

GENERAL AUCTION RULES, POLICIES & ARBITRATION PROCEDURES

You MUST Be a Licensed Dealer and Registered Prior to Transacting Business at Ultimate Dealership Auctions, LLC

1. The Auction makes no representation or guarantees as to the description, equipment, history, warranties, service policy, title status/accuracy of odometer on any vehicle sold or offered for sale. The auction does not guarantee or get involved in any factory or dealer warranty coverage issues on vehicles sold or offered for sale at the Auction.
2. The sales at the Auction are intended to promote fair and ethical treatment to both the Buyer and Seller. If the Auction determines that the transaction is not fair and ethical to either party, the Seller and Buyer agree that the Auction may cancel the sale, at its sole discretion.
3. **The decision of the arbitrator is final and binding on both Buyer and Seller.** The Auction reserves the right to assess an arbitration fee to the Buyer if an arbitrated claim is deemed to be not valid or too frivolous. Any arbitration must be properly documented in writing and signed by the arbitrator. If the arbitration is valid, the Auction reserves the right to assess an arbitration fee to the Seller if they knowingly omitted an announcement. This fee is in addition to any charges associated with the arbitration procedure; such as check out fees at a specialty shop or transportation costs to and from a garage, etc.
4. The Auction is not a party to the contract of the sale. The sales contract is between the Buyer and the Seller only. The Seller is required to give the Federal Odometer Mileage Statement in connection with any Auction sale as required by the Motor Vehicle Information and Cost Savings Act of 1972 as amended, or other applicable laws. The Auction is not responsible and does not guarantee the accuracy of odometer readings, odometer statements, or damage disclosure statements.
5. Any vehicle sold "AS IS", any vehicle sold for \$2,000 or less, or any vehicle towed thru the lane is NOT subject to mechanical arbitration.
6. LOT SALES/OUTSIDE SALES
 - A. Any sale in which the Auctioneer does not state the selling price of the vehicle or "sell under the hammer" is considered a lot sale.
 - B. All "LOT SALES" are conditional until the Buyer pays for the vehicle. Up until the time of payment, the sale is not binding on either party.
 - C. Once a "LOT SALE" has been paid for, the vehicle becomes "AS IS" property of the Buyer. Buyer needs to check "LOT SALE" vehicle very carefully before purchasing, since they are not arbitratable for any reason, including frame. Vehicles sold immediately after crossing the block are still subject to the announced conditions noted on the Auction Block Ticket.
 - D. All vehicles bought or sold on the Auction premises must be processed through the Auction Office. Failure to do so WILL result in suspension of trading privileges at the Auction.
 - E. Seller may guarantee "LOT SALES" but must do so in writing.
7. All vehicles consigned must have a public Vehicle Identification Number (VIN) plate attached to the vehicle. Those vehicles having a reassigned VIN plate by the State in place of the original VIN plat must be announced or will be subject to sale cancellation or Buyer return. The Auction reserves the right to refuse the sale of any vehicle in which the VIN plate appears altered in any way.
8. The Auction reserves the right to review any audio/video documentation for verifying accuracy of the sale.
9. All guaranties as stated by the Seller are those of the Seller only. The Auction does not make any guaranties, expressed or implied. The Auction assumes no responsibility for vehicle record books, service records, warranty vehicles, or history.
10. The Auction does not guarantee information listed in any ELECTRONIC DATA VEHICLE HISTORIES (i.e. Carfax, Vehicle fax, Auto Check etc...) and will not arbitrate on EDVH data.

11. The Auction does not guarantee any warranty books, plates or year of kit vehicles, trailers, motorcycles, watercraft, recreational vehicles, antique, homemade or modified vehicles. All of these vehicles are sold "AS IS" and have no odometer or frame guarantee. The Auction does not guarantee titles on watercraft.
12. The Auction reserves the right to reject any vehicle that management judges to be unsafe.
13. Engines/Rear End - No arbitration on noises that are inherent or typical to a particular model or manufacturer, unless deemed **excessive** by arbitrator. (i.e. jeeps)
14. Standard transmissions cannot be arbitrated for manual clutches unless completely inoperative.
15. All mechanical arbitration is the day of sale prior to 3:00 p.m. Tomorrow is too late!
16. Manufacturer's Warranty: The availability of a manufacturer's warranty shall not affect a Buyer's right to arbitrate a vehicle.
17. The arbitrator will inspect only the defect(s) which are on the arbitration form. Each vehicle is allowed one chance of mechanical arbitration. If price adjustment is made and accepted, vehicle becomes "AS IS", property of Buyer, and not subject to any further arbitration for mechanical defects or adjustments. The decision of the arbitrator is final, and binding to both Buyer and Seller.

