

# **Jett Auction Policies and Arbitration Rules**

## **Welcome to Jett!**

We want your buying and selling experience at JETT Auctions, to be a positive one. We have therefore developed these Auction Policies and Arbitration Rules to assist both Buyers and Sellers to understand their rights and obligations to each other and the Auction.

These Auction Policies and Arbitration Rules govern all of your business at the Auction and are implied terms and conditions of every agreement that you enter into with the Auction and with every Buyer or Seller. By doing business at our Auction, you are agreeing to comply with and be bound by these Auction Policies and Arbitration Rules.

### **AUCTION POLICIES**

#### **A. OUR COMMITMENT TO YOU**

- 1) We will be fair and impartial in our dealings with both Buyers and Sellers.
- 2) We will endeavor to create an environment that inspires confidence in the integrity of the auction process.
- 3) We will maintain records to verify bid sale prices and all fees that are charged.
- 4) We will comply with national, provincial and local laws that regulate the conduct of our business.
- 5) We will make every effort to service our customers' needs diligently, courteously and responsibly.

#### **B. OUR ROLE**

- 1) The Auction is a service provider. We do not purchase or sell vehicles on our own behalf. The Auction is the mutual agent of both the Buyer and the Seller.
- 2) The Auction does not take title to Vehicles.
- 3) The Auction ensures that Sellers are paid for their Vehicles and that Buyers receive good title to the Vehicles that they purchase.
- 4) The Auction is paid a fee by both the Buyer and the Seller for its role.
- 5) The Auction offers an Arbitration service for resolving disputes between Buyers and Sellers.

## C. YOUR OBLIGATIONS TO US

- 1) **Fair Play.** For the auction system to work properly, the Auction, the Buyers and the Sellers must conduct themselves with integrity. We do our part by living our corporate values. We expect you to do your part by conducting your business at the Auction fairly and honestly. We will not tolerate any conduct that directly or indirectly undermines the integrity of the auction process.
- 2) **Auction Privileges.** Attending the Auction is a privilege and not a right. The Auction reserves the right to temporarily or permanently suspend a Customer's Auction privileges at any time. Breach of these Auction Policies and Arbitration Rules could result in the suspension of your Auction privileges.
- 3) **Compliance with Law.** There are many rules, laws and regulations that govern your business. We count on you to know and comply with all national, provincial and local laws that regulate your right to purchase and sell motor vehicles, trucks, recreational vehicles, motorcycles, snowmobiles, boats, marine craft, golf carts, all-terrain vehicles, machinery and equipment (collectively "Vehicles") at our Auction.
- 5) **Courtesy.** We expect our employees to serve you professionally and courteously and in turn we believe that they are entitled to similar treatment from you. However, if you are not satisfied with the level of service you receive, we would like to hear from you.
- 6) **No "Backyard Dealings".** All Vehicles consigned to the Auction must cross the auction block. Vehicles sold before reaching the block will be subject to all applicable fees. Customers engaged in backyard deals may have their Auction privileges temporarily or permanently suspended.
- 7) **Representatives.** Please be selective when sending someone to the Auction to represent you, as you will be responsible for and bound by his or her conduct and business transactions.
- 8) **Fees.** You agree to pay all customary fees and charges of the Auction for services rendered in connection with the purchase and sale of consigned Vehicles, including, without limitation, seller fees, buyer fees, entry fees, storage fees, NSF cheque fees, ownership fees, cleaning fees and other customary fees and charges including past due fees and charges, if any. The Customer authorizes the Auction to deduct from the sale proceeds its fees and any other applicable costs and charges. Auction fees and charges may change from time to time without notice. Please contact your Auction representative if you require an up to date list of all fees and charges.
- 9) **Payment Terms.** All Vehicles purchased by the Customer must be paid for, including all Auction transaction fees and charges, by the Tuesday at 4:30 following day of sale. The Auction may deduct from any amounts it owes to the Customer, any amounts the Customer owes to the Auction. Further, the Auction may retain possession of any Vehicles owned or controlled by the Customer and/or withhold ownership documents until all amounts owed by the Customer to the Auction have been paid. The Customer shall pay all costs, including, without limitation, legal fees on a solicitor and client basis, necessary for the Auction to collect any monies owed to the Auction by the Customer.
- 10) **Liability.** Except for losses caused by the gross negligence or willful misconduct of the Auction or its employees, the Auction shall not be responsible to you for any theft, conversion, loss, damage, claim, expense (including reasonable legal fees), suit or demand (collectively "Loss") arising out of, based upon or resulting from the possession, transportation, use, storage or operation of Vehicles by the Auction or its agents, including but not limited to Loss due to or caused by or during transportation, delay, fire, storm, flood, war civil disturbance, riot, act of God, lightning, earthquake, or other similar casualty. The liability of the Auction, if any, shall be limited to the sale price of the vehicle, less 2% per month from the sale date. All liability of the Auction shall terminate on the 1st day of the fortyeighth (48th) month after the sale date.

