

## Chapter 4

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# Pre-Repair Requirements

## Section 4-1

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### Estimates

**4-1.1 Requirement.** Prior to repairs being performed, a repair facility is required to provide an estimate in each instance when the price of the diagnosis, service, or repair of a motor vehicle will be \$50 or more. **See Appendix D for an example.** The estimate must reflect as closely as possible the actual cost of the repair (see Waivers, Section 4-2, for possible exceptions).

**4-1.2 Components.** The 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 “new OEM, new, OEM surplus, 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, and lubricants; and charges for the disposal of hazardous waste materials. The price quoted on the 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 component of a vehicle to determine the extent of repairs needed. The estimate must also include the cost for reassembling and reinstallation the portion of the vehicle in the event the customer chooses not to authorize the repairs. For example, the fees involved with the removal and diagnosis of a transmission must also include the reassembly and reinstallation of the transmission.
- e) The facility’s registration number.

**4-1.3 Exceeding an estimate.** If the cost of the repair will exceed the estimate, the facility must obtain authorization from the customer to proceed. The total cost associated with returning the vehicle to pre-repair condition cannot be more than the estimated price (plus 10% or \$50 whichever is less), or exceed the stated limit on the signed estimate waiver without authorization from the customer.

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**4-1.4 Drop-off vehicles.** If a repair facility does not have the opportunity to give the customer an estimate when a vehicle is towed to the facility or left before or after the facility's normal business hours, the facility may comply with the estimate or waiver requirement by doing one of the following:

- a) 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 facility's drop box.
- b) A towing company may obtain a signed waiver from the customer and deliver the waiver to the facility with the vehicle.
- c) The facility may provide a copy of the estimate to the customer by mail or electronic means. The customer must approve the estimate before any repairs are performed.
- d) The customer may go to the facility before any repairs are performed to receive the estimate.

**4-1.5 "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 only with the approval of the customer. It is important to write "No charge" on the estimate. The estimate amount cannot be left blank.

**4-1.6 Diagnostic estimates.** Some repairs cannot be determined without first inspecting or disassembling a vehicle or a component. In this case, 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. The following are requirements to provide a diagnostic estimate:

- 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.

**4-1.7 Electronic estimates.** Repair estimates may be provided to customers electronically before repair services are performed, if the customer agrees. If the customer declines an electronic estimate, the repair facility must provide a printed estimate to the customer.

### Requirements for electronic estimates:

- a) Electronic estimates include estimates provided by email, text message or a software application.
- b) Electronic estimates must itemize all parts and services necessary for a repair and all labor costs.
- c) An updated estimate may be offered electronically when costs exceed the original estimate.
- d) Electronic estimates may also be offered to customers for diagnostic and no charge estimates.
- e) Electronic estimates must not waive any requirement to comply with any other provision of the Act.
- f) Repair facility owners must maintain in their records all copies of electronic estimates and proof of their authorization by the customer for three years.

*Note: All requirements listed in section 4-1 of the Michigan Repair Facility Manual must be met when providing customers with electronic estimates.*

*Note: Customers may accept the revised estimate through email, text message, or a software application. The facility shall make a note on the final invoice of how the revised estimate was accepted.*

## Section 4-2

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### Waivers

**4-2.1 Use of waivers.** In some cases, a customer may waive a repair facility's obligation to provide an estimate. This is done through use of a waiver of estimate. **See Appendix B for an example.**

**4-2.2 Waiver of estimate.** A repair facility may obtain a waiver of estimate from the customer under all of the following conditions:

- a) The customer makes a request for service or parts.
- b) The customer waives his or her right to receive an estimate.
- c) The customer exercises his or her right to approve repairs up to a maximum dollar amount 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 any employee 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 \$50 or 10% override provision for 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).*

**4-2.3 Emergency waiver.** When an emergency occurs, and a certified mechanic is not available, a customer may voluntarily request repairs using a waiver of liability.

- 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 an 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.** All of the following conditions must be met:
  - 1) The customer is requesting repairs due to a genuine emergency. An emergency is constituted by circumstances in which failure to have repairs completed 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 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.



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 estimate does not affect the customer's other rights under law.*

## Section 4-3

### Defining the customer in insurance-paid transactions

**4-3.1 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 signed authorization to act as his or her agent in the transaction.

**4-3.2 Authorization.** The repair facility must provide the customer with an estimate. In a few cases, the facility may obtain a signed waiver of estimate, as provided in section 4-2. Approval for repairs must be given 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 legal 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.

**4-3.3 Additional repairs.** For additional repairs costing more than 10% or \$50 (whichever is less) above the original estimate, specific authorization must be obtained from the customer, unless the customer specifically gives the insurance company or extended warranty company a signed authorization to act as his or her agent in all aspects of the repair.

**4-3.4 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 customer rights and remedies under the law and rules are altered.