AUCTIONEER'S LIGHT SYSTEM

1. Ultimate Dealership Auctions, has a standard light system to describe the condition and/or announcements related to the vehicle being sold. The light system is defined as follows.
 - A. **GREEN LIGHT** - "Auction Guarantee or Seller Guarantee"(if applicable) : The green light signals that this vehicle is guaranteed under the conditions outlined in the Sale Day, Seven Day and AS - IS Arbitration section.
 - B. **YELLOW LIGHT** - "Caution": This light is an indication to the Buyer that the Auctioneer or Selling Representative has made announcements that qualify the condition and limit arbitration of the vehicle.
 - C. **RED LIGHT** - "As-Is": Vehicles selling under the red light will only qualify for arbitration under the rules outlined in the Sale Day, Seven Day and As -Is Arbitration section.
2. The Seller understands that the sale lights are a binding representation of vehicle condition, and is therefore responsible for ensuring that their vehicles sell under the correct light in the lane.
3. The Buyer is responsible for listening to announcements related to the vehicle, made by the Auctioneer or Selling Representative, prior to the start of the sale for each vehicle. The Buyer is also responsible to observe and understand the sale lights (Green, Yellow, and Red), which identify various sale conditions for each vehicle.

SELLER RESPONSIBILITIES

1. Seller will be held responsible for the accuracy of any representations (verbal or written) made by Seller or Auctioneer at the time of sale - independent of vehicle "light" designation or guarantee offered. This includes year, model, mileage, announced conditions, and the corresponding lights under which the vehicle is being sold.
2. Mileage announcements are not required on vehicles deemed exempt from Federal/State Odometer and Title disclosure laws unless a mileage discrepancy is known or apparent to the Seller. The Seller may represent miles on exempt vehicles - however, any statement made by the Seller and all known odometer

discrepancies are grounds for arbitration.

3. UDA is one of the few auctions left in the country that allow you to test drive the vehicles on the highway before the sale. You are responsible for what you buy.

4. All titles must be in Seller's name. It is Seller's responsibility to ensure that a sold vehicle's title is **negotiable in the state in which the Auction resides** and that the title is clear of all liens and encumbrances.

5. Seller is responsible for correct VIN numbers on titles and vehicles. All vehicles registered at Auction are subject to inspection by the FBI, State Police, National Auto Theft Bureau, and Local Police Authorities.

6. Seller shall be solely responsible for repurchase of any vehicle sold through the Auction found to be stolen per AUCTION INSURANCE AGENCY GUIDELINES, stolen vehicles will be repurchased at purchase price, less 2% per month from date of Sale.

7. Seller has the responsibility to produce a negotiable/marketable title to Auction within 30 days of date of sale (sale day is 1 day), or as specified by state law, on vehicles sold T/A (no title present at time of sale).

UDA SELLER DISCLOSURE REQUIREMENTS OR CAN BE ARBITRATED

<u>DRIVABILITY ISSUES</u>	<u>GREEN LITE A/G</u>	<u>RED LITE AS-IS</u>
<u>Frame Damage, altered or repaired Frame Damage per NAAA Policy</u>	Yes	Yes
<u>Unibody Damage, altered or repaired Unibody Damage per NAAA Policy</u>	Yes	Yes
<u>Transmission Problem *</u>	Yes	NO
<u>Engine Problem *</u>	Yes	NO
<u>Sludged Engine</u>	Yes	NO
<u>Cracked or Repaired Block</u>	Yes	NO
<u>4X4 system inoperable *</u>	Yes	NO
<u>ABS problem *</u>	Yes	NO
<u>SRS - absence of or problems with (airbags)*</u>	Yes	NO
<u>Emission control equipment missing, modified or inoperable*</u>	Yes	NO
<u>Air Conditioning problems on Calendar year models or newer*</u>	Yes	NO
<u>Electrical Problems*</u>	Yes	NO
<u>Vehicles without Air Conditioning-calendar year models or newer Not equipped</u>	Yes	NO

HISTORICAL - NON - VISIBLE ISSUES

<u>Taxis, Police Cars, Government Vehicles up to 4 years old</u>	Yes	Yes
<u>Flood Damage</u>	Yes	Yes
<u>Fuel Conversion</u>	Yes	Yes
<u>Lemon Law/Manufacture's Buyback</u>	Yes	Yes
<u>Logo or Decal Misrepresentation</u>	Yes	NO
<u>Non-Original engine (excludes items replaced under factory warrantee)</u>	Yes	NO
<u>Not Actual Miles (Previously TMU) or inoperative odometer</u>	Yes	Yes
<u>Paintwork (3 panels or more) on calendar year models and newer</u>	Yes	NO
<u>Previous Canadian that are calendae year and up to 4 years old.</u>	Yes	NO

