



APPROVED AUTO REPAIR
PROGRAM CONTRACT

This Agreement made and entered into by and between the

AAA ARIZONA

having its principal place of business at

3144 N. 7TH AVENUE, PHOENIX, AZ 85013

hereinafter referred to as the AAA, and

VIRGINIA AUTO SERVICE

located at

386 E. VIRGINIA AVENUE, PHOENIX, AZ 85004

hereinafter referred to as the Approved Facility

In consideration of the mutual promises of the parties hereto, they hereby agree as follows:

1) The AAA will make a reasonable effort to inform its members of the Approved Auto Repair program. The term "Member" as used in this contract shall be understood to mean a member of the AAA, or a member of any Club affiliated with the American Automobile Association, who presents a current membership card.

2) The Approved Facility agrees that during the term of this Contract it will, as an independent contractor, maintain and have available sufficient personnel and appropriate equipment to render, by appointment, an acceptable diagnosis and repair service during regular business hours to any member who requests such services and presents a valid membership card provided such diagnosis or repair is within the Approved Facility's areas of expertise and does not violate any franchise agreements. All buildings, including adequate waiting room and restroom facilities, grounds, equipment and personnel of the Approved Facility shall be clean, neat appearing and of a caliber satisfactory and acceptable to AAA.



APPROVED AUTO REPAIR
PROGRAM CONTRACT

This Agreement made and entered into by and between the

AAA ARIZONA

having its principal place of business at

3144 N. 7TH AVENUE, PHOENIX, AZ 85013

hereinafter referred to as the AAA, and

VIRGINIA AUTO SERVICE

located at

386 E. VIRGINIA AVENUE, PHOENIX, AZ 85004

hereinafter referred to as the Approved Facility

In consideration of the mutual promises of the parties hereto, they hereby agree as follows:

1) The AAA will make a reasonable effort to inform its members of the Approved Auto Repair program. The term "Member" as used in this contract shall be understood to mean a member of the AAA, or a member of any Club affiliated with the American Automobile Association, who presents a current membership card.

2) The Approved Facility agrees that during the term of this Contract it will, as an independent contractor, maintain and have available sufficient personnel and appropriate equipment to render, by appointment, an acceptable diagnosis and repair service during regular business hours to any member who requests such services and presents a valid membership card provided such diagnosis or repair is within the Approved Facility's areas of expertise and does not violate any franchise agreements. All buildings, including adequate waiting room and restroom facilities, grounds, equipment and personnel of the Approved Facility shall be clean, neat appearing and of a caliber satisfactory and acceptable to AAA.

3) An Approved Facility must provide a written estimate to its customers. The customer's authorization must be obtained before diagnosis or repairs of a vehicle can begin. The estimate must include parts and labor to repair the vehicle, or the reassembly without repairs upon the customer's request. The final invoice must not exceed the estimate by more than 10%. The amount of the invoice should be reduced by the amount of parts and associated labor not required in the repair of the vehicle, if such costs were included in the estimate and customer's authorization. If additional repairs are needed, and the original estimate might be exceeded, the customer must be notified and authorization must be obtained by the facility before the additional work can begin. The Approved Facility must comply with state and local requirements exceeding this minimum standard.

4) The Approved Facility has the right to refuse to accept a particular job, especially if it could be of a complex nature. However, once the repair has started, the Approved Facility must see to it that the repair is carried through speedily to a satisfactory conclusion. The Approved Facility will acquaint its repair personnel with recommended maintenance procedures for each vehicle it accepts for repairs, and will work in accordance with these procedures. The Approved Facility may offer warranties which exceed minimum standards, but must then honor such warranties to AAA members.

5) The Approved Facility must guarantee the effectiveness of repairs, parts, or components for 6 Mths. or 6,000 miles (12 months or 12,000 miles effective 7/1/97) under normal operating conditions. If due to the age or condition of the vehicle, there is risk that the repair may not be wholly satisfactory, the member must be advised as soon as this is determined by the Approved Facility. This must be documented in writing.

6) The Approved Facility agrees to make available any replaced parts after the repairs are completed except parts required to be returned to the manufacturer or distributor under a warranty agreement or to be turned in under a parts exchange plan. However, these parts must be available for inspection by the member. The Approved Facility agrees to install new parts unless specific authorization to install used or rebuilt parts is obtained from the member. The invoice must state if used, rebuilt, or reconditioned parts were installed. The Approved Facility will not use additives to motor oil or fuel without the member's consent. A copy of the invoice must be given to the member upon payment for service.

7) The Approved Facility agrees to advise AAA of their retail labor rates and flat rate repair manuals at the time this contract is signed and in writing ten (10) days prior to any change going into effect. AAA agrees to treat such information as confidential until its effective date.

