



Warranty Service Provider Operating Agreement

Authorization is provided to _____, (hereinafter called "Warranty Service Provider") for:

Ford warranty repairs (covered in the Dealer Warranty and Policy Manual). Repair authorization is for powered Ford cars and trucks, which are owned or leased and operated at (_____). Warranty repairs are including the following areas: Air Conditioner, Brakes, Cooling System, Electrical, Fuel Systems, Ignition, Emission Systems, Steering/Front Suspension, Wheels/Hubs/Drums Body and Paint, Gasoline & Ford Diesel Engines, Rear Axles and Transmissions. Repair authorization is limited to Ford Powertrains (excludes non-Ford diesel engines i.e. Cummins & Caterpillar and transmissions i.e. Allison) powered in Ford cars and trucks.

This agreement does not provide authorization for non-Ford gaseous fuel system components.

All Warranty repairs must be performed in accordance with the Warranty and Policy Manual.

It is recognized that when performing new vehicle preparation and conditioning, items of an incidental nature may be encountered periodically which require repair. Authorization is also given to perform such repairs prior to the vehicle being placed in service and to be reimbursed by Ford Motor Company for making these repairs in accordance with the provisions stated herein.

This authorization allows the Warranty Service Provider to claim and receive reimbursement from Ford Motor Company for performing warranty repairs and is subject to the following conditions and procedures. This agreement may be terminated or cancelled, with or without cause by either party, on 30 days' notice:

Conditions for Reimbursement of Warranty Service Provider Performed Repairs

- As an authorized Warranty Service Provider, _____ is required to:
 - Maintain Service facilities that are properly equipped for vehicles being repaired.
 - Maintain current training and publication subscriptions, available through www.fleet.ford.com or your Commercial Vehicle Operations (CVO) Fleet Service Representative.
 - Maintain up-to-date diagnostic software as defined by Ford Motor Company.
 - Possess Ford defined special service tools and equipment.
 - Hold Ford Motor Company harmless for loss of use (vehicle downtime) related to repairs, including but not limited to procuring parts or obtaining technical assistance.
 - Failure to meet these requirements will result in termination of the Warranty Service Provider privileges with a 30 day written notice from Ford Motor Company. For assistance go to www.fleet.ford.com or contact your Ford Commercial Vehicle Operations Fleet Service Representative.
- Warranty repairs made from a repair location that has been self-certified, but in fact does not meet Ford Motor Company's requirements to perform service will be subject to chargeback and may result in termination of this Agreement.
- The Warranty Service Provider agrees to make its technicians available for web-based and/or classroom technical training at Ford Motor Company authorized training facilities at no cost to the Ford Motor Company. An on-site fee-based training may be available for certain vehicle applications; refer to www.fleet.ford.com for specific training information. Note: All contracted Parts and Service personnel including Technicians must meet the same training, tooling, and part use requirements as the staff actually employed by the Warranty Service Provider.
- The Warranty Service Provider agrees to adhere to all prior work approval requirements as Ford Motor Company may specify, (i.e., Digital Imaging, Warranty Cost Cap Tool, vehicle and part inspections, warranty claims review and audit actions).
- Ford remanufactured engine and transmission assemblies are REQUIRED for use in warranty covered repairs when the estimated repair cost exceeds the cost of an assembly. Ford Motor Company's decision to repair or replace an engine or transmission assembly is obtained by completing a Cost Cap Analysis using either the web-based Cost Cap Tool, for 2000 and newer model year vehicles, or the paper Cost Cap process, for 1999 and prior model year vehicles. Please refer to the Warranty and Policy Manual for additional information on assembly replacements and the Cost Cap process or seek additional assistance from your Ford Service Representative.

- Except as specified in this procedure, the Warranty Service Provider agrees to operate under the same rules and requirements as Ford/Lincoln Dealers, as expressed in the Warranty and Policy Manual.

