

CHECKLIST FOR RECALLS

As a franchised dealer, you often face issues resulting from recalls issued by your franchisor or by manufacturers of other line make used vehicles you may sell. Here is a checklist of best practices.

New Vehicle Department

- Recall on a new vehicle? Ground it. A new vehicle with an unrepaired recall cannot be delivered until the recall is remedied.
- When you receive notice of a recall on a new vehicle, notify the new car department so it may flag units subject to recall as undeliverable until the recall is remedied.
- When you receive a vehicle from your franchisor, you should check to see if there is an open recall. However, if the vehicle is in inventory several months, you are not protected unless you check again before delivering the vehicle. A recall may have been announced after your receipt of the vehicle. Notification to your store may not have been noted in your inventory records.
- Check the recall status of the new vehicle before delivery to the buyer.
- Know your rights to compensation for grounded new vehicles – “the manufacturer shall reimburse the ... dealer for the reasonable value of the installation [of parts or equipment] and a reasonable reimbursement of at least one percent a month of the manufacturer's or distributor's selling price prorated from the date of notice of noncompliance or defect to the date the motor vehicle complies with applicable motor vehicle safety standards ... or the defect is corrected.” 49 USC §30116 (b)

Parts Department

- Federal Law – A part subject to recall cannot be sold.
- When you receive notice of a recall, notify the parts department
 - Parts subject to recall should be flagged as unsaleable
 - Parts necessary to repair new cars should be ordered.

Service Department

- When you receive notice of a recall, notify the service department so that it can prepare to serve affected customers.
- When a customer comes to the dealership for service on a line make vehicle for which the dealer has a franchise, check for an open recall and notify the customer of any open recall.
- Technicians are trained on the recall repair and how the

work is to be performed

- Recall repair work is completed as required. Old parts are returned on every job. Maintain the old parts and records on each completed recall repair for audit purposes.

Used Vehicle Department

- When a used vehicle is acquired, check www.safercar.gov or your franchisor's website to determine whether there is an open recall.
- If there is an open recall on a used vehicle, repair the vehicle if it is a line make for which the dealer has a franchise.
- If it is line make for which the dealer does not have a franchise, contact an affiliate or neighboring dealer to arrange for repair.
- Check again prior to delivery to a customer to determine if there is an open recall on the vehicle. If there is no “fix” or if parts are unavailable to remedy the recall, you need not ground the used vehicle (subject to the exception below), but you should notify the customer of the open recall and the need to remedy the recall as soon as a fix or parts are available.
- Use a Used Vehicle Recall Status Disclosure to provide notice to the customer of the recall status on the vehicle prior to execution of the sale agreement. The Disclosure should be signed by the customer.
- If you are selling a used vehicle with an open recall, do not certify it.
- If you are selling a used vehicle with an open recall, do not advertise it with claims that it is safe.
- If the vehicle is of a line make for which your dealership has a franchise, and the franchisor instructs its franchisees to ground certain used vehicles, you should ground them.
- If you have grounded used vehicles based on direction of your franchisor, check state law to see if you are eligible for compensation.
- Establish a process to notify a buyer of a used vehicle with an open recall when a fix or parts are available for remedy.