Salvage or reconstructed (including history)	Yes	Yes
State Issued VIN Plates (reassigned public VINs) including kit vehicles	Yes	Yes
Gray Market Vehicles	Yes	Yes
Insurance and or Salvage Titles (including history)	Yes	Yes
Vehicles Being sold with a CO, MSO, or repo affidavit title (if law)	Yes	Yes
Vehicles being sold with no title (Bill of sale only)	Yes	Yes
Any State required damage disclosure	Yes	Yes

NON-ARBITRATABLE ISSUES

Glass Damage	NO	NO
Hail Damage	NO	NO
Tire Problems	NO	NO
Upholstery Problems	NO	NO
Warranty Voided or not in effect	NO	NO
Navigation/Radio workability and or presence	NO	NO

MUST ANNOUNCE DEFECTS THAT ARE SINGULARLY OVER \$500 TO REPAIR

BUYER'S RESPONSIBILITIES

1. Buyer will inspect the vehicle prior to and immediately following the sale. The Buyer must verify the Seller's representations and notify the auction immediately of any discrepancies within the time frame as stated in this arbitration policy. Buyer will verify odometer reading and operation before leaving the Auction. Mileage must be the same as it was when it left the Auction if arbitrated for inoperable odometer.
2. The Buyer will follow Auctioneer's cadence on price-any misunderstanding concerning price must be addressed at the drop of the Auctioneer's hammer (not following the sale of the vehicle).
3. The Buyer will inform the Auction immediately of any discrepancies as to Seller's representations, warranties, and descriptions. Arbitration will be limited to the specific defects described by the Buyer upon placing the vehicle in arbitration.
4. Buyer guarantees sufficient funds are available and will remain on deposit at Buyer's bank to cover all checks issued to Auction. Until payment and receipt of title, the Buyer shall acquire neither title to the vehicle nor any right to sell or offer for sale said vehicle.
5. Buyer will pay the bid price plus a Buyer's fee. Payment must be made on day of sale. Floorplan payments must be established on the day of the sale.
6. Buyer agrees to be liable for any and all work done to a vehicle prior to returning the vehicle to the Auction, except on vehicles arbitrated for unannounced conditions not detectable through vehicle inspection (i.e. stolen vehicle, odometer, title discrepancy-does not include T/A).
7. Buyers should thoroughly check and test drive every vehicle. If there is any problem a complaint must be properly filed with the Arbitration Office within the established arbitration time limit. The Buyer assumes responsibility for mechanical failure after leaving the Auction once the arbitration period is over.
8. It is the Buyers responsibility to watch the lights and listen to announced conditions before placing bids. Once the vehicle is sold the Buyer should check the block ticket to confirm the vehicle price and announcements are correct before legibly printing and signing their name to the block ticket. The Auction will not arbitrate defects visible from the block or announced conditions.

9. Buyers are REQUIRED to notify Auction management one (1) business day in advance of any intent to return a vehicle regardless of reason. No vehicle will be accepted for return after arbitration period has expired without prior notice and acceptance.

10. Mileage and other information written on the window of sale vehicles or in Auction Catalogs is for the convenience of the Buyer and is NOT to be relied upon as accurate or complete. Buyers should satisfy themselves as to year, mileage an/or equipment by viewing the actual vehicle prior to bidding. The Auction will not arbitrate vehicles based on incorrect information written on a vehicle or in a catalog

11. The Buyer is responsible for any pending sale from arbitration.

**UDA SELLER DISCLOSURE REQUIREMENTS
TIME PERIODS FOR BUYER DISCOVERY**

**ARBITRATION
PERIOD**

	Green Light A/G	Red Light AS-IS
<u>Transmission Problem*</u>	Sale Day Only	N/A
<u>Engine Problem*</u>	Sale Day Only	N/A
<u>Cracked or Repaired Block</u>	Sale Day Only	N/A
<u>4X4 System Inoperable</u>	Sale Day Only	N/A
<u>ABS Problem *</u>	Sale Day Only	N/A
<u>Emission Control Equipment Missing or Inoperable</u>	Sale Day Only	N/A
<u>Air Conditioning Problems on Calendar Year and Newer Models</u>	Sale Day Only	N/A
<u>Electrical Problems*</u>	N/A	N/A
<u>Vehicles Without A/C Calendar Year and Newer (not equipped)</u>	N/A	N/A
<u>SRS-absence of or problem with (airbags)</u>	Sale Day Only	N/A
<u>Frame Damage, altered or Repaired</u>	7 Days	7 Days
<u>Unibody Damage, altered or Repaired</u>	7 Days	7 Days

