

## CHAPTER 4

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# PRE-REPAIR REQUIREMENTS

### Section 4-1

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#### CONSUMER INFORMATION SIGN

**4-1.1 Requirement.** A repair facility is required to display a consumer information sign informing its customers of their basic rights under the *Motor Vehicle Service and Repair Act* [MCL 257.1333(3)]. The sign is designed to inform customers of their rights on written estimates and final invoices. The sign must contain the address and telephone number of the Bureau of Regulatory Services and be of a size, construction and wording as explained below. A sample is provided in Appendix A. The sign must also be legible and easily visible to customers.

**4-1.2 Location.** A consumer sign must be displayed in the cashier's area and at each location where customer service orders are written.

**4-1.3 Dimensions.** The sign must have 15 lines of lettering. It must be rectangular in shape and be at least 28 inches high by 24 inches wide. Durable material must be used. The sign must also meet the following specifications:

- (a) The background shall be white;
- (b) Print and other markings shall be black;
- (c) The wording of the sign in lines 1, 2, 12, 13 and 14 shall be printed in bold, block, capital letters 1-inch high and 1/2-inch wide;
- (d) Lines 3, 4 and 15 shall be printed in bold, block, capital letters 3/4-inch high and 1/2-inch wide;
- (e) Lines 5 to 11 shall be in bold, block, capital letters 1/2-inch high and 3/8-inch wide;

- (f) Sign lettering must be clearly legible. It must be arranged so that there is not less than a 1/8-inch space between any 2 letters within a line and not less than a 1/2-inch space between any 2 lines;
- (g) Line 14 must display the toll-free telephone number for consumers to contact the Bureau of Regulatory Services: 1-888-SOS-MICH (1-888-767-6424).

The repair facility is responsible for purchasing or otherwise obtaining these signs. A local sign company in your area should be able to produce a sign using the above specifications.

## Section 4-2

### **DEFINING THE CUSTOMER IN** **INSURANCE-PAID TRANSACTIONS**

**4-2.1 Definition.** In any repair transaction, the “customer” is the owner or operator of the vehicle brought for service or repair. In a damaged vehicle transaction, the customer is *not* the insurance company or extended warranty company, unless the customer has given the insurance company a written, signed authorization to act as his or her agent in the transaction.

**4-2.2 Authorization.** Approval for repairs may be given only by the owner of the vehicle or the person operating the vehicle when repairs are requested. Unless the insurance company presents the repair facility with a *signed*, written authorization from the owner or operator to contract for repairs, no work may commence at the sole direction of the insurance company or extended warranty company. Generally, the repair facility must still give the customer a written estimate. In a few cases, the facility may obtain a signed waiver of estimate, as provided in the law.

**4-2.3 Additional Repairs.** For additional repairs costing more than 10% or \$10 (whichever is less) above the original estimate, specific written or oral authorization must be obtained from the customer, unless the customer specifically gives the insurance company or extended warranty company a signed, written authorization to act as his or her agent in all aspects of the repair.

**4-2.4 Other Considerations.** The following conditions must also be met:

- (a) The customer has the right to the return of replaced parts and the right to a detailed final bill. The customer may authorize the repair facility to dispose of replaced parts;
- (b) No other rights and remedies of the customer under the law and rules are altered.

### **Section 4-3**

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## **WRITTEN ESTIMATES**

**4-3.1 Requirement.** A repair facility is required to provide a written estimate in each instance when the price of the diagnosis, service or repair of a motor vehicle will be \$20 or more (MCL 257.1332). The price of the estimate must reflect as closely as possible the actual cost of the repair (see Waivers, Section 3-4, for possible exceptions).

**4-3.2 Components.** A written estimate must contain the following information:

- (a) A list of all parts necessary for a specific job, including the price of the parts. If any of the parts is “used, rebuilt or reconditioned,” those parts must be identified as such on the estimate;
- (b) Labor costs, showing both the hourly price of labor, and the estimated number of hours required to perform the work;
- (c) Any charge made in connection with the return of replaced parts; charges for shop supplies, such as rags, cleaning fluids, any lubricants; and charges for the disposal of hazardous waste materials. The price quoted on the written estimate must include the actual dollar amount which will be charged for shop supplies (may not be a percentage);
- (d) The cost of disassembly, inspection and diagnosis of any portion of a vehicle, such as a transmission, to determine the extent of repairs needed, if any, and the cost for reassembling the portion of the vehicle in the event the customer chooses not to authorize any repairs.

**4-3.3 Exceeding Written Estimate.** If the repair facility informs the customer that the actual price for a repair will exceed the written estimate (or the stated limit in a waiver) and the customer does not want the work performed, the customer is financially liable for all reasonable costs to return the vehicle to the condition it was in when it was brought to the facility [MCL 257.1332(2)];

**4-3.4 Drop-off Vehicles.** A repair facility may not have the opportunity to give the customer a written estimate when a vehicle is towed to the facility or left before or after the facility's normal business hours. In these instances, the facility may comply with the written estimate or waiver requirement by doing one of the following:

- (a) If the facility has a "night" drop box containing waiver forms, a customer may leave the vehicle at the facility before the facility is open, provided that a waiver form is completed (see Appendix B). The form must be completely filled out, signed and left in the drop box;
- (b) The customer may leave a note describing the problem with the vehicle and authorizing the facility to perform repairs up to a stated dollar amount without any further customer approval. The note must be signed;
- (c) A towing company may obtain a signed waiver from the customer and deliver the waiver to the facility with the vehicle;
- (d) The facility may mail or fax a copy of the written estimate to the customer. The customer may sign and return the estimate by fax or mail before any repairs are performed; or
- (e) The customer may come to the facility before any repairs are performed, to receive the written estimate.