8) The Approved Facility agrees that in the event of a member's complaint to the AAA against the Approved Facility, the Approved Facility will cooperate fully in any investigation thereof and the decision of AAA shall be binding upon the Approved Facility. In the event of a dispute between the member and the Approved Facility as to whether repairs authorized by the member have been properly completed by the Approved Facility, an AAA representative shall have the further right to inspect any work, materials, and charges and to inspect and obtain copies of diagnostic and repair records, invoices, or other records pertinent to the dispute and conduct such tests as he deems necessary. Thereafter, he shall report the results of the investigation to the Approved Facility and the member. In the event that AAA finds that the member's complaint is justified, the Approved Facility shall satisfactorily complete the repairs or refund the charge therefor to the member. The costs of the investigation and tests made by the AAA shall be borne by the AAA.

9) The AAA has and shall exercise no right to control as to the manner or methods employed by the Approved Facility in the rendering of services herein provided. It is agreed that the Approved Facility is an independent contractor and as such will maintain its diagnostic and repair facilities and provide diagnostic and repair services for members that meet the standards set by the AAA. The AAA may make periodic inspections of the Approved Facility's facilities, equipment and services performed and may make such tests thereof as it deems necessary to determine if said standards are being met.

10) The Approved Facility agrees to assume full responsibility for any negligence or willful misconduct upon the part of itself or its employees in performing any service hereunder or growing out of the use and display of any sign and to hold the AAA, and its officers, agents and affiliates, harmless against all claims, losses, damages of any kind, including but not limited to costs and attorney's fees, or demands of members or other persons for injury to or death of persons or for damages of any kind, including but not limited to costs and attorney's fees, or demands of members or other persons for injury to or death of persons or for damages to property arising out of the services rendered or use and display of any sign by the Approved Facility under this Contract, and further that the Approved Facility will indemnify the AAA, and its officers, agents and affiliates, for all losses suffered by any of them as the result thereof.

11) The Approved Facility shall carry and maintain at its expense all insurance required by law, including worker's compensation insurance that complies with all state and local laws and regulations, together with business automobile liability and general liability or garage liability coverage including bodily injury liability and property damage liability coverage, issued by companies admitted in the state in which the Approved Facility is located and operates or issued by companies maintaining a rating of B+VII or higher in the latest edition of Best's Key Rating Guide Property-Casualty, in at least the minimum amount of \$300,000 per occurrence in connection with all work or services performed or alleged to have been performed on behalf of the AAA or its members, or members of any other club affiliated with the AAA, by the Approved Facility, its agents, servants, or employees; and garage keepers legal liability coverage with limits of not less than \$100,000. All insurance policies shall provide that coverage applies to all injuries or damages arising out of occurrences during the policy period regardless of when the claim is made (i.e. the Approved Facility shall obtain "occurrence" type policies, rather than "claims-made" type policies). The Approved Facility shall maintain all coverages and limits required above; and, in the event limits are reduced due to claims or any other reason, the Approved Facility shall immediately replenish all limits or coverages. In addition, the Approved Facility shall cause to be furnished to the AAA a certificate verifying the coverage and limits of coverage available under the said policies and written agreement of the insurance company(ies) issuing such policies not to cancel or change such insurance until after thirty (30) days written notice thereof is provided to the AAA. In the event such notice is received, the AAA shall have the right to cancel and terminate this agreement prior to the effective date of such insurance cancellation or change notwithstanding the provisions regarding notice of termination set forth in paragraph 12.

12) This contract is not transferable or assignable in any way and any termination or change in the present ownership, management, or location of the Approved Facility shall automatically terminate this Contract at once without notice. The AAA enters this Contract in reliance upon the present ownership and management of the Approved Facility. This agreement may be canceled by either party upon the violation of any provision hereof or for fraud or unethical conduct practiced upon a member by the Approved Facility or any employee thereof, upon one (1) day's notice in writing. This Contract may be canceled without cause by either AAA or the Approved Facility by the giving of ten (10) days' written notice to that effect. Notices mailed to the parties at their respective addresses stated above shall be considered served upon mailing.

13) The Approved Facility agrees that, except as hereafter provided, no signs, insignia, stationery or any advertising whatsoever indicating a contract or affiliation with the AAA or its affiliates, shall be displayed, published or otherwise used, unless first approved by the AAA in writing.

The Approved Facility hereby leases from AAA an official sign for display at the Approved Facility and agrees to install said sign and to maintain same in good condition during the time it is to be displayed on said establishment. It is further understood that if the said sign is stolen, lost, damaged, destroyed or rendered unfit for use, other than by reason of normal wear and tear, the repair or replacement of said sign will be at the expense of the Approved Facility.

The Approved Facility further agrees that in the event of cancellation of this Contract to immediately remove and discontinue the use or display of signs and any other insignia, emblems advertising or telephone listings indicating that the Approved Facility has any contract or affiliation with the Approved Auto Repair Program of the AAA.