HISTORICAL NON-VISIBLE ISSUES

<u>Logo or Decal Misrepresentation</u>	Sale Day Only	N/A
<u>Paintwork (3 panels or more) on Current and 1 Year Old</u>	Sale Day Only	N/A
<u>Not Actual Miles (previously TMU) or inoperative odometer</u>	Sale Day Only	Sale Day Only
<u>Taxis, Police Cars, Government Vehicles that are Calendar Year plus 4</u>	7 Days	7 Days
<u>Flood Damage</u>	7 Days	7 Days
<u>Fuel Conversion</u>	7 Days	7 Days
<u>Lemon-Law/Manufacturers Buyback</u>	7 Days	7 Days
<u>Non Original Engine (excludes warranty replacements)</u>	7 Days	N/A
<u>Previous Canadian that are Calendar year and up to 4 years old</u>	7 Days	7 Days
<u>Salvage or Reconstructed (including history)</u>	7 Days	7 Days
<u>State Issued VIN Plates</u>	7 Days	7 Days
<u>Gray market Vehicles</u>	7 Days	7 Days
<u>Insurance and/or Salvage titles (including history)</u>	7 Days	7 Days
<u>Vehicles being sold with CO, MSO, or Repo Affidavit title(if law requires)</u>	7 Days	7 Days
<u>Vehicles Being Sold with no Titles (Bill of Sale Only)</u>	7 Days	7 Days
<u>Any State Required damage disclosure</u>	7 Days	7 Days

SALE DAY, AND SEVEN DAY AS-IS ARBITRATION

Vehicles that have any of the following defects, conditions or discrepancies that were not disclosed or announced at the time of the sale must be reported to the Auction within the time frame noted below in order to be eligible for arbitration. Any single defect of a non-wearable item that has a wholesale repair cost of \$500. or more is arbitratable on Green Light vehicles. Single defects of less than \$500. are deemed minor and are not arbitratable. Vehicles must be returned to the Auction in the same or better condition than when purchased. Expense reimbursements will be at the sole discretion of the Auction and will not be limited to reasonable and documented expenses. Lost profit, commissions, floor plan expenses, etc... will not be reimbursed. The Arbitration period ends at the close of business on Sale Day.

TITLE ARBITRATION POLICY

- 1.** The Seller guarantees the title of the vehicles that are sold thru the Auction. This guarantee of the title warrants that the title shall be marketable and free and clear of all liens and encumbrances, including any brand (such as salvage) noted upon the current or any prior certificate of title unless such encumbrances were announced at the time the vehicle is sold thru the auction and for a period of four (4) years from the date of the Auction sale. The Auction's liability under this title guarantee shall never exceed the Auction sale price of the vehicle, and this maximum amount shall be reduced by two percent (2%) per month following the Auction sale date. The Auction will not be responsible for any expenses incurred on vehicles returned for late title.
- 2.** All titles submitted by seller must be in seller's company name on title or on reassignment form.
- 3.** Clerical error: If the title problem is due to a clerical or coding error or incomplete documentation the Auction shall be given reasonable time after receiving notice to have the error corrected.
- 4.** Procedure: Whenever any claim is made by any person against the title of a vehicle, whether by suit or otherwise, the Buyer, after becoming aware of said claim, shall immediately notify the Auction giving full particulars of the claim and shall cooperate fully in defending any legal action and in taking other steps to minimize possible loss.
- 5.** The Buyer shall not surrender possession of the vehicle, except as required by legal process to any claimant, nor shall Buyer voluntarily pay or acknowledge the validity of any claim, without the prior approval of the Auction. Time is of the essence. Any failure on the part of the Buyer to notify the Auction of any claim in a timely manner or failure of the Buyer to cooperate in defending any such claim shall relieve the Auction of any liability under this policy.
- 6.** Seller and Buyer agree that Auction is neither responsible for odometer mileage on the consigned vehicle nor the information contained in the odometer mileage statement and the damage disclosure statement which Seller as transferor is required to complete and sign and Buyer as transferee is required to

acknowledge.

