvaged. I decided to sign up for Carfax's two-month service to help protect my parents. Oh my goodness, the car came up with a flood and salvaged title. Thank God for Carfax. They saved my parents from throwing an additional \$13,000 down the drain. I only wish I knew about Carfax before my parents purchased the Achieva. Thank you Carfax!"

4450 Vine Street  
P.O. Box 36  
Hays, KS 67601



Business: (785) 625-3441  
Watts: 1-800-627-3441  
FAX: (785) 625-8201

JANUARY 31, 2001

TO: CARFAX

FR: JASON HADEN  
GENERAL MANAGER  
HAYS FORD TOYOTA LINCOLN MERCURY

WE HAVE FOUND THAT THE AVERAGE PRE-OWNED VEHICLE BUYER WANTS TO KNOW THE HISTORY OF ANY AUTOMOBILE THAT THEY PURCHASE. CARFAX HAS HELPED US PROVIDE THAT WITH THEIR DETAILED HISTORY REPORTS.

SHOWING A POTENTIAL BUYER THE HISTORY OF THE VEHICLE IS VERY REASSURING. SHOWING THE CUSTOMER THAT THE UNIT IS NOT A PREVIOUS SALVAGE, FLOOD, OR HAS HAD A PREVIOUS ODOMETER DISCREPANCY HAS HELP US BUILD A TRUSTING RELATIONSHIP WITH OUR CUSTOMERS. WE HAVE FOUND THAT OUR CUSTOMERS APPRECIATE THIS UPFRONT APPROACH.

CARFAX REPORTS DO A TREMENDOUS JOB IN PROTECTING THE DEALERSHIP. THERE ARE MANY VEHICLES THAT DO EXIST WITH HIDDEN PROBLEMS. CARFAX ENABLES US TO FIND THEM RIGHT AWAY BEFORE WE TRADE FOR A VEHICLE OR SELL A POTENTIAL PROBLEM UNIT.

THANK YOU CARFAX FOR YOUR ASSISTANCE,

  
JASON HADEN



## CHEVROLET, INC.

Frye Chevrolet has incorporated the use of Carfax in our everyday business. Carfax is a report that contains data informing the consumer of valuable information on a vehicle they are purchasing. This report adds confidence to their vehicle purchase.

Our sales team used the report as an effective sales tool. Carfax alleviates any preconceived notions of what "pre-owned" means. We are confident that with this addition of certified car's program on their consumer website Carfax will be essential in our sale of more vehicles.

Don Unruh  
Sales Manager

(316) 775-5445  
(316) 775-5440 (FAX)  
603 W. SEVENTH  
AUGUSTA, KS 67010  
[www.fryechevrolet.com](http://www.fryechevrolet.com)





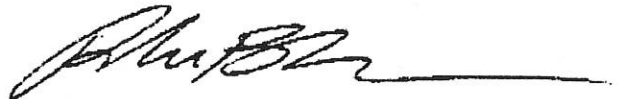
## **Salina Powersports**

We at Salina Powersports use Carfax to help evaluate the trade ins that we receive. On several occasions since we've started using the vehicle history as a trade in tool, I've caught a couple of previous salvage vehicles that didn't show up on the Kansas title. If I didn't have Carfax, I would bet that those vehicles would have cost us big money to get them back from an unhappy customer. Carfax can't catch all of the problems out there, but it can account for 95% of what's out there.

We also use this as a sales tool to potential customers. The vehicle history can assure customers the previous history is clean on the car and the miles are correct. We use this as a closing tool all the time.

Thanks CARFAX for this service!

Sincerely,



Robert Bohm, manager  
Salina Powersports  
632 S. Broadway  
Salina, KS 67401



We at Lubbers Chevrolet Ford Mercury have incorporated the Carfax report as an integral part of our every day business. The detailed data contained on the History report has become an invaluable resource in finding information on a vehicle that would have otherwise gone undetected. We pride ourselves at being completely honest with our customers and the Carfax report is just one more tool that adds confidence to their purchase.

Our sales staff also used the report itself as a very effective sales tool. When consumers can track the life of the vehicle they wish to purchase, it alleviates any pre-conceived notions of what "pre-owned" means. With the addition of the Certified Cars program on their consumer website, we know that Carfax will be helping us sell cars for years to come.

