



Engine Class Action & Warranty Extension TXXI Dealer Best Practice

Date: July 13, 2020

Attn: Dealer Principal/General Manager/Service Manager/Parts Manager

Subject: Engine Class Action and Warranty Extension TXXI

Description

This Dealer Best Practice intends to inform dealers of a proposed settlement ("Settlement") for a class action lawsuit filed against Hyundai Motor America ("HMA"). Beginning in July 2020, customers affected by the proposed settlement will begin becoming informed of the settlement by mailed notice and email, and they may direct questions to dealers. Please go to HyundaiThetaEngineSettlement.com for full details. In addition, customer questions can also be directed to **1-866-944-7620 (Monday to Friday 7am-5pm PST)**.

These lawsuits allege that the Class Vehicles suffer from a defect that can cause engine seizure, stalling, engine failure, and engine fire, that engine seizure or stalling can be dangerous if experienced and that some owners and lessees have been improperly denied repairs under the vehicle's warranty.

Neither HMA or HMC have been found liable for any of the claims alleged in these lawsuits. The parties have instead reached a voluntary settlement in order to avoid a lengthy litigation.

The individuals who now or previously owned or leased Class Vehicles are known as "Class Members." Settlement Class Members may be entitled to compensation if they submit valid and timely claims and the settlement is ultimately approved by the Court. The potential benefits are summarized at HyundaiThetaEngineSettlement.com, where there is also complete information for customers on how to file claims. To the extent you receive questions from customers regarding the filing of claims under the settlement, we've summarized that information below. As it relates to Hyundai dealers, the most important features of the settlement are:

- The settlement extends the Powertrain Warranty to a Lifetime Warranty (**Warranty Extension TXXI**) for engine repairs needed **due to connecting rod bearing wear or damage, upon completion of the Knock Sensor Detection System Software Update (Service Campaign 953)**.
- The settlement provides a free recall inspection for any recalled vehicles not yet inspected in connection with one of Hyundai's prior engine campaigns, regardless of current mileage or prior repairs.
- The settlement provides rental car reimbursement or loaner vehicles for any vehicles that undergo engine replacement.

How do customers receive payment?

To be eligible for the compensation provided by the proposed settlement, the Class Member must complete and submit the claim forms on the settlement website or via U.S. mail by the applicable deadline(s). They can get forms at HyundaiThetaEngineSettlement.com, or by calling 1-866-944-7620 (Monday to Friday 7am-5pm PST). They should follow all of the instructions on the settlement website and the claim form.

- Fill out the Claim Form (paper or online), **and**
- Include the documentation specified on the Claim Form, **and**
- Submit online, by mail, or email the Claim Form to the address listed on the Claim Form (PO Box 10759, Newport Beach, CA 92658), **and**
- **Submit the claim prior to the deadline, which can be found on the settlement website and the long form notice.**

Affected Vehicles

In this settlement, Class Vehicle means any of the following vehicles:

- 2011-2018 and certain 2019 Sonata vehicles originally equipped with or replaced with a genuine Theta II 2.0L or 2.4L GDI engine
- 2013-2018 Santa Fe Sport and certain 2019 Santa Fe vehicles originally equipped with or replaced with a genuine



- Theta II 2.0L or 2.4L GDI engine
- 2014, 2015, 2018 and certain 2019 Tucson vehicles originally equipped with or replaced with a genuine Theta II 2.0L or 2.4L GDI engine
- For 2019 model year vehicles, the Class shall include those vehicles that were manufactured before the Knock Sensor Detection System technology was incorporated into their production

Service Action



Reservation – Class Members are able to make an appointment with an authorized Hyundai Dealer for an inspection or repair of their class vehicle.



Readiness – The information in this Dealer Best Practice provides a summary of the settlement. Refer to the information found on HyundaiThetaEngineSettlement.com for full details on the settlement.

- Ensure appropriate records are filed as Class Members may be requesting documentation to submit settlement claims.



Reception – Provide SRC or an alternative vehicle, as needed.