7. In regard to defect in title and any matter relating to odometer mileage, odometer statements or damage disclosure statements: Seller and Buyer agree to indemnify and hold harmless the Auction from any liability, lost cost, damage or expense including attorney fees which may arise either directly or indirectly from the sale and purchase of the consigned vehicle including but not limited to title services provided.

8. Any sale without proper documents and are not sold under the proper light is subject to rejection.

9. Title must be reassigned directly to Buyer. **No** title assigned directly to the Auction will be accepted.

10. Non-titled vehicles: Auction accepts no responsibility for non-titled vehicles sold. Seller must announce the vehicle being sold with a bill of sale only and that there is not a title to transfer.

11. All non-titled vehicles and equipment will be sold "AS-IS".

12. SELLER will NOT be paid for vehicles until a transferable title is received.

13. SELLER will NOT be paid for vehicles in arbitration unless or until arbitration is settled and vehicles are sold.

14. Foreign titles such as Canadian titles are unacceptable.

15. Seller's Title Guarantee: The seller warrants represents and guarantees that he has an will convey a certificate of title properly executed and valid in the state where the transaction is occurring. It will be clear of all liens and encumbrances (except current year DMV fees in California) and that he will warrant and defend the title against the claims and demands and all persons whatsoever.

16. Applications for duplicate title will not be accepted.

17. Seller has up to a maximum of 30 calendar days for title to be received by Auction. Sale day is day 1.

18. After the 30 day calendar period it is the Buyer's option to return the vehicle or to wait a reasonable additional period of time for the title.

19. Anyone not having a properly assigned title or reassignment to transfer a title at time of sale must sell "Title Attached/Title Unavailable/Title Absent".

20. Vehicles lacking lien release must be sold "Title Attached/Title Unavailable/Title Absent".

21. Any vehicle that is on a MSO must be announced.

22. The Buyer is cautioned not to sell or make repairs on the vehicle until title is received. If title has been mailed from auction to Buyer, Buyer may not return vehicle. Buyer is required to notify Auction one (1) business before returning vehicles.

23. Just because a vehicle is returned to the Auction does not mean the Buyer is out of the deal. The vehicle must be received and inspected by Auction management before the Buyer is out of the deal. Any vehicle returned must be in the same or better condition as when it was sold.

24. Any and all "Title Brands" which may affect a vehicles value must be announced. Some "Title

Brands” include, but are not limited to: Lemon Law, Rental/For Hire, Reconstructed, Stolen Vehicles and Insurance Transfers.

25. The seller will be responsible for the buy fee plus reasonable transportation expenses from the buyers dealership to the Auction on vehicles returned for no title.

26. There may be a mileage charge for excessive mileage on a returned vehicle (at the discretion of the Auction).

27. Titles received after 30 calendar days may be subject to a late title fee. All expenses to obtain the title will be charged to the seller.

28. Auction will not be responsible for titles mailed from Auction and not received. Buyer has the choice of alternative delivery method and will pay Auctions cost.

GRAY MARKET VEHICLES (Canadian Vehicles)

1. Only vehicles made in North America for Canadian use and properly converted to US specifications can be sold and must be announced as such. No other gray market vehicles are accepted for sale.

2. Sellers must inform the Auction that a vehicle has Canadian history at time of registration and must disclose that to the Buyer in writing as an announced condition on the block ticket.

3. If a vehicle was manufactured in Canada for the **US Market**, there must be a Manufacture’s Certification Label affixed to the vehicle. This label must clearly state the vehicle was in conformance with Federal Safety Standards on the date of manufacture.

4. If a vehicle was manufactured in Canada for the **Canadian Market**, the manufacture is required to obtain and affix a US Safety Standard Certification Label to the vehicle.

5. All other vehicles imported from Canada must be imported through a Registered Importer. Registered Importers are required to post a bond with the US Department of Transportation. All vehicles imported through a Registered Importer must have:

A: US Safety Standard Certification Label that identifies the Registered Importer.

B: Valid US title.

6. All Canadian vehicles whether imported by a manufacturer or a Registered Importer must show miles per hour on the speedometer and miles traveled on the odometer. Title 49, United States Code, Chapter 327, Section 32704, shows replacement of odometers without a doorframe sticker if the conversion form, kilometers to miles can be done without changing the distance traveled by the vehicle; therefore, replacement of an odometer under these circumstances does not have to be announced by the Seller.

7. Calendar year plus four (4) years old vehicles with prior Canadian history **MUST BE ANNOUNCED**.

8. Gray market vehicles: Will not be excepted for sale unless the meet **ALL FEDERAL D.O.T.E.P.A.** mandate guidelines. Documentation must be provided. Sellers will not offer for sale any European vehicles.