Chris Lucero  
Sales Manager

▼ DAMAGED VEHICLES

# Hurricane Floyd returns

## This time he's in the form of flood-damaged cars

By Scripps Howard News Service

It is a car advertisement you are not likely to see:

"One owner, low mileage, briefly submerged by a hurricane tidal surge."

But tens of thousands of automobiles damaged by floods following Hurricane Floyd last fall are finding their way to unsuspecting buyers.

In North Carolina alone, according to the American Automobile Association, at least 75,000 cars were flooded by the storm. Thousands more were severely damaged elsewhere during the hurricane season.

And that has led to some wet lemons circulating among used-car buyers, experts said.

"We were contacted by a woman outside Philadelphia who bought a first car for her 17-year-old son, and within three weeks the engine blew because the head gasket had warped,"

### Flood check

• **WHAT:** Carfax.com will do a free check to see if a vehicle has been listed as flood-damaged.

• **HOW:** Go to the Web site and list the 17-digit vehicle identification number.

• **WHERE:** <http://www.carfax.com>.

• **MORE:** North Carolina Web site listing all flood- or water-damaged vehicles in the state. <http://www.jus.state.nc.us>.

said Larry Gamache, a spokesman for Carfax.com, a Fairfax, Va., company that researches car histories.

"It turned out that the car had been declared a flood loss in New Jersey that was retitled in Pennsylvania and sold without disclosing the flood damage. That was against the law," Gamache

said.

According to experts, consumers checking for signs of flood damage should:

- Examine the trunk, glove compartment, carpeting and under the dash for signs of discoloration or faded and stained upholstery.

- Smell for musty odors and look for a well-defined water line inside the car.

- Check the wiring under the hood to see if it cracks or bends. Wet wires become brittle upon drying and are susceptible to cracking.

North Carolina Attorney General Mike Easley said in a statement recently, "Last year, North Carolina was hit by three hurricanes, and 44 of our counties suffered devastating flooding. ... A byproduct of the flooding is often 'flood vehicles.' Unfortunately, once these vehicles leave North Carolina, the flood designation is washed from the title."



Consumer Corner

# Avoid buying flood-damaged vehicles

Attorney General Carla J. Stovall offers this public service to help you avoid becoming a victim of consumer fraud. Although some of the details have been changed, the cases appearing in this column are based on actual complaints. For further information or to file a complaint, please write Attorney General Carla J. Stovall, Consumer Protection Division, Kansas Judicial Center, Topeka KS 66612, or call the toll-free Consumer Hot line, 1-800-432-2310. Leave your name, number and subject of your inquiry with the receptionist and an agent will return your call promptly.

**Dear Attorney General Stovall:**

I am a single parent with two children, one in grade school and one in pre-school. As you can guess I need a dependable car to transport kids, get to my job, and take care of the various errands that accompany the position of "working mother." I do not know a lot about the mechanics of a car, nor do I have a knowledgeable friend who can advise me.

Attorney General Stovall, I overheard a conversation a few days ago about flood damaged cars being

brought into Kansas from states where recent flooding was caused by hurricanes. I really cannot afford to get stuck with a car that has hidden or undisclosed damage. Are there some guidelines to follow when I look at a car? Is there any way to be sure a car had not been in a flood?

**Dear Kansas Consumer:**

There are certain things about a flood damaged car that should raise red flags in your mind. Usually flood damaged cars will have a musty or sewage odor or a strong scent of air fresheners that attempt to mask the odor. Check for rust, sand, silt, mud or salt deposits under the spare tire and under the seats. Check nook and crannies for mud and sand. Check the oil dip stick for signs that water has gotten into the system and contaminated it. These areas are often missed by crews that clean up flood damaged vehicles.

Always have the vehicle inspected by a qualified mechanic. Ask to see the title. The state where the car is coming from may require flood/salvage disclosure on its titles. Check to see if the factory warranty is still in effect. Factory warranties are often voided after flood damage. Ask your insurance agent to check for insurance claims on the specific 17 digit Vehicle Identification Number (VIN) for the vehicle in question. Insurance companies compile information on insurance claims and

your agent should have access to that information.