Conditions for New Vehicle Pre-Delivery, Maintenance and Storage

- The Warranty Service Provider agrees:
 - To perform a vehicle inspection upon carrier delivery per Ford Motor Company Warranty and Policy Guidelines, noting any damage or mis-built conditions on the Bill of Lading. Any concerns must be reported per Warranty and Policy guidelines within 48 hours of vehicle delivery.
 - Vehicles must be stored and maintained per Ford Motor Company Warranty and Policy guidelines (Section 2).
 - To perform new vehicle preparation and conditioning in accordance with published Ford Motor Company procedures, including, but not limited to, the "Pre-delivery service Record."
 - To maintain a copy of the completed "Pre-delivery Service Record" for each vehicle upon which new vehicle preparation and conditioning was performed.
 - To provide a copy of the completed "Pre-delivery Service Record" to selling Ford /Lincoln Dealership within 30 days of pre-delivery completion.
 - That reimbursement for pre-delivery inspection will be made by Ford Motor Company to the selling Ford/Lincoln Dealership and payment to the Warranty Service Provider for such work will be the responsibility of the selling Dealer as agreed by the two parties outside of this agreement with Ford Motor Company.
 - To maintain a copy of the service records for each vehicle upon which a pre-delivery inspection and/or warranty work was performed for a period of one year from date of payment.

Warranty Claim Auditing and Assessment:

- Ford Motor Company may audit all Warranty Service Provider records pertaining in any way to new vehicle preparation and conditioning, warranty or policy repairs, including the repair orders (hard copy), the technicians' payroll records and any applicable outside sublet parts and/or labor invoices. Such records must be retained by the Warranty Service Provider for a period of at least one year from date of payment. Where such records are not available for at least one year or are incomplete for related repairs for which the Warranty Service Provider has previously been reimbursed, appropriate chargeback action may be taken by Ford Motor Company.
- Ford Motor Company reserves the right to review, assess and potentially charge back (partially or in full) any claim submitted for warranty payment that does not meet the requirements of Ford Motor Company Warranty Policy. Any payment for a warranty, policy, Field Service Action, Customer Satisfaction Program, Special Service Instruction, or service contract repair can later be charged back if the payment is not justified. These chargebacks are made for claims which are duplicated, unsubstantiated, or which do not meet the requirements of Ford Warranty Policy.
- In addition, the Warranty Service Provider shall allow persons designated by Ford Motor Company, at reasonable times and intervals and during normal business hours, to examine the Warranty Service Provider's facilities, operations and records, the Warranty Service Provider's stocks of vehicles at the Warranty Service Provider's facilities for service or repair, to test the Warranty Service Provider's equipment, and to check and inspect the Warranty Service Provider's records and documents. Ford Motor Company may charge back to the Warranty Service Provider all payments or credits made by Ford Motor Company pursuant to such claims or otherwise which were improperly claimed or paid. For example, reimbursement will not be made for shop comeback (repeat) repairs resulting from improperly performed warranty repairs, or for failures resulting from the use of non-Ford parts, or vehicle modifications, or for work not accomplished and claimed in accordance with the Warranty and Policy Manual.
- The Warranty Service Provider understands that submission of any improper claim, including but not limited to false or fraudulent claims, shall result in chargeback and, at Ford Motor Company's sole discretion and option (and without waiving Ford Motor Company's right to terminate or cancel with or without cause), result in termination/cancellation of this Agreement.

Fleet Warranty Counseling Process:

- Ford Motor Company reserves the right to conduct Warranty Counseling actions at Ford Motor Company's discretion.
 - Warranty Counseling actions may include:
 - A telephone-based warranty repair process claims review.
 - An on-site Warranty Review conducted by a Ford Warranty Operations Representative.