11) **Indemnity.** You agree that the Auction shall not be liable for, and that you will indemnify the Auction and hold it harmless against your breach of these Auction Policies and Arbitration Rules. You agree that the Auction shall not be liable for, and that you will indemnify the Auction and hold it harmless against any damage, Loss, or destruction to Vehicles left in the custody, care or control of the Auction or its agents, unless caused by the Auction's gross negligence.

12) **Security Interest.** In order to secure payment of any indebtedness owing to the Auction by you, you hereby grant in favour of the Auction a security interest (including purchase money security interest) in all Vehicles (including all additions, accessions, accessories and replacements and proceeds of them) and other assets of yours held by or sold through the Auction from time to time, to secure any and all of your obligations to the Auction, howsoever arising. You hereby authorize the Auction to file a financing statement against your assets in order to secure any indebtedness owing by you to the Auction from time to time. The Auction shall be entitled to all the rights of a secured creditor under applicable personal property security legislation.

13) **Investigations.** The Auction cooperates fully with all investigations conducted by regulatory, government and police authorities (collectively "Investigative Authorities"). By doing business at the Auction, you authorize us to provide all documents and information concerning you, your business and your purchases and sales to any Investigative Authorities requesting them.

14) **Video/Audio.** All Auction sales are video and audio recorded. By attending an Auction sale, you are consenting to the use of video and audio recordings for the purposes of arbitrations and all purposes identified by JETT's Privacy Policy.

15) **No Warranties by Auction.** The Auction shall not be liable to either the Buyer or Seller for any visible or latent defects in the Vehicle. The Auction does not make or guarantee any warranty, express or implied, including, without limitation, make, condition, quality, merchantability, fitness for a particular purpose, service policy, or odometer reading, with respect to any Vehicle.

16) **Customer's Representations Regarding Taxes.** The Customer certifies that the Customer holds a certificate license or other permit, issued by the sales tax authority of the province and, if necessary, the locality of the Customer automobile business or businesses which certificate, license or permit exempts the Customer from the payment of provincial sales tax with respect to the purchase of Vehicles and bears the number or numbers set forth in the Customer Registration Application. Any Vehicles purchased by the Customer at the Auction are purchased for resale in the form of tangible personal property in the regular course of business, and are of the sort usually purchased by the Customer for resale. In the event that the property is used for any purpose other than for resale, the Customer will pay directly to the proper taxing authorities such sale or use tax as may then accrue and be due and payable.

17) **Changes to Auction Terms and Conditions.** These Auction Policies and Arbitration Rules are subject to change upon notice to the Customer including, without limitation, notice of changes included in handouts, or posted conspicuously on bulletin boards or on signs located on the Auction premises. Use of the Auction Card or completion of other business transactions through the Auction subsequent to delivery to the Customer of such notice shall be evidence of the Customer's acceptance of any changes to these Auction Policies and Arbitration Rules. Further the Customer is subject to all other terms and conditions communicated to the Customer in writing or electronically, or posted conspicuously on bulletin boards or on signs located at the Auction premises.