Some general tips that apply to buying a car include the following: Ask the seller to put all representations and promises in writing. Do not buy a car on impulse or response to high pressure sales. Ask for a vehicle history, title history or carfax. If possible, talk to the former owners about the car's prior history and performance record. Always have the vehicle inspected before buying it. Examine extended warranties. Ask the seller about prior damage or mechanical problems. Inspect the vehicle to ascertain whether the normal wear and tear on the vehicle agrees with the mileage showing on the odometer. Do your homework so you can make an informed decision and avoid unexpected surprises.

# Beware of purchasing flood-damaged cars

Attorney General Carla J. Stovall offers this public service to help you avoid becoming a victim of consumer fraud. Although some of the details have been changed, the cases appearing in this column are based on actual complains. For further information or to file a complaint, please write Attorney General Carla J. Stovall, Consumer Protection Division, Kansas Judicial Center, Topeka, Kan. 66612, or call the toll-free Consumer Hotline, 1-800-432-2310. Leave your name, number and subject of your inquiry with the receptionist and an agent will return your call promptly.

**Dear Attorney General Stovall:**  
I am a single parent with two children, one in grade school and one in pre-school. As you can guess I need a dependable car to transport kids, get to my job and take care of the various errands that accompany the position of "working mother." I do not know a lot about the mechanics of a car, nor do I

have a knowledgeable friend who can advise me.

Attorney General Stovall, I overheard a conversation a few days ago about flood damaged cars being brought into Kansas from states where recent flooding was caused by hurricanes. I really cannot afford to get stuck with a car that has hidden or undisclosed damage. Are there some guidelines to follow when I look at a car? Is there any way to be sure a car had not been in a flood?

**Dear Kansas Consumer:**

There are certain things about a flood damaged car that should raise red flags in your mind. Usually flood damaged cars will have a musty or sewage odor or



a strong scent of air fresheners that attempt to mask the odor. Check for rust, sand, silt, mud or salt deposits under the spare tire and under the seats. Check nooks and crannies for mud and sand. Check the oil dip stick for signs that water has gotten into the system and contaminated it. These areas are often missed by crews that clean up flood damaged vehicles.

Always have the vehicle inspected by a qualified mechanic. Ask to see the title. The state where the car is coming from may require flood/salvage disclosure on its titles. Check to see if the factory warranty is still in effect. Factory warranties are often voided after flood damage. Ask your insurance agent to check for insurance claims on

the specific 17 digit Vehicle Identification Number (VIN) for the vehicle in question. Insurance companies compile information on insurance claims and your agent should have access to that information.

Some general tips that apply to buying a car include the following: Ask the seller to put all representations and promises in writing. Do not buy a car on impulse or in response to high pressure sales. Ask for a vehicle history, title history or carfax. If possible, talk to the former owners about the car's prior history and performance record. Always have the vehicle inspected before buying it. Examine extended warranties. Ask the seller about prior damage or mechanical problems. Inspect the vehicle to ascertain whether the normal wear and tear on the vehicle agrees with the mileage showing on the odometer. Do your homework so you can make an informed decision and avoid unexpected surprises.

## Carfax.com: For used, not abused, autos

PowerProse  
FORCNC

Carfax.com is an online site where car buyers - and car dealers - can determine, using the Vehicle Identification Number (VIN), if a used car of interest has been through an accident or other problem likely to affect the health of the car. Many car dealers offer Carfax.com Internet access to prospective buyers - or car shoppers can tap into Carfax.com from their own computers.

Just last month, Carfax.com added thousands of fire data records from across the country to its national database of over 950 million vehicle records on accidents, flood damage and more.

While many states may issue a salvage title for cars and trucks that are seriously damaged, Carfax.com's database can uncover less severe damage within a vehicle's past that might otherwise go unreported to the consumer or unknown to a dealer.

"Thanks to Carfax I saved \$16,500,"

said Terri Poulos of Miami, FL. "The vehicle I was about to purchase had costly damage in its past - damage that could have led to serious problems later on. Since then, I found the car of my dreams. Thanks Carfax for everything."