**4-3.5 "No Charge" Estimate.** A "no charge" estimate is a legal estimate. It advises the customer that the facility will make no charge unless the customer specifically authorizes more work. The estimate may be amended later either by written or oral approval from the customer. It is important to write "No Charge" on the estimate. The estimate amount should never be left blank.

**4-3.6 Diagnostic Estimates.** The need for some repairs cannot be determined without first inspecting or disassembling a vehicle or a component. Only the cost to disassemble and inspect can be accurately estimated. Estimates for only the cost of disassembly and/or inspection are called diagnostic estimates. Diagnostic estimates may be provided under the law. Here are the steps:

- (a) The diagnostic estimate must be given to the customer and must disclose the cost of the inspection or disassembly;
- (b) Once the exact extent of repairs is known, the customer must be contacted for authorization to begin the repairs. It is not necessary to write another estimate--the cost of the repair can be added to the diagnostic estimate;
- (c) When a diagnostic estimate is given, it must include the cost of reassembly in the event the customer decides not to have the repairs performed.

## **Section 4-4**

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### **WAIVERS**

**4-4.1 Use of Written Waivers.** In some cases, a customer may waive a repair facility's obligation to provide a written estimate. This is done through use of a written waiver of estimate. See Appendix B [MCL 257.1332(3)].

**4-4.2 Waiver of Estimate.** A repair facility may obtain a written waiver of estimate from the customer under the following conditions:

- (a) The customer makes a request for service or parts;
- (b) The customer waives his or her right to receive a written estimate;
- (c) The customer exercises his or her right to approve repairs up to an amount of money specified in the waiver;
- (d) The waiver is given voluntarily by the customer with full knowledge of the implications;
- (e) The waiver is not used by a motor vehicle repair facility or anyone in its employ in an attempt to evade the law;

- (f) The dollar limit specified on the waiver cannot be exceeded without the approval of the customer. The \$10 or 10% override provision for written estimates does not apply to the dollar limit in the waiver;
- (g) A repair facility cannot make a waiver a condition of doing business.

*NOTE: One copy of the waiver must be given to the customer (see Appendix B).*

**4-4.3 Emergency Waiver.** When an emergency occurs and a certified mechanic is not available, a customer may voluntarily request repairs using a waiver of liability (MCL 257.1305).

- (a) **Definition.** A “waiver of liability” releases a facility from liability resulting from the performance of a major repair by someone other than a certified mechanic.
- (b) **Customer Rights.** An emergency waiver is not a waiver of the customer's right to a written estimate before repairs are begun. It does not relieve a facility from compliance with other requirements of the law. The emergency waiver is designed for isolated situations only and is never a substitute for a facility's employing mechanics certified in the areas of major repair ordinarily offered by the facility.
- (c) **Conditions.** The following conditions must be met:
  - (1) The customer is requesting repairs due to a genuine emergency (this means that failure to have repairs done immediately would expose the customer to substantial physical danger or economic harm);
  - (2) The facility does not have a mechanic on duty with the proper certification who can either perform, supervise, or inspect and approve the repairs;
  - (3) There does not exist within a reasonable distance another facility that is open, which has on duty an appropriately certified mechanic, and which, without creating unreasonable delay or expense, could complete the requested repairs in response to the emergency;
  - (4) The facility must start and complete the repairs without unreasonable delay, adequately responding to the emergency.
- (d) The waiver must be in duplicate, with one copy given to the customer;

- (e) The waiver of liability must read as follows:

<p>_____(customer name)_____ has voluntarily requested</p> <p>_____(facility name)_____ to provide services or parts in</p> <p>the repair of the below described motor vehicle because of an</p> <p>emergency and thereby waives any claim or cause of action he</p> <p>or she may have against either _____(repair person)_____ or</p> <p>_____(facility name)_____ as a result."</p> <p>Motor vehicle description:</p>  <p>Signature _____</p> <p>Date _____ Time _____</p>
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- (f) This waiver is not effective unless given by the customer voluntarily and with knowledge of the implications of the waiver. It is illegal for a repair facility or employee to use a waiver of liability in an attempt to evade the law.

*NOTE: If a facility uses the emergency waiver in a situation where one or more of these conditions is not met, this will be considered an attempt to avoid compliance with the law and an illegal use of the waiver.*

**4-4.4 Long Term Waiver.** A repair facility may make a long term written arrangement either with an individual customer or with a commercial or "fleet" customer. This is called a "long term" or "blanket" waiver of estimate. An estimate or a waiver of estimate is not needed for each vehicle repaired. A long term waiver may be executed in the form of a contract between the facility and the customer. The contract should meet the following conditions:

- (a) Have a statement that, if any repair transaction will exceed a specified amount, the facility must obtain the customer's specific authorization;
- (b) The agreement must be signed by the customer, dated, and include the future date when the agreement expires;
- (c) The facility must keep a copy of the agreement and give a copy to the customer.

*NOTE: A waiver of written estimate does not affect the customer's other rights under law.*