

Regulation 2.1 Delivery and Preparation Obligations to Dealers.

Delivery and preparation obligations of dealers: schedule and reasonableness of compensation for work and services of dealers in connection with such obligations: Filing: Compensation of dealers for labor, parts, and parts and / or incidental expenses with regard to factory warranty agreements.

Source: *Miss. Code Ann. § 63-17-69* Rev.1983).

Regulation 2.2 Definitions.

As used herein:

1. The term “Act” means the Mississippi Motor Vehicle Commission Act.
2. The term “Commission” means the Mississippi Motor Vehicle Commission.
3. The term “Consumer” means the first purchaser or retail buyer of a vehicle from the dealer for the purposes other than resale.
4. The term “dealer” means “motor vehicle dealer” as defined in Section 3(2) of the Act.
5. The term “delivery and preparation obligations” means all work and services performed on vehicles by dealers in fulfilling the reasonable requirements for such work and services by manufacturers prior to the delivery of such vehicles to consumers.
6. The term “manufacturer” means “manufacturer”, “distributor”, “wholesaler”, “factory branch”, or “distributor branch” as defined in Section 3 of the Act.
7. The term “vehicle” means a new motor vehicle or one within the period of factory warranty.
8. The term “warranty work” means all work and service performed and all parts installed by dealers on vehicles in which are reasonably incurred by dealers (other than the expenses incurred in performing work and services and installing parts on vehicles) in fulfilling warranty obligations of manufacturers to consumers, including but not limiting to the expense of shipping or returning defective parts to the manufacturer when required by the manufacturer, and the expenses of long distance telephone calls or telegraphic messages to the manufacturer concerning defective parts or other matters with respect to warranty work.

Source: *Miss. Code Ann. § 63-17-69* (Rev.1983).

Regulation 2.3 Regulation 2.4 thru 2.10 of the regulations are based on Sections 6A (9) of the Act. Source: *Miss. Code Ann. § 63-17-69* (Rev.1983).

Regulation 2.4 Duty of manufacturers to specify delivery and preparation obligations of dealers.

Each manufacturer shall specify in writing the reasonable delivery and preparation obligations of its dealers with respect to vehicles to which the obligations are applicable prior to delivery of

such vehicles to consumers.

Source: *Miss. Code Ann. § 63-17-69* (Rev.1983).

Regulation 2.5 Duty of dealers to perform delivery and preparation obligations.

It shall be the duty of dealers to perform their delivery and preparation obligations with respect to vehicles in accordance with the reasonable requirements of the manufacturer thereof prior to delivery of such vehicles to consumers.

Source: *Miss. Code Ann. § 63-17-69* (Rev.1983).

Regulation 2.6 Payment to motor vehicle dealers for performance of their delivery and preparation obligation.

It is legislative intent of the Act that the work and services performed by dealers as required of them by their manufacturers in preparing vehicles for delivery to the ultimate consumer is a continuation and finalization of the manufacturing and inspection process by such dealers for such manufacturers, and that since subsection A(9) of Section 6 of the Act is mandatory in its requirement that manufacturers shall pay their dealers a reasonable sum for such work and services any device used by such manufacturers to avoid such payment shall be deemed a violation of the letter, spirit and intent of the Act. Each manufacturer with respect to vehicles upon such work and services are preformed shall make payment within the time and in the manner following.

1. Payment shall be made either in cash or by check, or, if a dealer is from time to time routinely indebted to the manufacturer in the normal course of business, by a credit to the dealer's account.
2. Payment shall be made or credit allowed, as the case may be, within 30 days from the date the dealer's statement for such work and services is approved.
3. If payment is made by way of credit, or partly by the way of credit and partly by cash or check, the dealer shall be mailed a credit memorandum in the amount of the credit within 30 days from the date the dealer's statement for work and services if approved.
4. Dealers' claims for such work and services shall be either approved or disapproved within 30 days after their receipt by the manufacturer, its agents, or employees, and when any such claims are disapproved, the dealer who submits the same shall be notified in writing of their disapproval within said period of time, and such notice shall state the specific grounds upon which the disapproval is based.

Source: *Miss. Code Ann. § 63-17-69* (Rev.1983).

Regulation 2.7 Delivery and preparation obligations and statement of compensation; filing; and reasonableness of compensation. Each manufacturer shall file with the Commission a copy of the written delivery and preparation obligations of its motor vehicle dealers and all statements of compensation to be paid to such dealers for the work and services they shall be required to perform in connection with such delivery and preparation obligations 60 days before such

delivery and preparation obligations and statements of compensation become applicable.
 Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*

Regulation 2.8 Determination of reasonableness of compensation.

Compensation to be paid to the dealers for performing work and services in connection with their delivery and preparation obligations shall be deemed prima facie reasonable if arrived at in the following manner:

1. Time Allowances: Each manufacturer shall make time studies in determining the time required to perform each function required of a dealer in performing his delivery and preparation obligations. The aggregate time requirements for all such functions shall be expressed in hours or fractional parts of an hour. The time studies shall be:
 - a. Conducted by competent persons experienced in making such studies; b. Conducted by timing mechanic or technicians of average ability and speed; conducted under average dealership conditions using standard hand-tools, recommended special service tools and standard dealer equipment such as hoists, floor jacks, and stands, avoiding shortcuts or methods which could result in poor workmanship and avoiding the use of special time-saving tools such as impact wrenches.