Carfax.com includes more than one million accident data records from Massachusetts in its even more extensive national database of over 925 million vehicle records. New England consumers, through Carfax.com, can access detailed collision information on thousands of cars that have been involved in accidents in the state. Massachusetts' law requires a report to be filed if there is at least \$1,000 in damage and someone has been injured.

"During a recent search for a new used car I decided to run some VINs through the Carfax.com database," said Mike LaRosa of Chelmsford. "Good thing I did! Your report revealed some hidden information in the cars' past, giving me the upper hand in negotiations with the

seller. It was the best money I ever spent."

In addition to the other valuable information in a Carfax report, such as flood damage, odometer fraud or salvage history, consumers can see accident records for thousands of used cars and trucks. Now used car buyers can uncover any hidden repairs with these new records.

Interested consumers can see a sample report at <http://www.Carfax.com>.

If not available through a dealer, consumers can visit <http://www.Carfax.com> to purchase 60 days of unlimited access to the company's database for \$19.95. Individuals who purchase and receive Carfax reports that confirm a clean title history automatically receive the Clean Title History Guarantee worth 10 percent of the value of their vehicle up to \$1,000.

Used car dealers interested in signing up for the Carfax service should call 1-800-444-0145.

# Industry news

**W**hile Corvettes have appeared on racetracks ever since they were introduced, they have never received official support from the factory.

While all U.S. companies participated in NASCAR, Trans Am and drag racing, GM only officially sanctioned their products' involvement during the last two decades.

Ford had their official endurance racing programs in the '60s that culminated with wins at LeMans with the GT-40s, and Chrysler has recently gained similar success with their Vipers.

Racing Corvettes such as the Sebring SS, the StingRay and the Gran Sports came out of the back door of Chevrolet Engineering, and were raced by private teams. Now the bow tie guys are preparing a team of factory-sponsored cars, utilizing skills of such racing gurus as Indianapolis-based Riley and Scott.

The cars will use the same basic engine and frame structure, but will have lighter carbon fiber/kevlar bodies adapted to aerodynamics and use revised suspension and racing transmissions. These will compete in U.S. endurance races such as Daytona, Sebring, Road Atlanta and Laguna Seca in 1999, and hopefully go overseas to places like LeMans, Spa and Motegi the following year.

Despite noble efforts of Corvette privateers like Baker, Morrison, Cunningham, Greenwood and Callaway, the lack of a sports car championship trophy in the corporate case must rankle Chevy (photo)

\*\*\*

One of the concerns facing buyers of used cars is the history of the vehicle.

Too many damaged and repaired cars are represented as cherry, little old lady cars. At best, mileage may be reported wrong . . . at worst, the car may be stolen, and the buyer may lose the car and his payment if the police confiscate it.

Carfax Vehicle History Service has developed partnerships with some top Internet auto sites. Consumers can now access the Carfax database of over 750 million vehicle records at DigitalCities.com, Autoweb.com, AutoByTel.com, InfoSpace.com and CarTalk.com.

Each partner site will be offering the Carfax Free Lemon Check,

which takes the 17-digit VIN number and provides a detailed report that confirms the vital statistics on a car and reveals any undisclosed manufacturer buyback titles.

In addition to lemon titles, the database contains valuable information on potential odometer rollbacks, or previous salvage titles.

After running a Lemon Check, consumers can purchase a more detailed report that contains information on other potential problems including salvage and flood titles, auction records and odometer fraud.

The cost for the complete report over the Internet is \$19.50. Purchasing a Carfax report that confirms a clean title history gives the customer a Clean Title History Guarantee worth 10 percent of the value of their vehicle up to \$1,000.

Consumers can purchase Carfax reports directly at [www.Carfax.com](http://www.Carfax.com) or by calling 1-888-4-CARFAX.

\*\*\*

I am one of those who is uncomfortable with the warm sensation of heated car seats, but like the cool breezes through wicker or mesh chairs in the summer.

Look for seats in a model-year 2000 luxury vehicle featuring active temperature controls for heating, cooling and ventilation.

Johnson Controls is working with California-based Amerigon Inc. to deliver both heating and cooling through a compact heat pump mounted inside the seat structure.

A small fan circulates cabin air through the device to the seat surface through perforated leather or cloth fabric covers.

