



April 30, 2024

Mike Stanton, President and CEO  
National Automobile Dealers Association  
8484 Westpark Drive  
Suite 500  
Tysons, VA 22102

John Devlin, 2024 ATAE Chairman  
Pennsylvania Automotive Association  
1925 N Front Street  
Harrisburg, PA 17102

Dear Mike and John:

We read with interest the response from Honda to NADA regarding the Afeela brand and statements by ATAE voicing concerns that the brand is an attempt to circumvent the dealer network for new product.

As you will recall, in 2023 many dealer associations considered legislation to prohibit manufacturers adopting an agency model in the US as several have in Europe and Australia. VADA successfully sought legislation to ensure that the franchise system was protected in Virginia. Some of our colleagues around the country criticized our aggressive approach to this issue.

We feel vindicated in reading the response from Honda as one of the changes we made in 2023 makes clear that manufacturers cannot simply set up a subsidiary to circumvent our franchise protections. VA Code § 46.2-1572 now states:

It shall be unlawful for any motor vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof to own, operate, or control any motor vehicle dealership in the Commonwealth. **This prohibition includes the ownership, operation, or control of any dealership of a new line-make established by a manufacturer, factory branch, distributor, or distributor branch, licensed as such by the Department, or a subsidiary thereof or a company affiliated through ownership of the manufacturer, factory branch, distributor, or distributor branch of at least 25 percent of the equity of the company...**

Mr. Stanton and Mr. Devlin

April 30, 2024

Page 2

Under the new language we added, Honda is a licensed manufacturer and, therefore, Afeela would not be able to own and operate dealerships in Virginia without franchised dealers. Honda cannot simply claim Afeela is a separate entity and do as it pleases with the vehicles it produces under that company's name. Virginia law prohibits it. Afeela is no different than Honda or Acura in the state of Virginia.

We hope that our efforts to ensure this critical protection of the franchise system in Virginia is something our colleagues around the country will review and pursue for dealers in their states.

Sincerely,

A handwritten signature in black ink that reads "Donald L. Hall". The signature is written in a cursive, flowing style.

Donald L. Hall  
President and CEO