- An on-site Warranty Audit conducted by a Ford Warranty Auditor inspecting up to 12 months of warranty claim submissions.
- Follow-up Warranty Audits if determined necessary from previous Warranty Actions
- The Warranty Trend Performance Report (362-126) is available via www.fleet.ford.com or from your Commercial Vehicle Operations Fleet Service Representative and provides three key metrics defining overall warranty repair performance.
 - Cost Per Vehicle Serviced (CPVS) - Sum of six months payments divided by six months vehicles serviced (labor costs adjusted to the comparison groups' average rates)
 - Repairs per 1000 Vehicles Serviced (R/1000) - Sum of six months repairs divided by six months vehicles serviced multiplied by 1000
 - Cost per Repair (CPR) — Sum of six months payments divided by six months repairs (labor costs adjusted to the comparison groups' average rates)

Parts Reimbursement

- Parts used in warranty repairs will be genuine Ford or Motorcraft parts only, except as otherwise authorized in the Warranty and Policy Manual. "Genuine Ford parts" shall mean such parts, accessories and equipment for vehicles as are offered for sale by Ford Motor Company.
- The Warranty Service Provider agrees to adhere to all parts return requirements as Ford Motor Company may specify.
- Failed parts removed from the vehicle must be held by the Warranty Service Provider for 30 days from payment date by Ford Motor Company. These parts are to be made available for inspection by Ford Motor Company representatives for disposition as Ford Motor Company may specify.
- Any part(s) from vehicles involved in an accident, personal injury and/or property damage MUST NOT be scrapped until authorized by Ford Motor Company in writing.
- Parts reimbursement of genuine parts will be based upon a price formula of Dealer (net) Price as listed in the Company's Parts and Accessories Price List in effect at the time of repair, plus 20 percent. This Dealer (net) price plus mark-up allowance approximates a Warranty Service Provider's actual acquisition cost from local Ford or Lincoln Dealerships or a Ford Motor Company Authorized Motorcraft Distributor.

Warranty Labor Reimbursement

- Warranty labor reimbursement will be based on the Warranty Service Provider's approved warranty labor rate (and if the Warranty Service Provider has more than one location, then the location's approved warranty rate) multiplied by the applicable labor operation in the Ford Service Labor Time Standards Manual. Where no Ford labor operation applies, reimbursement will be based on actual time (provided it is reasonable in the opinion of Ford Motor Company) multiplied by the location's approved warranty labor rate. All Warranty Service Providers must time record actual time repair operations.

Claim Preparation

- A claim form should be prepared for each warranty repair order in accordance with procedures detailed in the Warranty and Policy Manual and the Warranty Claims Manual available via www.fleet.ford.com.
- Your P&A Code is: **(to be completed upon approval)**
- This code will identify your Warranty Service Provider location.
- Warranty claims require accurate vehicle history files on all Ford/Lincoln built vehicles. The vehicle warranty data (i.e., Vehicle Identification Number, Repair Date, Mileage, Customer Concern Code) identified on the claim form must be correct or payment may be delayed until the discrepancy is resolved.
- All claim forms should be completed promptly, signed, dated and processed by a Ford Motor Company approved system provider or Ford Motor Company Dealer. Claims will not be accepted for payment beyond **30** days after the date of repair.
- Information about all approved claims will appear daily on your Ford Motor Company Claims Register, available from your Ford Motor Company approved systems provider or Ford/Lincoln Dealer.
- The total credit amount from the daily Claims Register will appear on the monthly Customer Statement.

Claims Payment

- Claim payments are posted to the Warranty Service Provider statement in a net credit balance. Any balance due will be sent to the address shown below:

Warranty Service Provider Statement

P&A (Ford Input)	
Fleet Name	
Mailing Street Address	
City/State/Zip	

- Payments to Ford Motor Company are due on the 20th of the month following the statement date. Payments are to be sent to the address shown on the Warranty Service Provider statement.