## D. BUYER'S OBLIGATIONS

- 1) **Know your purchase.** This is a used Vehicle auction. Most used Vehicles have defects, flaws and/or wear and tear. Please allow for this in your bidding. Check the Vehicles carefully before you bid. It is the Buyer's responsibility to verify serial number, Vehicle year, make, model, colour, trim codes, options, odometer reading and that the odometer is functional, prior to leaving the Auction premises. The Buyer is responsible for ensuring that the Vehicle meets his/her requirements.
- 2) **Buying Mistakes.** Buyers are strongly encouraged to carefully inspect potential purchases prior to the Auction sale. The Auction cannot be held responsible for buying mistakes.
- 3) **Insure your purchase.** The Auction does not provide insurance coverage for Vehicles. You must carry your own insurance coverage for damages resulting from fire, theft, damage, vandalism, collision, acts of God, etc.
- 4) **Bidding Process.** Please ensure that you understand the bidding process. Our auction sales are very fast-paced and energetic. If you do not understand the bidding process, please ask one of our customer service representatives to assist you.
  - a) **Lights.** In the auction lanes, there will be multiple coloured lights above the Auctioneer's podium. The lights may mean different things at each Auction site. These lights can provide you with valuable information about the Vehicle that is at the auction block. It is your responsibility to understand the meaning of the lights at the Auction site at which you are bidding.
  - b) **Announcements.** Listen carefully to the Auctioneer before the bidding begins. The Auctioneer may have important information to tell you about the Vehicle that is up for sale. The Auctioneer is not responsible for repeating vital information about a particular Vehicle during the Auction. Please watch the lights and listen. If in doubt, ask a customer service representative. It is your responsibility to ask.
  - c) **Live Stream.** At most Auction sites there is an live stream that displays the bid price of the Vehicle that is on the block. As there may be a delay between when the Auctioneer accepts a bid and when it is recorded on the live stream, you must listen to the Auctioneer carefully for the most current bid price.
  - d) **Block.** Make sure that you know which Vehicle is on the block being auctioned. It may not be the Vehicle that is directly in front of the Auctioneer. If unsure, please ask a Customer Service Representative.
  - e) **Ringmen.** Our auctions have Ringmen (male or female) who stand in the auction lane and assist the Auctioneer in identifying bids. If you want to place a bid, catch the attention of a Ringman or the Auctioneer.
  - f) **Tendering a Bid.** You will be deemed to have tendered a bid when you indicate, by speech, expression, the display of a badge, hand signal or otherwise, the intention to enter a bid equal to or greater than the price being called by the Auctioneer.
  - g) **Accepting a Bid.** A bid is not binding until accepted by the Auctioneer. The Auctioneer will be deemed to have accepted a bid when the Auctioneer indicates by speech, hand signal or otherwise, that the bid has been accepted. The Auctioneer is not obliged to accept a bid. The Auctioneer will not accept a bid that, in the opinion of the Auctioneer, is only a nominal or fractional advance on the highest bid previously accepted by the Auctioneer or if the Auction Policies and Arbitration Rules August 2008 7 Auctioneer believes that the bid was not tendered in good faith.
  - h) **Reserve Prices.** Many Vehicles are sold subject to a reserve price, i.e. a minimum price at which the Vehicle must sell. If the Auctioneer does not receive any bids at or above the reserve price, the Vehicle will not be sold unless the Seller expressly authorizes the sale.

i) **Sale.** Except for Confirmation Sales (phone bids), a Vehicle is sold when the hammer falls and the Auctioneer announces that it has been sold. If you tendered the last bid accepted by the Auctioneer before the hammer fell, then you purchased the Vehicle and you are required to complete the sale.