This is a step up from the benefits offered by dual zone airborne climate controls, and should be a soothing influence on many marriages where husbands and wives have different metabolisms.

Johnson Controls is a global market leader in automotive interiors.

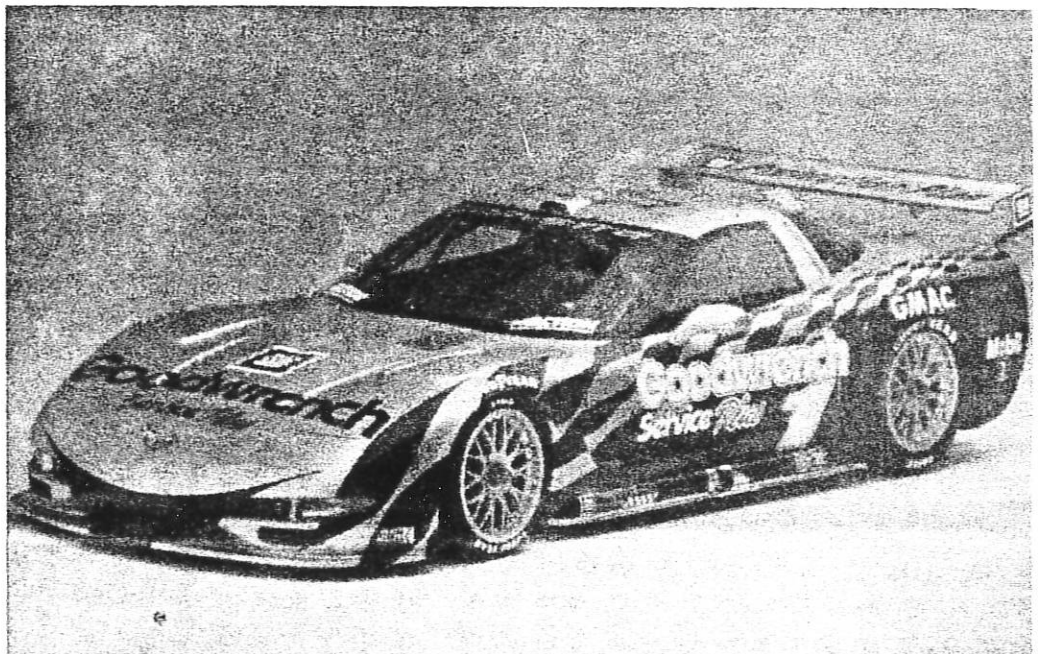
Bob welcomes comments or questions at [bstorck@sprynet.com](mailto:bstorck@sprynet.com).



**BOB STORK**  
SUN AUTOMOTIVE WRITER

## NEW ON THE RACE-TRACK

— General Motors is making a move into officially-sanctioned products on the racetracks with cars such as this one. GM is preparing a team of factory-sponsored cars, utilizing skills of such racing gurus as Indianapolis-based Riley and Scott. The cars will use the same basic engine and frame structure but will have lighter carbon fiber/kevlar bodies adapted to aerodynamics and will use revised suspension and racing transmissions.





by **Tom Strongman**

# Deals on Wheels

*A quality used car for less than \$3,000?*

*Do your homework and you just might find one.*

WHEN MY DAUGHTER TURNED 16 A dozen years ago, we bought a 1978 VW Scirocco for less than \$1,000. It lasted only a couple of years before we sold it for \$500 to another teen-ager as a restoration project. Today, when the average new-car price hovers around \$20,000 and the average used-car price is close to \$9,000, finding a comparable used car that is safe and reasonably reliable would take at least \$3,000. Realistically, "used," "reliable" and "\$3,000" don't fit very well in the same sentence. But with patience, persistence and homework, chances are good that you can find a decent car with some life left in it.

In general, most cars in this price category will be sold by private owners, although you might find some in the back of a dealer's lot. Many publications indicate that the most reliable vehicles are likely to be Japanese, such as Honda, Mazda or Toyota, but some domestics qualify as well. For in-depth information, check Consumer Reports' frequency-of-repair database.

To help figure out whether the car you want is priced fairly, Edmund's ([www.Edmunds.com](http://www.Edmunds.com)) and Kelley Blue Book ([www.kbb.com](http://www.kbb.com)) have online databases that can help you determine value.

