



# FLORIDA AUTOMOBILE DEALERS ASSOCIATION

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## How To Collect The Appropriate Warranty Reimbursements Under Florida Law Passed In 2008:

- Notify your manufacturer(s) that you wish to be compensated under the statutory requirements of F.S. 320.696
- Indicate which method of compensation you wish to pursue for parts



### **TYPES OF COMPENSATION - FOR PARTS:**

1. An agreed upon percentage markup over dealer cost
2. If no agreement is reached, the greater of:
  - a. "mean" percent markup for all parts in 50 consecutive RO's within 3 months prior to the request, or all such repair orders over the previous 3 months, if fewer than 50 exist (the licensee gets to select the initial repair order)
  - b. Highest MSRP retail price list
  - c. Average Gross profit percentage from the dealer's financial statements for the preceding 2 months

### **CAVEATS INCLUDE:**

- i. The manufacturer cannot decrease MSRP unless it decreases, by the same percentage, the cost to the dealer for the part or accessory
- ii. The manufacturer cannot exclude RO's with both warranty and maintenance work included from your RO count
- iii. The new methodology allows you to exclude from the retail rate calculation, parts used in maintenance work and parts discounted because of group, fleet, insurance, or other 3rd party payers, government discounts, special events, advertised specials, parts sold at wholesale, internal repairs, engine assemblies and transmissions, nuts, bolts, fasteners, etc., and tires
- iv. The manufacturer must compensate the dealer at retail rate (minus normal cost to dealer) for parts used in recalls or warranty repairs where parts are supplied at no cost to the consumer
- v. The manufacturer cannot avoid reimbursement to dealers by changing parts or component numbers to lower compensation to the dealer



### **TYPES OF COMPENSATION - FOR LABOR:**

1. An agreed upon hourly labor rate for retail customer repairs
2. If no agreement is reached, the greater of:
  - a. The hourly labor rate for customer repairs in the preceding month =
$$\frac{\text{Total labor sales for retail customer repairs}}{\text{Total labor hours which generated those sales}}$$
  - b. The average markup over dealer cost, as evidenced by the dealer's financial statements for the preceding 2 months

### **CAVEATS INCLUDE:**

- i. The manufacturer cannot pay less than what was being paid January 2, 2008
- ii. The manufacturer cannot eliminate flat rate times or establish any unreasonable flat rate time
- iii. The manufacturer must establish reasonable flat rate times for new models
- iv. Repairs that resemble a prior repair
- v. In determining the labor rate, you may exclude labor charges for vehicle reconditioning, group, fleet, insurance, or other 3rd party payers; govt. discounts, special events, advertised specials, and internal repairs
- vi. Dealers can request changes to the schedule of payments on a semi-annual basis
- vii. Dealers must attach supporting documentation for labor requests, and claims must be paid within 30 days
- viii. The manufacturer cannot recoup increased costs, by implementing surcharges on dealers in another operational area