j) **Confirmation Sales** (Phone Bids). If the Auctioneer announces that an item has been sold subject to confirmation or subject to a phone bid (or similar words) the Seller has until 5:00 p.m. on sale day after the bid is submitted to confirm the sale unless otherwise announced or stated. If the Seller does not confirm the sale within the stipulated time period, then it may result in a “no sale”. Where a Vehicle is sold subject to confirmation or to a phone bid the last bid accepted by the Auctioneer is irrevocable until 5:00 p.m. on sale day.

k) **Dispute.** No bid may be withdrawn after the Auctioneer has accepted it. If you dispute having made a bid, you must advise the Auctioneer immediately or you will be deemed to have made the bid. Where there is a dispute as to whether a bid was made or which bid was last, the Auctioneer may allow the Vehicle to be put up and resold or may direct that the Vehicle be sold to the person whom the Auctioneer believes made the last bid. The decision of the Auctioneer is final.

l) **Tied Bids.** Where both the Auctioneer and the Ringman accept bids from two different bidders at the same time and at the same price, the Auctioneer may break the tie in any manner that the Auctioneer considers appropriate in the circumstances. The decision of the Auctioneer is final.

5) **Pay Promptly.** A down payment of \$500 is required before the close of business on sale day. The final Payment must be made by 4:30 the following Tuesday. The method of payment is at the discretion of the Auction’s General Manager. If payment in full is not received within 48 hours of the Auction sale day, the Vehicle may be re-sold at the next Auction sale on an unreserved basis. The Buyer will be liable to the Auction for all losses incurred including the difference in sale price (if any) plus auction fees, collection costs and legal fees. Failure to pay promptly can result in the permanent loss of your Auction privileges.

6) **Repossession.** The Auction has the right to repossess and re-sell without notice any Vehicle for which you have not properly paid and that has been removed from the Auction premises. The Auction may resell the Vehicle at such time and in such manner as the Auction may determine. The Auction may deduct from the sale proceeds all costs and expenses of repossession and sale including the Auction’s fees, reconditioning and repair charges and legal fees. The Buyer shall be liable to the Auction for any deficiency plus interest at the rate of 2% per month (24% per year).

7) **N.S.F. Cheques.** All cheques not cleared by your bank for non-sufficient funds (“N.S.F.”) or for any other reason, must be settled immediately with cash or certified funds. A charge of at least \$150 will be levied for all N.S.F. and returned cheques.

8) **Title.** Regardless of the method of payment and the status of the ownership registration, title to a purchased Vehicle does not pass to the Buyer until payment in full has been made and the funds have actually been received by the Auction. For example, if payment is made by uncertified cheque, title does not pass to the Buyer until the cheque has been honored by the drawer’s bank. Notwithstanding the foregoing, once the vehicle has been declared “sold” in accordance with these Policies or the JETTAUCTION.com Policies, as the case may be, the Buyer assumes full liability and responsibility for all Losses respecting the Vehicle.

9) **Vehicle Storage Charges.** Once you have purchased and paid for your Vehicle, please remove it from the Auction site as soon as possible. A minimum storage fee of \$25.00 per Vehicle per day applies starting Wednesday after the Auction sale day, subject to the discretion of the General Manager.

10) **Transportation.** If you require assistance in arranging transportation, please notify an Auction customer service representative. If you request the auction to arrange transportation of Vehicle(s), you acknowledge and agree that JETT shall not be liable for theft, conversion, loss, damage, claims, expenses (including reasonable legal fees), suit or demand respecting the Vehicles (collectively, "Transportation Losses") howsoever caused while the Vehicles are in the care, custody or control of a third party carrier (the "Carrier") or an JETT driver through the JETT Drive-Away-Service, and that you shall fully indemnify and save JETT from and against any and all Transportation Losses.

11) **Inspection.** Ensure you thoroughly inspect your Vehicles before shipping or exporting long distances or out of the country.

12) **Exportation.** The Auction does not guarantee that any Vehicle purchased can be exported. The Buyer must be satisfied that the Vehicle meets all requirements for export.

