To ensure that Warranty Credit requests are handled in the most efficient manner, claims, which are returned to Free Form, will be processed according to the **Free Form Warranty Processing Policy**.

1) WARRANTY PARTS CREDIT PROCESSING

a) Warranty requests that comply with the Free Form Warranty Policy will be processed when:

1) The claim in question has been returned to Free Form fully completed.
2) The Pre-Delivery Inspection sheet and Assembly Inspection Checklist have been completed and returned to Free Form according to the instructions contained on the form.

b) Items that qualify for either full warranty or a percentage of full warranty will be credited to the Dealer's account based on the reference price of the item, as written in the "Free Form Dealer Parts Price List" which is current at the time of processing the claim.

c) Warranty Claims received with no parts will be returned to the dealer, **without credit**, unless one of the following conditions applies:

1) The parts are not Mandatory Return Parts.
2) The claim is for a shortage.

d) Warranty parts received with no Warranty Claims will be handled as follows:

1) The parts will be tagged as to their origin and date of receipt and held by Free Form.
2) If, after 60-days, no correspondence or warranty claim(s) have been received by Free Form, the parts will be destroyed and the warranty potential will be void.
3) If the claims are received prior to the 60-day expire date, the maximum credit will be the reference price of the parts.

2) WARRANTY LABOUR CREDIT PROCESSING

a) The current warranty labour rate is **$120.00/hr.**

b) The Free Form Warranty Department is responsible for approval of Warranty Labour Claims. The time, which will be approved, for each claim is at the discretion of Free Form. Travel time will not be approved.

3) WARRANTY AUDITS

a) Free Form Territory Sales Manager will conduct audits to ensure that Dealers comply with the terms set out in the Free Form Warranty Claiming Policy. Warranty costs are tracked on a monthly basis. Free Form reserves the right to review dealer files if warranty costs by a Dealer exceed statistically acceptable levels.

b) During an audit, the dealership will be responsible for:

1) Producing all the parts that they have received credit for within the previous 90 days. The only exceptions to this will be machine shortages and parts that have been lost in the field.

2) Adequately storing and labelling parts with dealer name, customer name, part number, and warranty claim number.

3) Showing that they have scrapped warranty parts that have exceeded the 90 day holding period.

c) Parts that cannot be produced or are found not to be defective at the time of the Warranty Audit will be subject to credit reversal.