After the aggregate time for all functions has been thus determined, additional time allowances shall be made for shop and mechanic operating variables based on invoice pricing as follows:

Invoice Price*	Additional allowance	Invoice Price*	Additional allowance	Invoice Price*	Additional allowance
\$2000 & Under	.0	\$3201-3600	.4	\$4801-5200	.8
\$2001-2400	.1	\$3601-4000	.5	\$5201-5600	.9
\$2401-2800	.2	\$4001-4400	.6	\$5601-6000	1.0
\$2801-3200	.3	\$4401-4801	.7	\$6001-up	1.0

*Net dealer price of car, options and accessories.

2. Hourly labor rates. The hourly rate for each manufacturer shall pay its dealers in connection with the performance of their delivery and preparation obligations shall be their dealers' approved chassis warranty labor rate in effect on the date of the performance of such work compensation to be paid by the manufacturer to their dealers for their work and services in connection with their delivering and preparation obligations shall be arrived at by multiplying the time allowance arrived at under the provisions of subsection one of the Regulation 2.8 times the hourly rate mentioned in the proceeding subsection.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*

Regulation 2.9 Statement of Compensation.

There shall be incorporated in all statements of compensation required to be filed under the provisions of Regulation 2.7 or this Regulation:

- a. The time allowances arrived under the provisions of subsection one of this Regulation 2.8; and
- b. The method of arriving at an hourly labor rate to be used in computing the amount to be paid dealers for their work and services in connection with the performance of their delivery and preparation obligations.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*

Regulation 2.10 Payments to dealers for parts, work and services not shown on statements of compensation.

When it becomes necessary for dealers, preparatory to their delivery of vehicles to the consumer, to perform work and services and install parts not included in the manufacturers' statements of compensation mentioned in Regulation 2.9 of these regulations, such work, services and parts shall be paid for by the manufacturers as warranty work in accordance with the requirements hereinafter set forth, provided that the necessity for the performance of such work and services and the installation of such parts is not proximately caused by the negligent act or acts of dealers or their agents or employees.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*

Regulation 2.11 Warranty Work.

1. This Regulation 2.11 and Regulations 2.12 and 2.13 of these regulations are based on Section 6A(10) of the Act.
2. Mandatory REQUIREMENTS OF ACT: Section 6A(10) of the Act makes it mandatory:
 - a. The manufacturers adequately and fairly compensate their dealers for I) the labor they perform, II) the parts they use, and III) the incidental expenses they incur in connection with their performance of warranty work; and
 - b. That manufacturers pay to their dealers who perform warranty work for them a labor rate per hour for such work not less than that charged by any such dealer to its retail customers.
3. Determination of adequacy of compensation for warranty work. Compensation to be paid dealers for performing warranty work, excluding parts used, shall be deemed prima facie adequate and fair if arrived at in the following manner:
 - a. The time allowance for warranty work. Each manufacturer shall make time studies in determining the time required to perform each function required of a dealer in performing his warranty work. The time requirements for each such

function shall be expressed in hours or fractional parts of an hour. The time studies shall be:

- i) Conducted by competent persons experienced in making such studies.
- ii) Conducted by timing mechanics or technicians of average ability and speed;
- iii) Conducted under average dealership conditions using standard hand-tools, recommended special service tools and standard dealer equipment such as hoists, floor jacks and stands, avoiding shortcuts or methods which could result in poor workmanship and avoiding the use of special timesaving tools such as impact wrenches.

After the time for each function is thus determined an additional time allowance of not less than 16% on passenger and light-duty trucks and not less than 20% on medium and heavy-duty trucks shall be added to the actual time recorded for each function as an allowance for shop and mechanic operating variables. No time allowance of less than two-tenths (2/10) of an hour shall be fixed regardless of the time required in performing the function involved.

- b. Determination of hourly labor rates for warranty work. Each manufacturer shall determine the labor rate per hour charged by their dealers to the retail customer of such dealers in the normal course of business, and it shall be the duty of such dealers to cooperate with such manufacturers in making this determination. The hourly rate thus determined shall be both the maximum and minimum rate used in computing the warranty work, excluding parts used.
- c. Computation of compensation. The amount of compensation to be paid by the manufacturers to their dealers for their warranty work, excluding parts used, shall be arrived at by multiplying the time allowance arrived at under the provisions of subsection 3a of this Regulation 2.11 times the hourly rate determined under the provisions of subsection 3b of this Regulation 2.11.
- d. Parts. The price to be paid by manufacturers to their dealers who install parts in connection with the performance of their warranty work shall be the actual cost to such dealers for said parts plus 25% of said actual cost of said parts.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983)*.

Regulation 2.12 Incidental expenses.

Manufacturers shall pay their dealers the actual amount of the incidental expenses incurred by them in connection with the performance of their warranty work.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983)*.

Regulation 2.13 Payment to dealers for warranty work, parts and incidental expenses.

Manufacturers shall make payment to each of their dealers for the performance of their warranty work, their warranty parts used and the actual amount of the incidental expenses they incur with respect thereto within the time and the manner following.

1. Payment shall be made either in cash or by check, if dealer is from time to time routinely indebted to the manufacturer in the normal course of business, by a credit to the dealers account.
2. Payment shall be made or credit allowed as the case may be, within 30 days from the date the dealer's statement for such work, and services is approved.
3. If payment is made by way of credit, or partly by the way of credit and partly by cash or check, the dealer shall be mailed a credit memorandum in the amount of the credit within 30 days from the date the dealer's statement for such work and services is approved.
4. Dealer's claim for payment shall be either approved or disapproved within 30 days after their receipt, and when any such claims are disapproved the dealer who submits the same shall be notified in writing of their disapproval within said period of time, and such notice shall state the specific grounds upon which disapproval is based.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*

Regulation 2.14 This regulation shall take effect and be in force from and after February 1, 1972.

Source: *Miss. Code Ann. § 63-17-69 (Rev.1983).*