

August 24, 2010

## Customer Safety and Honda Recalls

Dear Honda Dealer Principal:

It is your ongoing obligation under your *Honda Dealer Sales and Service Agreement* and Federal Law that **each new Honda product subject to a recall must be fully repaired prior to its retail sale**. This is critical to ensure customer safety and to protect the reputation of, and goodwill toward the Honda brand, products, and trademarks. Failure to repair units affected by safety recalls prior to retail sale puts your status as a Honda dealer in jeopardy, and as a violation of Federal Law carries the potential for fines up to \$100,000 per violation and up to \$15 million for repeated violations.

### Dealer Actions and Requirements:

- Review this information with all Sales and Service personnel.
- Destroy any unused *Set-Up and Pre-Delivery Checklists* and *Salesperson Delivery Checklists* in your possession; this includes any PDF copies you have downloaded to your computer from the Honda Interactive Network (*iN*).
- Effective immediately: Use only the revised *Set-Up and Pre-Delivery Checklists* and *Salesperson Delivery Checklists* (revised August 2010), available in the *iN* Forms Library. The *Set-Up and Pre-Delivery Checklist* now has the check to indicate completion of recall or product update campaigns at the beginning of the *Pre-Delivery Service and Inspection* section and which is highlighted in red. This check has also been added to the *Salesperson Delivery Checklist*, the form that has always required customer signature acknowledgement. Changes to these forms are to ensure that your staff diligently checks each VIN for applicable recall or product update campaigns during each of these important processes.  
NOTE: AHM field Sales and Service staff will conduct random spot checks of these forms in the “deal jackets” of sold and unsold units.
- Review the revised *Set-Up and Pre-Delivery and Salesperson Delivery* checklists, and instruct all relevant staff in their proper use.
- Instruct all relevant staff how to use *iN* to check for recall or product update campaigns prior to a retail sale transaction or unit delivery.

### *iN* Resource File Paths:

Set-Up and Pre-Delivery and Salesperson Delivery Checklists: *Service > Service Publications > Forms Library*

Checking a VIN for service campaigns: *Service > Unit Information > add the VIN*

Checking your dealer inventory for service campaigns: *Service > eResponsibility Report*

### AHM Actions for Noncompliance:

- The requirements of a Bonafide Retail Sale (BRS) are set forth in the *Bonafide Retail Sales Policy*. One of the requirements is that each new unit must be properly set up, which includes but is not limited to, verification of recall status and completion of repair before retail sale. Disqualification of any unit sale as BRS may result in chargeback of all AHM-paid retail sale incentives, including the Retail Sales Bonus.
- AHM may notify NHTSA or CPSC of a dealer’s non-compliance.
- Failure to complete all outstanding safety recall repairs prior to delivery to the customer may affect your status as an authorized Honda Dealer. In addition, AHM will actively enforce its rights under the *Honda Dealer Service and Sales Agreement* and applicable law, up to and including termination as a Honda Dealer.

If you have any questions, please contact your Honda District Sales Manager or District Service Manager.

Sincerely,



Raymond Blank  
Senior Vice President  
Motorcycle Division