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**SUBJECT**

**BMW Maintenance Plan Upgrades to Either 4/50 or 6/100**

**MODEL**

All 2000 and later BMWs still within MP coverage

**SITUATION**

**4/50 BMW Maintenance to 6/100**

When we originally introduced a program to upgrade the standard 3 year/36,000 mile maintenance coverage on our 2000 - 2002 model year BMWs, it was very well received by our customers and centers alike. As you know, 4 year/50,000 mile maintenance became standard coverage for all 2003 and later model year BMWs (imported by BMW NA and sold through an authorized BMW NA center). You have asked for additional programs to replace that former profit opportunity, as well as compliment your CPO business. In response, **as of 1/12/04** your center will have the option to offer your customers an additional 2 years or 50,000 miles of BMW Maintenance **on qualified vehicles as** defined herein.

This will be a significant enhancement to compliment your growing CPO business, since this means that you can now offer a CPO vehicle that is also covered by BMW Maintenance for 6 years 100,000 miles (on qualified vehicles).

Additionally, authorized employees within your center will be able to electronically submit maintenance upgrades on qualified vehicles real-time, via DCSnet, and generate an agreement for signature.

Upgrades are **not** just limited to new vehicle sales, or vehicles in your inventory. Customers or centers that own their vehicles are also able to obtain this 2 year 50,000 mile coverage option. The only prerequisite is their vehicle must currently be covered by an existing (not expired) maintenance (3 year/36,000 mile or 4 year/50,000 mile) program.

**BMW Maintenance 6/100 – Coverage:**

The BMW Maintenance Program covers factory recommended maintenance as listed in the owner's BMW Service and Warranty Information Booklet that is provided in the vehicle. In addition, the replacement of **THE FOLLOWING ITEMS ONLY** due to normal wear and tear are also covered: Brake linings (pads) and rotors (both covered only when worn below limits as per BMW Technical Data Information); external drive belts; clutch; wiper blade inserts; any adjustments required due to normal operating conditions (except as excluded below). Time intervals should be followed using the maintenance indicator system on the check control panel in the dashboard. Please see the Service and Warranty Information booklet for additional information on this important subject.

All labor will be performed by BMW Factory Trained Technicians, only BMW Original Parts and BMW Approved Fluids will be used, allowances for miscellaneous shop supplies are included and all sales or other applicable taxes assessed on the actual repair, parts or maintenance services under this agreement, if any, are the responsibility of BMW of North America, LLC.

### **BMW Maintenance 6/100 – Exclusions:**

BMW Maintenance Program provides the vehicle with certain MAINTENANCE coverage for the new (or qualified pre-owned) BMW Vehicle. There are components or parts on any vehicle that are subject to gradual deterioration or normal wear and tear as the result of driving habits, conditions or use of the vehicle. Therefore, coverage for items such as (but not limited to) piston rings, valves and valve guides, suspension bushings, ball joints, tire rod ends, drive shaft flex discs (guibo joint) and other parts and/or components are not covered by the BMW Maintenance Program. Also excluded from coverage are items such as (but not limited to): engine, transmission, and body adjustments; all batteries (except remote transmitter batteries replaced as part of a recommended service); suspension dampers (shock absorber/strut elements); all hoses; exhaust systems (including catalytic converters); paint; glass; headlamps; bulbs; mirrors; lenses; body and chassis; body seals and gaskets; moldings/trim (including chrome) and fasteners; convertible top (covering, all components including electronics); air, water, oil, or fluid leaks; wind or body noises; tires and wheels; tire balance and rotation; wheel alignment; gasoline and gasoline additive, windshield washer additive (except when in conjunction with scheduled maintenance), wear and tear of soft trim items, such as: interior and exterior trim, seats, upholstery, headliner, carpeting, floor and trunk mats, door panels; Items reimbursable under your Original New Vehicle Limited Warranty (if applicable); damage due to poor fuel quality, abuse, misuse, neglect, alteration, fire, accident, flood or other water damage, explosion, improper repair or negligence, altered or unreadable Vehicle Identification Number or odometer irregularities, maintenance or repairs after the vehicle is deemed a total loss, maintenance or repairs performed by other than an Authorized BMW center within the United States or Puerto Rico, vehicles used in competitive events, oil changes or other maintenance performed outside the recommended maintenance intervals as indicated by the service interval indicator.

### **3/36 BMW Maintenance to 4/50 or 6/100**

All model year 2000 – 2002 BMWs (as defined herein) are eligible to have the Maintenance Program upgraded from the standard 3 year/36,000 mile coverage to 4 years/50,000 miles – or directly from 3 years/36,000 miles to 6 Years 100,000 miles (except 750il's, where 4/50 Maintenance is included, or vehicles that have previously been upgraded).