13) **Arbitration.** All deficiencies between the Buyer and the Seller respecting an Auction transaction shall be settled by arbitration. Arbitration must occur at the Auction where the purchase occurred

## E. SELLER'S OBLIGATIONS

1) **Announcements.** Announcements are matters that may affect the value of the Vehicle that you are selling and must be disclosed. Announcements will be written on the sale agreement and/or may be announced by the Auctioneer on the block. You will build confidence and goodwill by declaring all defects. You run the risk of having the sale cancelled, the purchase price reduced and/or other charges/fines incurred, if you fail to make any of the following announcements:

i) Vehicle has:

- (a) Faulty odometer
- (b) Changed odometer
- (c) Odometer in miles
- (d) Five digit odometers over 100,000 miles or kms

ii) The true kilometers or miles are unknown, in which case one of the following announcements must be made:

(a) The true distance traveled is unknown, but is believed to be in excess of \_\_ estimate of distance traveled) that was recorded on last date a reliable odometer reading was available).

(b) The true distance traveled is unknown, but is believed to be substantially higher than that shown on the odometer.

iii) Sport utility vehicle has 2-wheel drive that would normally be considered 4x4

(iv) Vehicle requires a government safety inspection/certification/structural integrity (where applicable)

(v) Ownership registration is not available on sale day (where applicable) (vi) Keys are not available

(vii) Vehicle was previously used as a:

- (a) Taxi/limousine
- (b) Police car
- (c) Driving school car
- (d) Government vehicle (where applicable)
- (e) Daily rental vehicle (where applicable)

(viii) Vehicle suffers from any of the following defects:

- (a) Flood damage
- (b) Fire damage
- (c) Excessive rusting, including frame or unitized body
- (d) Roof damage
- (e) Structural damage as determined in accordance with NAAA structural damage policy (f) Two or more adjacent panels changed
- (g) Air bags deployed, defective or absent
- (h) Defective ABS system

(ix) Cancellation of manufacturer's warranty

(x) Major defects that would cost over \$750 (according to standard Mitchell's/manufacturer's established warranty standard rates) to repair on:

- (a) Engine
- (b) Transmission
- (c) Major power train i.e. differentials
- (d) Computer equipment

(xi) Major exception to original or advertised production specification

(xii) Vehicle cut in two or two frames welded together

(xiii) Vehicles branded as:

- (a) Provincial Inspection Required (where applicable)
- (b) Salvage
- (c) Irreparable
- (d) Rebuild

- (e) Accident-repaired over \$2000 (where applicable)
- (f) Insurance Write-Offs, Total Loss, according to insurer and/or manufacturer's records
- (g) VGA
- (h) Non-recuperable
- (i) Non-repairable
- (j) Parts Only
- (k) Reconstructed
- (xiv) Vehicle was stolen and has been recovered
- (xv) Vehicle is not road-worthy
- (xvi) U.S. Vehicle
- (xvii) Grey market vehicle
- (xviii) Out of Province Vehicle (where applicable according to Provincial Law)
- (xix) Natural Gas or Propane Fuel
- (xx) VIN plate has been replaced

2) **Fuel.** All Vehicles consigned for sale must have sufficient fuel to run the Vehicle through the auction process. A minimum \$15 re-fueling fee will be charged if a Vehicle does not have sufficient fuel.

3) **Re-runs.** All unsold Vehicles that remain at the Auction until the next sale day will be automatically washed and run on the next sale day. The Seller will be responsible for all applicable charges.

4) **Title/Ownership.** When you sell a Vehicle, you are guaranteeing, representing and warranting to the Auction and to the Buyer that you have good title to the Vehicle and that the Vehicle is free of all liens, charges and encumbrances of any nature or kind whatsoever. All documents required to permit ownership to the Vehicle to be transferred to the Buyer must be delivered to the Auction on the day prior to sale. After 48 hours, the Buyer may have the option to cancel the sale at the discretion of the General Manager, if the Buyer has not received the title documents.

5) **V.I.N.** No Vehicle will be offered for sale without a visible factory identification number and/or government VIN replacement plates.

