

- (c) Parts covered.
- (d) Exceptions and exclusions from the terms of the warranty.
- (e) A statement of what the warrantor shall do in the event of a defect or malfunction, at whose expense and for what period of time.
- (f) A statement of what the purchaser shall do and expenses the purchaser shall bear.
- (g) The procedure the purchaser should take in order to obtain performance of any obligation under the warranty, including the identification of any class of persons authorized to perform the obligations set forth in the warranty.

(2) **DISCLOSURE.** The elements of the warranty shall be stated in words or phrases which clearly disclose the nature or scope of the warranty.

(3) **IMPLIED WARRANTY.** No implied warranty of merchantability or fitness shall be excluded in the sale of a motor vehicle unless the sale is explicitly negotiated between the purchaser and dealer licensee on an "AS IS - NO WARRANTY" basis and is in conformity with ss. Trans 139.04 (6) (a) 5. and 139.05 (10) (d). No implied warranty of merchantability or fitness shall be modified or limited, except that implied warranties may be limited to the duration of a written limited warranty of reasonable duration.

(4) **ADVERTISING.** Warranties shall not be advertised unless the basic terms and conditions of the warranty are disclosed in the advertisement.

(5) **WITHOUT CHARGE.** The use of the words "without charge" and other similar words or phrases in connection with the warrantor's services or responsibilities under a warranty constitutes an unfair practice and is prohibited unless the warrantor does not assess any costs or charges in connection with the required repair or replacement of a warranted item or services.

(6) **EXTENDED WARRANTY.** If a valid warranty claim made during the warranty period, as evidenced by a dealer repair order indicating date and mileage, cannot be remedied until after expiration of the warranty period, the warrantor shall continue to be obligated for the claim until properly remedied.

(7) **REPLACEMENT PARTS.** Parts repaired or replaced by a dealer licensee on a new vehicle which was received from the manufacturer or distributor in a damaged condition shall carry the same warranty as the original parts, provided the parts are approved for use by the vehicle manufacturer or distributor for repair or replacement.

(8) **WARRANTY REIMBURSEMENT.** (a) Manufacturers shall reimburse dealers for warranty repairs at the dealer's effective labor rate charged all customers as required by s. 218.01 (3) (a) 22., Stats., and at a reasonable allowance for parts replaced. Manufacturers shall notify dealers of the acceptance or denial of a warranty claim within 30 days of receipt of the claim, and shall make payment to the dealer within 30 days of acceptance of the claim, except for instances beyond the manufacturer's control.

(b) The "effective labor rate charged all customers" by the dealer is determined by dividing the total non-warranty charges by the total non-

warranty repair hours billed by the dealership for each class of repairs for same make vehicles during the same period.

(c) Manufacturers may audit a dealer's non-warranty repair records for various classes of repairs for same make vehicles to determine the "effective labor rate charged all customers." In the event an audit by the manufacturer reveals an actual labor rate at variance with the labor rate established by the dealer, any liability of the dealer to the manufacturer is limited to the period of time covered by the audit.

(d) Manufacturers may not:

1. Audit dealer repair records written more than 2 years prior to the audit, unless there is evidence of criminal fraud.

2. Require the dealer to perform geographic or other surveys of hourly labor rates charged or received by other dealers.

(e) The same labor time computations shall be used, for example, Chilton's, the manufacturer's guidelines, straight time averages, for both warranty and non-warranty repairs for same make vehicles. Same make vehicles which are being compared for labor time computations may be up to 5 years old or have been driven up to 50,000 miles.

(f) Manufacturers shall increase a dealer's warranty labor reimbursement rate not later than 30 days following a dealer's notifying the manufacturer of a repair labor rate increase, unless an audit discloses the dealer's claimed labor rate is not the "effective labor rate charged all customers."

(9) **WARRANTY LABOR REIMBURSEMENT COMPLAINTS.** Any department determination or licensing action based on a warranty labor complaint shall be based upon the information submitted to the department by the parties involved. The department shall not be required to conduct any on-site investigations or informational hearings.

(10) **WARRANTOR BASIC OBLIGATION.** It is an unfair practice and prohibited for a warrantor to fail to service or repair a motor vehicle in accordance with the terms and conditions of the warranty or service agreement.

History: Cr. Register, March, 1973, No. 207, eff. 4-1-73; cr. (9), Register, June, 1974, No. 222, eff. 7-1-74; renum. 24.06 (2) to be 24.05 (10), Register, December, 1975, No. 240, eff. 1-1-76; am. (3), Register, April, 1977, No. 256, eff. 5-1-77; renum. from MVD 24.05 and am., Register, December, 1982, No. 324, eff. 1-1-83.

Trans 139.07 Waiver. Waiver of any requirements of this chapter, except as specifically provided for in this chapter, is prohibited and void.

History: Cr. Register, March, 1973, No. 207, eff. 4-1-73; renum. from 24.07 to 24.06, Register, December, 1975, No. 240, eff. 1-1-76; renum. from MVD 24.06 and am., Register, December, 1982, No. 324, eff. 1-1-83.

Trans 139.08 Forms. Any new or revised dealer forms resulting from these rule changes shall be utilized beginning no later than 90 days following the effective date of this chapter.

History: Cr. Register, December, 1982, No. 324, eff. 1-1-83.