Once you've found a car that fits your needs, check it out as follows:

- Check the engine oil to see if it is full and clean. Ask to see maintenance records. Regular oil changes are important to a car's longevity.
- Look for mismatched paint or rippled panels that could signal body repair. Check under the car for fresh undercoating that could indicate damage to the underbody or frame of the vehicle.
- Look for rust under doors, under carpeting or in the trunk.
- Examine the glass and floor for signs of water leakage. A moldy smell can be a sign of water, too.
- Look for drips under the car.
- Check the wear of each tire. Uneven wear might be the result of misalignment, worn parts or abusive driving.
- Turn on the ignition but do not start the engine. Be sure the "Check Engine" light comes on. If it doesn't, it could mean the bulb has been removed to conceal a problem.
- Take a test drive. The car should accelerate smoothly and have ample power on hills. On a flat, level road, the car should track straight, without pulling to one side or the other.

- Step on the brakes. The car should stop without shuddering or veering to one side.
- Accelerate to 15 or 20 mph, slow down and then floor the throttle. A puff of blue or white smoke indicates engine trouble that needs to be investigated.
- If you're unsure of anything, it might be worth the \$50 or so it costs to have the car checked out by a professional mechanic.

For a thorough background check, Carfax, a vehicle history service, will generate a report that tells you if the odometer is accurate or if the car has been totaled, was in a flood or returned as a lemon. All you need is the car's 17-character VIN number from the dash or title. If you have Internet access, you can receive this information free through the Edmund's site or for \$12.95 from Carfax, which can be reached at [www.carfax.com](http://www.carfax.com). You also can order by phone, for \$20, by calling (888) 422-7329. Many dealerships use Carfax on a regular basis, as well.

Once you are satisfied that you have found the right vehicle, settling on a price is the final hurdle. Negotiations with private sellers can be trying. Give-and-take is

**A small budget doesn't necessarily put a decent car out of reach.**



TOM STRONGMAN

part of the process, so be patient and stick to the price you want to pay. Chances are you will drive home a car that can provide good transportation for you or a family member for at least a couple of years. ■

*TOM STRONGMAN is automotive editor of the Kansas City Star.*

1-18



# The New York Times

## The Car You Covet: Was It Totaled?

By ANDREA ADELSON

ANN HASSELBACH paid \$27,000 for a low-mileage, three-year-old Toyota Supra from A. J. Foyt Honda in Kingwood, Tex., in 1997. When the car developed steering problems, the nursing student took it to a mechanic, who gave her more bad news. It needed a new transmission and its electrical systems required an overhaul because it had been flooded. The seat belts were not even bolted down, she said.

When she confronted the dealer's used-car manager, she said, he denied knowing the car's history and declared the vehicle safe. "Talk about anger," Ms. Hasselbach said. "Even a slight fender bender and I could have been dead."

Neither the general manager at A. J. Foyt Honda, nor the dealer's lawyers, returned phone calls seeking a response.

Ms. Hasselbach's lawyer obtained a title history indicating that the car had passed among three auto brokers in a year before reaching the dealer. Only after filing suit against the dealer and brokers for fraud did Ms. Hasselbach, 25, learn she had paid top dollar for a cosmetically disguised wreck.

It turned out that a doctor from Beaumont, Tex., had surrendered the once-flooded car to the Progressive Insurance Company after receiving a \$31,000 payoff.

"Nobody did this intentionally," said Mark R. Lapidus, Progressive's lawyer in Houston. "I think what happened is, a mistake was made and the paperwork didn't get sent." A trial is set for next year.

Concealing damage when reselling autos prompts so many complaints that legislation to set a national car-title standard has been proposed in Congress several times, only to collapse under pressure from competing interest groups. Insurers, law enforcers, the collision industry and consumer advocates agree that the issue should be resolved, but they disagree over how.

From 20 to 40 percent of the 2.3 million vehicles that are declared "totaled" by insurers each year are rebuilt and put back on the highway, some legally, some not, say experts who have studied the problem. A significant portion of the vehicles that insurers consider too damaged to repair are freshened up and reregistered without their titles being branded as salvage -- the category for cars that cannot be economically fixed. Telltale signs, like spot frame welds and parts from different model years, can be hard to detect.