6) No V.G.A.'s Registration documents with a V.G.A.'s declaration will not be accepted. These must be modified to show "rebuilt" in the applicable provinces and must be declared under red light - original dash plate missing.

7) **Representing your Vehicle.** You represent your Vehicle. You are responsible for ensuring that all announcements and any other declarations that you wish to make are announced by the Auctioneer and that the odometer reading, model and year recorded on the windshield and/or the dash ticket are accurate. You are also responsible for ensuring that the Auctioneer is aware of the Vehicle's reserve price, if any.

8) **Insurance.** The Auction does not provide insurance coverage for Vehicles. You must have your own insurance coverage in place while your Vehicle is on the Auction's premises for damages resulting from fire, theft, vandalism, collision, acts of God, etc.

9) **Tampering.** Odometer and parts tampering is strictly prohibited. Anyone involved in odometer and/or parts tampering, will have their Auction privileges at all JETT Auction sites automatically and permanently suspended. In addition, all applicable regulatory and law enforcement agencies will be notified.

10) **No Shilling.** Price boosting (i.e. "shilling") is strictly prohibited. Neither you nor any of your representatives, or agents may bid on any Vehicles consigned by you to the Auction.

11) **Extras.** If a Vehicle requires towing, refueling, or its battery boosted on sale day, you will be charged an additional fee for this service.



## II ARBITRATION RULES WHAT IS ARBITRATION?

Arbitration is the referral of a dispute to an impartial person for final and binding determination. We offer an arbitration service to assist Buyers and Sellers in resolving disputes respecting Vehicles purchased at our Auction. Our process is designed to be informal, quick, practical and economical. Our arbitration managers are trained professionals who understand the automotive remarketing business.

### HOW DOES ARBITRATION WORK?

**Step 1: Pay for the Vehicle.** A claim will not be arbitrated until the Buyer has paid for the Vehicle in full. The Buyer must have possession of the sales agreement and gate pass for the Vehicle under review. The Vehicle cannot leave the Auction site on sale day if it is to be subject to standard arbitration. The Auction will only arbitrate the specified item or items on the arbitration form. Any Buyer who does not have time to thoroughly inspect the Vehicle on sale day, may wish to take advantage of the Auction's Buyer Protection Program (where available).

**Step 2: Fill out the Form.** A Buyer initiates arbitration by completing and signing an arbitration form and submitting it to the Auction's arbitration department before the close of business on sale day (unless extended arbitration is available).

**Step 3: Arbitration Fee.** Buyers must pay the Auction's Standard Arbitration Fee for the Auction's arbitration service. However, if the Arbitrator determines that the Buyer's claim is valid, the Seller will be responsible for the fee.

**Step 4: Investigation.** The Arbitrator will review only issues raised in the arbitration form. Both the Buyer and the Seller will have an opportunity to explain their position to the Arbitrator. Depending on the nature of the complaint, the Arbitrator may, after listening to both parties, inspect the Vehicle and come to a decision without further consultation. However, in certain circumstances, the Arbitrator may also refer the Vehicle to a specialty shop for consultation. If a specialty shop is consulted, the party against whom the arbitration decision is made must pay all costs of the consultation including transportation or towing fees, if applicable. Step

**5: Decision.** After completing the investigation, the Arbitrator will decide whether or not the complaint was valid and inform both parties of the decision. The unsuccessful party will be responsible for all costs of the Arbitration. Written decisions are not provided unless specifically requested. The party requesting a written decision may incur an extra fee. This fee is not the responsibility of the unsuccessful party.

**Step 6: Remedy.** The Arbitrator may grant any remedy or relief that the Arbitrator considers to be appropriate in the circumstances. Remedies may include: cancellation of sale and refund of purchase price, partial rebate of purchase price, repair of defect at Seller's expense, repair of defect at Seller's partial expense, refund of expenses, etc.