General Provisions

- In view of the personal nature of this Agreement, Ford Motor Company has entered into this Agreement in reliance upon the Warranty Service Provider's current ownership and management. Warranty Service Provider agrees to give Ford Motor Company prior written notice of any proposed change in such ownership or managerial authority, and immediate written notice of the Warranty Service Provider's dissolution or of any death or physical or mental incapacity affecting ownership or management. No such change or notice and no assignment of this Agreement or of any right or interest herein shall be effective against Ford Motor Company until approved by Ford Motor Company by executing and delivering an appropriate amendment to this Agreement.
- Neither this Agreement nor any right hereunder may be assigned by the Warranty Service Provider without the prior written consent of the Ford Motor Company. The Warranty Service Provider agrees that the Ford Motor Company shall have the right to select its Warranty Service Providers and may decline to appoint as a Warranty Service Provider any purchaser or prospective purchaser of any of the assets or capital stock of the Warranty Service Provider upon termination or non-renewal of this Agreement or otherwise.
- The Warranty Service Provider shall comply with all federal, state and local laws, rules, regulations or ordinances applicable to the Warranty Service Provider's business operation. The Warranty Service Provider agrees to indemnify, defend and hold harmless Ford Motor Company from any claims losses, damages or expense, including costs and reasonable attorney's fees, arising out of or related to Warranty Service Provider's failure to comply with any applicable laws, rules, regulations or ordinances. Without limiting the foregoing, the Warranty Service Provider agrees to indemnify, defend and hold harmless Ford Motor Company from any claims, losses, damages or expenses, including costs and reasonable attorney's fees, arising under any federal, state or local laws, rules, regulations or ordinances related to environmental or hazardous materials or substances and resulting from or related to any activity associated with the Warranty Service Provider's business operations.
- Warranty Service Providers will be held responsible for, and defend and indemnify Ford Motor Company against any claims, damage or other costs of any nature (direct or indirect) arising from or in any way related to, any work or repairs performed by the Warranty Service Provider, including but not limited to any vehicle damage caused by improper or failure to perform all items on the Pre-Delivery Service Record. Such indemnity shall include, but not be limited to reasonable expenses, attorneys' fees, court costs and other expenses of investigation, litigation and settlement of any such claims.
- This Agreement does not in any way create the relationship of principal and agent between the Warranty Service Provider and Ford Motor Company; under no circumstances shall the Warranty Service Provider or any of the Warranty Service Provider's employees, directors or customers be considered agents of Ford Motor Company. The Warranty Service Provider shall make clear to others that it is not an agent of Ford Motor Company and shall not act or attempt to act, or represent itself directly or by implication, as an agent of Ford Motor Company or in any manner assume or create, or attempt to assume or create, any obligation on behalf of or in the name of Ford Motor Company.
- The requirements of this Agreement, as to the conduct of Warranty Service Provider's business and as to relations between the Warranty Service Provider and others are intended to protect the good name, good will and reputation of Ford Motor Company and to assure Ford that the Warranty Service Provider's financial and operating condition is adequate. Except as herein specified, nothing herein contained shall impose any liability on Ford Motor Company in connection with the Warranty Service Provider's operations under this Agreement or otherwise or for any expenditure made or incurred by the Warranty Service Provider in preparation or performance of the Warranty Service Provider's responsibilities under this Agreement.
- Upon cancellation or termination of this Agreement by either party, the Warranty Service Provider shall cease to be a Warranty Service Provider and shall:
 - Pay to Ford Motor Company all sums owing to Ford. Any balance remaining thereafter shall be paid within Thirty (30) days of the date of notice to the Warranty Service Provider of the final determined amount.
 - At the Warranty Service Provider's expense (i) remove any signs erected or used by the Warranty Service Provider, or any business affiliated with the Warranty Service Provider that bear the trademark or trade name used or claimed by the Ford Motor Company; (ii) obliterate all such trademarks, trade names and words associated with Ford Motor Company from all forms, stationery and other papers used by the Warranty Service Provider, or by any business affiliated with the Warranty Service Provider; and (iii) refrain from doing anything whether or not specified above that would indicate the Warranty Service Provider is or was a Warranty Service Provider