Furthermore, the Approved Facility agrees that it will immediately discontinue displaying a sign if AAA for any reason which AAA may determine is proper, requests in writing that it do so.

14) AAA will provide a Certificate of Approval to the Approved Facility for display in the establishment. The Certificate of Approval remains the property of the AAA. In the event the Approved Auto Repair Program contract is canceled, the Approved Facility will immediately discontinue displaying the Certificate of Approval and return the Certificate at its expense to the AAA.

15) The Approved Facility must meet all legal requirements of the county, city, and state in which it operates.

16) The Approved Facility shall pay to AAA (or club) an annual administrative and materials fee of \$ 500.00 . This fee is nonrefundable, except that a refund of fifty percent (50%) will be paid if AAA (or club) gives notice of termination within the first six (6) months of the year for which the fee has been paid. In the event that no amount is entered in the foregoing, it is understood that no fee shall be paid.

17) This Contract contains the entire agreement between the AAA and the Approved Facility and no modification or supplement to the terms hereof shall be binding unless in writing and signed by both parties.

18) On request, the Approved Facility must perform an AAR maintenance inspection at no additional charge when servicing AAA members' vehicles on a pay ticket, using a form specifically designed for this purpose by AAA. Members must produce a valid AAA membership card as proof of membership.

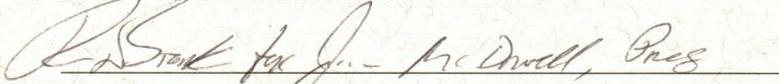
19) If the Approved Facility loses ASE certification for one or more approval categories for which they applied for, the Approved Facility agrees to obtain ASE certification within 6 months or the next available test date, whichever comes first. The Approved Facility also agrees to notify AAA in writing within 10 days of loss of ASE certification.

SIGNATURE OF FACILITY CHIEF EXECUTIVE

DATE

OWNER - VIRGINIA AUTO SERVICE

TITLE AND FACILITY TRADE NAME



SIGNATURE OF AAA CLUB CHIEF EXECUTIVE

5-14-1998
DATE

PRESIDENT

AAA ARIZONA

TITLE AND NAME OF CLUB



April 8, 2010

Virginia Auto Service
Attn: Matt Allen
386 E Virginia Ave.
Phoenix, AZ 85004

Dear Mr. Allen,

Effective 4/8/2010, AAA Arizona is cancelling the Approved Auto Repair Contract with Virginia Auto Service. After the cancellation date, please do not use the AAR logo in advertising or facility identification.

In the coming days, an Automotive Services Field Representative will collect the metal sign and any other Approved Auto Repair materials in your possession.

Thank you for your many years of service to AAA members. We wish you the best in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Willi' followed by a stylized flourish.

William Gowitzka
General Manager Automotive Services
AAA Arizona

Matt Allen

From: Matt Allen [mallen@virginia-autoservice.com]
Sent: Thursday, April 22, 2010 11:12 AM
To: mtully@arizona.aaa.com
Cc: 'John Oblinger'
Subject: Virginia Auto Service
Follow Up Flag: Follow up
Flag Status: Flagged

Mike Tully
President
AAA Arizona

April 22, 2010

Mike,

It is unfortunate and disappointing to see the way that you, the staff and the organization you are the President of have chosen to ignore me after being a AAA partner for 14 years! The lack of professionalism and integrity is amazing! Since you cancelled my Approved Auto Repair contract "without cause" and refuse to have any communication with me only leaves two possibilities for such an action.

- 1) AAA is angry that I ran a promotion and provided my customer with a towing service other than AAA
- 2) I must have angered AAA Management when Don Nunnari called me to interrogate me about the promotion and asked "how dare you use a competitor of AAA", I questioned him about the unethical way in which AAA encourages (by incentives such as sporting tickets and Target Gift Cards) the AAA owned Tow Truck Drivers to steer and coerce AAA Members, who are broken down, away from their intended destination and repair shop to a AAA Owned Facility for your gain. This is not looking after the best interest of AAA members, it is looking after the profitability of AAA and taking away from the independently owned AAA Approved Facilities that have helped AAA gain the reputation it enjoys today.

As you can imagine, this unexpected and unexplained cancellation will cause a huge financial impact on my business in the immediate weeks. AAA has been part of our branding since December of 1996 (before you even were an employee) and is on all of our printed materials, signage, vehicle wraps and electronic media. I am meeting with designers and sign companies in an effort to have the AAA logo removed as soon as possible. These expenses will likely exceed \$12,000. The signage owned by AAA can be retrieved by a member of you staff any weekday between 8am and 5 pm.

In order to avoid any confusion that a customer may have, my staff will be explaining to each one that we are no longer affiliated with AAA and the reasons why.

Again, it is unfortunate you have chosen this road.

Regards,

Matt Allen
President
Allen Automotive Service Inc
Virginia Auto Service