**Step 7: Finality.** The decision of the Arbitrator and the Remedy imposed is final and binding on both parties. By choosing to initiate the Arbitration process, the Buyer is agreeing to be bound by the Arbitrator's decision. By consigning a Vehicle for sale at the Auction, the Seller is agreeing to participate in any Arbitration process that may be initiated, to be bound by the Arbitrator's decision and to comply with any Remedy imposed.

Note: If a Seller fails or refuses to comply with the decision of the Arbitrator, the Seller will be held liable for all losses, costs and damages including legal fees and any losses on the resale of the Vehicle. In addition, the Seller's auction privileges at JETT auction may be temporarily or permanently suspended at the discretion of the Auction's General Manager.

## WHAT IS SUBJECT TO ARBITRATION?

1) Except for the matters listed in (2) below, any major undisclosed defects that would cost over \$750 to repair according to manufacturers established warranty standard rates and that ought to have been announced (see list of mandatory announcements under Seller's Obligations) but were not, are subject to arbitration. Any defect that was announced is not subject to arbitration.

2) The following are not subject to arbitration:

- a) Windshields and other glass items
- b) Upholstery, headliners, mats and trim
- c) Visible rust
- d) Visible body damage
- e) Axle joints, CV joints, driveshaft
- f) Springs, shocks, tires, brakes, suspensions, clutch assemblies and cooling systems, heater core, power steering, tune-ups & exhaust
- g) Rack-and-pinion steering
- h) Air-conditioning
- i) Any Vehicle sold for \$3000 or less (except where Seller failed to announce I.E.(1)(i), (ii) [odometer], (viii) (e) [structural damage],(xiii) [branding], (xx) [re-VIN'd] [ Seller's obligations])
- j) Any engines smoking or blow by, noisy lifters, head gaskets and camshaft exceeding 96,000 kms.
- k) Vehicles with over "200,000" kms are sold as is or sold under announcement I.E.(1)(i) or (ii) [odometer] of Seller's Obligations (except where Seller failed to announce I.E.(1) (viii)(e) [structural damage], (xiii) [branding], (xx) [re-VIN'd] under paragraph 1 of Seller's Obligations)
  - l) Vehicles sold "as is" [except for Vehicles where the Seller failed to announce I.E.(1) (i), (ii) [odometer], (viii)(e) [structural damage],(xiii) [branding], (xx) [re-VIN'd] [ Seller's obligations])
  - m) Federal stickers
  - n) Boats, motor homes, antique vehicles, equipment, snowmobiles, motorcycles, unless sold with a Seller's guarantee

3) The National Auto Auction Association's Structural Damage Policy and applicable provincial laws govern arbitrations respecting structural damage.

## WHEN IS ARBITRATION AVAILABLE?

1) Two types of arbitration are available: standard and extended. Standard arbitration applies to all arbitrable defects except for those subject to extended arbitration.

2) Extended arbitration is available for the following items that must be announced under paragraph 1 of Seller's Obligations: (ii) [odometer], (vii) [commercial use], (viii), (xii), (xiii) [branding], and (xiv) [stolen].

3) For standard arbitrations, the arbitration form must be completed and delivered to the Auction's arbitration department before the close of business on auction sale day. For extended arbitrations, the arbitration form must be completed and delivered to the Auction's arbitration department within 7 days of the sale date. Extensions may be granted at the Arbitrator's discretion.

4) Arbitration is not available if the Buyer no longer has possession of and title to the Vehicle. Arbitration is only available to the Auction's Buyers and Sellers and not to the customers of the Buyers and Sellers.

5) If arbitration is not available, the Buyer's only remedy is against the Seller directly, without the involvement or intervention of the Auction. The Buyer and the Seller release and waive all rights, remedies, claims, and causes of action against the Auction, and its present and former officers, directors and employees, and its successors, predecessors, subsidiaries, affiliates and assigns from any claim or remedy whatsoever, whether known or unknown, for or by reason of using the services and facilities of the Auction including but not limited to the Arbitration process.