- If the Warranty Service Provider does not comply with any of the requirements of this Agreement, the Warranty Service Provider shall reimburse the Ford Motor Company for all costs and expenses, including reasonable attorney's fees, incurred by the Ford Motor Company in effecting and enforcing compliance.
- All business information and all materials containing business information provided by Ford Motor Company to Warranty Service Provider, including but not limited to methods of operation, plans or strategies, policies, reports, details of contracts and other business affairs of Ford Motor Company and any of its affiliates learned by Warranty Service Provider, which are not a matter of public knowledge, are and shall be treated as confidential. Warranty Service Provider agrees for itself and on behalf of its directors, officers, employees and agents to whom such information and materials are disclosed, that it and they shall keep such information and materials confidential and retain them in strictest confidence both during and after the term of this Agreement. Such information shall not be disclosed by Warranty Service Provider to any person except to officers and employees of Warranty Service Provider requiring such information or materials to perform pursuant to this Agreement and shall not be used for the benefit of Warranty Service Provider or any third party except in connection with services rendered pursuant to this Agreement. Warranty Service Provider acknowledges and agrees that such unauthorized disclosure or other breach of this provision will cause irreparable injury to Ford Motor Company and that money damages alone will not provide an adequate remedy to Ford Motor Company. Accordingly, in addition to any other rights or remedies which may be available to Ford Motor Company, Ford Motor Company shall be entitled to recover from Warranty Service Provider its costs, expenses and attorneys' fees incurred in enforcing its rights under this paragraph. Warranty Service Provider shall return to Ford Motor Company all such information and materials and all embodiments thereof immediately upon termination of this Agreement.
 - These obligations of confidentiality shall not apply to any information which (i) was known to the receiving party at the time of receipt; (ii) was in the public domain at the time of receipt; (iii) becomes public through no fault of the party obligated to keep it confidential; (iv) such party legitimately learns from third parties who are under no obligation of confidentiality with respect to the information; or (v) is required by applicable law to be divulged.
- In the event either party has any business transaction, which initiated under this agreement, continued after termination of this Agreement, any such transaction shall not be construed as a renewal of this Agreement or a waiver of such termination, but all transactions shall be governed by terms identical with the terms of this Agreement relating thereto unless the parties otherwise agree in writing.
- This Agreement cancels and supersedes all other agreements, written or oral, between the parties relating to the matters addressed by this Agreement and constitutes the entire agreement between the parties with respect to the subject matter hereof.
- Unless prohibited by State Law, this Agreement has been signed by the Warranty Service Provider and sent to the Ford Motor Company in Michigan for final approval and execution and then delivered to the Warranty Service Provider. The parties intend this Agreement to be executed as a Michigan agreement. This Agreement and the rights and obligations of the parties shall be governed and construed in accordance with the laws of the State of Michigan. If any provision of this Agreement is invalid or unenforceable under the law, the Ford Motor Company may elect either to terminate this Agreement in its entirety, or to consider this Agreement divisible as to such provision and treat such provision as inoperative, and to continue the remainder of this Agreement in full force and effect as if such provision had not been included herein.
- Notwithstanding anything to the contrary in the Agreement, in the event of any inconsistency between the terms and conditions of this Agreement and any applicable public records laws, the requirements of the law shall apply, and the Fleet shall not be deemed to have breached this Agreement by complying with the law.

Acknowledgment

- I agree with the terms and conditions of the Warranty Service Provider Operating Agreement and the Warranty and Policy Manual use.
- Changes to this Agreement are not authorized and will void this Agreement, unless such changes are reflected in writing, signed by both Ford Motor Company and the Warranty Service Provider and made an Addendum to this agreement.
- This Operating Agreement is not activated without authorizing signatures.

X _____
Hand Written Signature

 Print Corporate Officer Name

 Fleet Title (Corporate Officer)

 Date

X _____
Ford Assistance Secretary Signature

 Ford Motor Company
 Assistant Secretary print

 Date