These upgrades are only possible if the vehicle is U.S. specification, originally imported by BMW NA and sold through an authorized BMW NA center, and already has 3 year / 36,000 mile Maintenance Program coverage in place (not expired).

### **Pricing:**

#### **3/36 BMW Maintenance to 4/50**

Model Year 2000 – 2002. 3/36 to 4/50.	6 Cylinders	\$349.00 Net	\$399.00 Suggested Retail
Model Year 2000 – 2002. 3/36 to 4/50.	8 Cylinders	\$399.00 Net	\$449.00 Suggested Retail

**3/36 BMW Maintenance to 6/100**

Model Year 2000 – 2002. 3/36 to 4/50.	6 Cylinders (except Ms)	\$1244.00 Net	\$1384.00 Suggested Retail
Model Year 2000 – 2002. 3/36 to 4/50.	8 Cylinders and Ms	\$1494.00 Net	\$1644.00 Suggested Retail

**4/50 BMW Maintenance to 6/100**

Model Year 2000 – 2004. 4/50 to 6/100.	3 Series, Z3 and Z4 Series (except Ms)	\$895.00 Net	\$985.00 Suggested Retail
Model Year 2000 – 2004. 4/50 to 6/100.	All other BMW Models including Ms	\$1095.00 Net	\$1195.00 Suggested Retail

Your BMW customers can now have the piece of mind that, on vehicles so covered, the BMW Maintenance Program will cover all factory recommended maintenance, as listed in the BMW Service and Warranty Information Booklet, for the duration of the 4 Year/50,000 Mile New Vehicle Limited Warranty or 6 Years/100,000 miles (as applicable).

Wear items such as brake pads and rotors, external engine drive belts, wiper blade inserts, clutch discs and adjustments will be covered. Please see the applicable Service and Warranty Information Statement or applicable BMW Maintenance Program Upgrade Agreement for additional information and exclusions.

Please note that the BMW Maintenance Program is not a warranty.

**Promotion of this option is an excellent marketing opportunity for both your Sales and Service Departments, and will help to dispel the belief that BMW products are costly to maintain.**

**CENTER RESPONSIBILITIES, NEW ENROLLMENT PROCEDURE:**

Please be advised that with the planned release of our new Vehicle Contract System (VCS), which is currently scheduled to go live January 12th, 2004, the procedure for performing a Maintenance Program Upgrade (MPU) will

change.

A new electronic Maintenance Program Upgrade (MPU) function will be available for qualified BMW vehicles on DCSnet, which will allow authorized center personnel to perform upgrades real-time, and upon successful completion will generate an agreement at the center for signature (legal-sized paper will be required for correct printing).

**NOTE: Center personnel must always verify the current vehicle mileage!**

Please ensure that the proper preparations have been made for a smooth transition to this new application and revised process. All center personnel currently responsible for the sale of Maintenance Program Upgrades need to have proper access in DCSnet to perform this task, and must familiarize themselves thoroughly with the on-line tutorials in CenterNet (Menu > BMW > Training > DCSnet > Pre-Owned Vehicle Contract Functions) before attempting to utilize this new function. **PROPER TRAINING AND CARE IN UTILIZING THIS NEW FUNCTION ARE ABSOLUTELY ESSENTIAL**. Note that expenses incurred as a result of improper option selection, upgrades performed on incorrect VINs, misrepresentation and other errors beyond the control of BMW NA are the responsibility of the center and center personnel involved.

Finance/Business Office personnel should also reconcile agreement sales against invoicing (center's parts statement) to ensure all agreements sold are correctly processed and expensed.

Please note that the existing paper Maintenance Upgrade Agreements are obsolete and should be destroyed upon the release of this new application, after ensuring that all of the upgrades previously submitted have been accepted and processed by BMW NA. Paper agreements initiated and dated after January 12th, 2004 will not be accepted for processing.

#### **TRANSFERABILITY AND REFUNDS:**

All BMW Maintenance Programs follow the covered vehicle and cannot be transferred to another vehicle. The BMW Service Card should be forwarded to the new owner who should also complete and mail the ownership change form located in the Service and Warranty Booklet.

A refund of the purchase price of the BMW Maintenance Program Upgrade will only be granted if the covered vehicle is deemed a total loss while in the ownership of the original owner. Proper documentation will be required, such as a police report or insurance reimbursement form and evidence of purchase price of the program. This refund is **ONLY** available while the vehicle is still within the standard maintenance plan coverage that came with the vehicle originally, as explained on the actual Maintenance Program Upgrade Agreement.

#### **MARKETING MATERIALS & SUPPLIES:**

Additional BMW Maintenance marketing brochures are also available. These can be ordered directly from Harte-Hanks (609-409-2737) or through BMW CenterNet.

Log on to BMW CenterNet. Menu to "Aftersales" to "Aftersales Material".

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