Last year in Indiana, the State Farm Mutual Insurance Company, the nation's largest auto insurer, agreed to pay nearly \$4 million in restitution to settle a case involving extensively damaged cars it had bought and resold without obtaining salvage titles.

"What we hear from other states is that the practice is not unique to Indiana," said Jeffrey A. Modisett, the state Attorney General. He said a similar investigation was under way in Iowa; plaintiff's lawyers in Texas and New Jersey are at work on class-action suits over similar allegations.

Unscrupulous rebuilders and car thieves have plenty of opportunity to reregister vehicles with clean titles or new identification numbers, since there is no national data base for salvaged and stolen vehicles.

And state laws governing vehicle titles are inconsistent. In Iowa, for example, a car must be given a salvage title if repairs exceed 50 percent of a vehicle's value. In Texas, the threshold is 75 percent. States with relatively lax rules, like Oregon and Pennsylvania, become havens for laundered vehicle titles, cleaned through reregistration.

A bill proposing a national standard for titling salvage vehicles was approved in June by the Senate Commerce Committee. It is supported by insurers and auto rebuilders, but opposed by consumer groups and several state attorneys general. Critics hope that the bill, written by Senator Trent Lott, the majority leader, will be amended before it is considered by the full Senate.

Attorneys general including Richard Blumenthal of Connecticut, Joseph Curran Jr. of Maryland and Bill Lockyer of California oppose the proposed Federal standard, saying it is weaker than many existing state laws that it would pre-empt. The proposal defines a salvage vehicle as one needing repairs worth 75 percent of its value, but exempts vehicles over six years old and those valued at less than \$7,500.

Consumer groups support a competing bill by Senator Dianne Feinstein, Democrat of California. Rather than focus on salvage vehicles it would require pre-sale damage disclosures on registrations, a condition set in a few states including North Dakota, Iowa and Minnesota. Her bill, which would set criminal penalties, was not considered by the Senate committee.

Insurers oppose rules requiring owners to tell potential buyers about accident damage that falls short of salvage status. Insurers do not want policyholders' vehicles to be stigmatized

over what amounts to cosmetic damage, said Dave A. Hurst, a State Farm spokesman in Bloomington, Ind.

Shoddy repairs stem partly from the strong used-car market. Insurers end up declaring repairable cars "totaled" and paying policyholders the full value, then recouping much of that expense by selling the cars at auction, said Jack J. Rozint, marketing vice president of CCC Information Services Inc., an auto claims processor in Chicago.

"The rebuilder has a strong incentive to complete the repair as cheaply as possible, as every penny saved goes in his pocket," Mr. Rozint said. "The title still should be branded as salvage."

### Clues on the Web for Title Sleuths

PROSPECTIVE used-car buyers need not accept on faith assurances about a car's history from salespeople or private parties. For \$20, consumers can obtain a title history from Carfax or VHR, rival information providers that have long catered to insurers and auto dealers.

Carfax began in 1985 as a service to dealers who wanted to avoid buying problem cars at auction. A third of its business now comes from consumers, who can check histories on line at [www.carfaxonline.com](http://www.carfaxonline.com) or by calling (888) 422-7329.

VHR, owned by CCC Information Services of Chicago, developed its data base from its business of auto-insurance claims processing. It includes records on 18 million vehicles declared "totaled" by insurers, said Jack J. Rozint, a company spokesman. Its Web site is [www.vehiclehistory.com](http://www.vehiclehistory.com).

Both companies' historical knowledge can be useful to buyers of used cars. Even so, gaps exist in both data bases, because a few states have refused to make public their registration and title records.

Histories are indexed based on vehicle identification numbers and labels like "lemon buy-back," "salvage" and "gross polluter." These red flags are sometimes excised when cars are moved between states that use different definitions of what is a lemon or a flooded vehicle. "Title washing happens all the time," said Scott Fredericks, a spokesman for Carfax, which was recently acquired by the Polk Company. With a title history, consumers can learn the previous registrations and transactions involving a vehicle, whether it was repossessed or used as a taxi, and whether its odometer was rolled back.