- Under the proposed settlement, Hyundai dealerships will provide a Service Rental Car of comparable value if requested, until repairs are completed.



Repair – If a customer is experiencing a concern related to the class action lawsuit, follow the warranty procedures by checking warranty coverage of the part number on the Part Coverage screen in WebDCS, and, as needed, replace the affected part according to the service procedure in the applicable vehicle repair manual or TSB(s). The extension of the Powertrain Warranty to a Lifetime Warranty (**Warranty Extension TXXI**) are for those Class Vehicles owned by individual consumers under the following conditions:

1. **The Knock Sensor Detection System Software Update (Service Campaign 953) has been completed on the vehicle, and**
2. The vehicle's Check Engine warning lamp is illuminated with DTC P1326 (Service Campaign T3G, TSB # 20-01-004H-1 or newer) or is experiencing an engine concern related to connecting rod bearing wear or damage, **and**
3. Engine failure is not a direct result of the customer substantially failing to maintain the vehicle.
 - Note: When you suspect that a vehicle engine condition has resulted from inadequate maintenance, request maintenance records from the customer, document and include photographs, if needed, and provide all documentation as part of the warranty Prior Approval (PA) review process.



Return – Review all completed campaign and repairs to answer any customer questions. Also, schedule the customer's next service.



Reconnect – Follow up for customer satisfaction.

Thank you for your prompt attention to this important matter and continued commitment to Hyundai customers.



Customer FAQ

Q1: What is the lawsuit about?

A1: The people who filed these lawsuits are called Plaintiffs, and the companies they sued, HMA, HMC, and others, are called Defendants. The Plaintiffs allege that the Class Vehicles suffer from a defect that can cause engine seizure, stalling, engine failure, and engine fire. The Plaintiffs also allege that engine seizure or stalling can be dangerous if experienced. The Plaintiffs also allege that some owners and lessees have been improperly denied repairs under the vehicle's warranty. HMA and HMC deny Plaintiffs' allegations.

Q2: What Vehicles are included in the Settlement?

A2: In this settlement, Class Vehicle means any of the following vehicles:

- 2011-2018 and certain 2019 Sonata vehicles originally equipped with or replaced with a genuine Theta II 2.0L or 2.4L GDI engine
- 2013-2018 Santa Fe Sport and certain 2019 Santa Fe vehicles originally equipped with or replaced with a genuine Theta II 2.0L or 2.4L GDI engine
- 2014, 2015, 2018 and certain 2019 Tucson vehicles originally equipped with or replaced with a genuine Theta II 2.0L or 2.4L GDI engine
- For 2019 model year vehicles, the Class shall include those vehicles that were manufactured before the Knock Sensor Detection System technology was incorporated into their production

Q3: What are the benefits of the Settlement?

A3: Hyundai has agreed to provide the following benefits under the settlement:

1. Warranty Extension

HMA is extending the Powertrain Warranty to a Lifetime Warranty (Warranty Extension TXXI) for Hyundai Class Vehicles for bearing wear or damage. The extension of the warranty will cover the short block assembly, consisting of the engine block, crankshaft and bearings, connecting rods and bearings, and pistons, in those Class Vehicles owned by individual consumers that have completed the Knock Sensor Detection System Software update and the vehicle's Check Engine warning lamp is illuminated with DTC P1326 (Service Campaign T3G) or is experiencing an engine concern related to connecting rod bearing wear or damage. With the exception of cases of exceptional neglect (Go to HyundaiThetaEngineSettlement.com for details) and subject to the existing terms, limitations, and condition of the Class Vehicles' original Powertrain Warranty, the Limited Warranty shall otherwise endure for bearing wear or damage irrespective of the Class Vehicle's mileage, duration of ownership, or prior warranty engine repairs and/or warranty replacements.

Go to HyundaiThetaEngineSettlement.com for full details.