**A WORD OF WARNING** The arbitration process is not a tool for price reduction or for dealing with “Buyer’s Remorse”. Buyers are cautioned to avoid impulse buying and to inspect Vehicles thoroughly before bidding. All used vehicles generally require repairs and Buyers should allow for this in their bidding. Arbitrations are regularly monitored by the Auction. Sellers who repeatedly fail to make required announcements or Buyers who repeatedly submit questionable arbitration claims, may have their Auction privileges temporarily or permanently suspended.

### **III NAAA STRUCTURAL DAMAGE POLICY**

The following is the National Auto Auction’s Structural Damage Policy which governs all Vehicles. To the extent that there is any inconsistency between the NAAA Policy and the Auction’s Policy, the Auction’s Policy governs.

1. Seller’s Disclosure Requirements - Seller must disclose structural damage, repairs or replacement as outlined in this policy prior to selling a vehicle at auction. The recommended declarations are:

- Structural Damage - The vehicle has structural damage and/or repairs and will not be subject to arbitration under this policy.
- Certified Structural Repairs - The vehicle has sustained damage to a specifically identified structural component, which has been repaired, and the vehicle has been certified to be within the Used Vehicle Management Standard (UVMS). The vehicle, if properly announced, may be arbitrated only for improper repair of the designated area, existing damage or repairs to other areas, or failure to be within the UVMS (see par. 3)
- Structural Alteration - The vehicle has an altered frame or unibody as specifically announced. The vehicle can be arbitrated only for damage or repairs to structural components other than those disclosed or in the event of improper alteration. Such a disclosure should be made for the following alterations, unless they are clearly obvious by the appearance of the vehicle:
  - Frame lengthened or shortened. -Suspension altered.
  - After market accessories installed/removed.
  - No disclosure is required for properly installed towing package.

2. Seller’s Disclosure Not Required - No declaration will be required for existing insignificant damage or repair thereof. Insignificant damage is defined as:

- Damage due to transport tie-down, improper jacking or lifting or contact with parking abutments and/or road debris, provided that the vehicle is within the UVMS.
- Damage solely to glass or bolt-on components.

3. Used Vehicle Measurement Standard - For purposes of arbitration under this policy UVMS specifications are:

- The vehicle will measure to a tolerance of no more than +/- 8mm of published specifications in length, width and height at all master control points; and
- Symmetrically (comparative measure from side to side and point to point) the length, width and height must measure to a total tolerance of no more than 6mm. In each case the fender to door, door to door, and/or door to quarter panel gaps must indicate proper fit of the panels.

4. Measurement of Vehicles - Selling auction will, at its discretion, have a vehicle measured at a facility of its choice. Prior to measurement a vehicle must first visually indicate a physical condition to warrant the measurement. Purchaser will agree to pay for this measurement if the vehicle is within the UVMS. Seller will be responsible for charges if the vehicle is found to be beyond the UVMS.

5. Undisclosed Structural Damage or Repair - A vehicle may be arbitrated if it has

undisclosed existing or repaired damage, which should have been disclosed under this policy, even though the vehicle is within the UVMS.

6. Arbitration Period - Buyer must arbitrate improperly disclosed structural damage within 7 calendar days from date of purchase. The vehicle must be returned to the selling auction, or to an auction or facility designated by the auction within 7 calendar days of arbitration.

7. Buyer's Reimbursement by Seller - In the event of improperly disclosed structural damage the Seller will be responsible to reimburse the Buyer for:

- The actual price of the vehicle,
- The Buyer's fee,
- Inspection and arbitration fees incurred at the auction, and
- Reasonable transportation costs actually incurred transporting the vehicle to and from the Buyer's dealership.

**IMPORTANT:** The Auction reserves the right to interpret and modify these Auction Policies and Arbitration Rules in order to comply with the spirit of the NAAA Code of Ethics and the integrity of the auction process. The Auction Policies and Arbitration Rules are implied terms and conditions of every agreement, whether written, oral, express or implied that you enter into with the Auction or with its Customers. You are responsible for ensuring that you are aware of any changes to these policies and rules.