2. Reimbursement for Past Repairs

Money Class Members spent on certain Class Vehicle repairs will be reimbursed in full, and in certain instances, may receive an additional \$140 goodwill payment and/or inconvenience payment based on the following requirements:

- a) DATE OF REPAIRS
- b) TYPES OF "QUALIFYING REPAIRS"
 - Any repair to the engine short block assembly, which includes the engine block, crankshaft and bearings, connecting rods and bearings, and pistons.
 - Repairs to any other components (such as the long block assembly, battery, or starter) if paperwork shows the work was an attempt to address (i) engine seizure, (ii) engine stalling, (iii) engine noise, or (iv) illumination of the oil lamp. (Repair costs will not be reimbursed if the paperwork reflects that the repairs were plainly unrelated to the short block assembly).
 - Any replacement of an oil filter based on Hyundai TSB No. 12-EM-006 necessitated by an engine short block assembly issue.
 - It does not include repairs caused by a collision involving a Class Vehicle, unless the collision was directly caused by a Class Vehicle failure otherwise subject to a Qualifying Repair, such as an engine fire.
- c) GOODWILL PAYMENT FOR PREVIOUSLY DENIED WARRANTY REPAIRS
- d) COMPENSATION FOR INCONVENIENCE DUE TO REPAIR DELAYS
- e) MAKE A TIMELY CLAIM



Go to HyundaiThetaEngineSettlement.com for full details.

3. Reimbursement for Rental Cars, Towing, etc.

Money Class Members spent on rental cars, towing services, and similar services will be reimbursed in full, based on the following requirements:

- The expense was reasonably related to obtaining one of the Qualifying Repairs listed above, and
- Class Members make a timely claim using the Claim Form.

4. Compensation If Class Member Sold or Traded-In a Class Vehicle

If a Class Member's Class Vehicle (i) experienced an engine seizure, engine stall, engine noise, engine compartment fire, or illumination of the oil lamp diagnosed as requiring repair of the engine block, AND (ii) the Class Member sold or traded-in the Class Vehicle without first procuring the recommended repair, the Class Member may receive compensation for any effect on fair market value of the Class Vehicle that resulted. The Class Member may also receive an additional goodwill payment of \$140.

Go to HyundaiThetaEngineSettlement.com for full details.

5. Compensation for Vehicle Involved in Engine Fire

If a Class Member's Class Vehicle suffered an engine fire that would have otherwise been addressed by a Qualifying Repair that caused the Class Member to lose the vehicle because either the cost of the repair was too great or the Class Member had to dispose the vehicle at a loss, the Class Member may receive compensation for the value of the vehicle, and an additional \$140 goodwill payment.

Go to HyundaiThetaEngineSettlement.com for full details.

6. Rebate Program

If the Class Member has lost faith in the Class Vehicle as a result of an engine failure or engine compartment fire and the Class Member purchased a replacement Hyundai vehicle, the Class Member may be entitled to a rebate. The Class Member must complete the claim form to be entitled to any rebate, but may qualify for the following amounts: for model year 2011–2012 Class Vehicles \$2,000; for model year 2013 and 2014 Class Vehicles \$1,500; for model year 2015 and 2016 Class Vehicles: \$1,000; and for model year 2017, 2018, and 2019 Class Vehicles \$500.

7. Informational Pamphlet

The Settlement provides that HMA will distribute an informational pamphlet to Class Members that provides further recommended guidance on the maintenance of the engines in the Class Vehicles and that reminds Class Members of the available inspections and repairs.

More details are in the proposed Settlement Agreement. Copies of the proposed Settlement Agreement and related documents can be found at HyundaiThetaEngineSettlement.com

| Key Contact Information | | |
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| Customer Support | Contact Information | Description |
| Engine Class Action Settlement | 1-866-944-7620 | Customer questions or concerns related to the Engine Class Action |
| Engine Class Action Settlement Website | HyundaiThetaEngineSettlement.com | Updated information related to the Engine Class Action |
| Hyundai Customer Care Center (General Questions) | 1-800-633-5151 | Customers general questions, <u>non-campaign related</u> |
| Hyundai Roadside Assistance | 1-800-243-7766 | Hyundai Roadside Assistance |